

MASTER DEED

for

MATTHEWS POINT NORTH

Horizontal Property Regime

Hilton Head Island,
Beaufort County, South Carolina

Prepared by:
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P. O. Box 15
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I. FILED IN DEED - 11 BOOK 177 PAGE 297
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HORIZONTAL PROPERTY REGIME CREATED

Vermilyea-Harden Const. Co., Inc., a South Carolina corporation ("the Developer"), having its principal office at 1 Matthews Drive, Hilton Head Island, South Carolina, as the sole owner in fee simple of the land and improvements hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the lands and buildings hereinbelow described, together with all other improvements thereon, including all easements, right and appurtenances thereto belonging, to a Horizontal Property to be known as Matthews Points North Horizontal Property Regime, ("the Regime"), in the manner provided for by the South Carolina Horizontal Property Act, as amended, S.C. Code Ann., 27-31-10 et seq. (1976) ("the Act"). By the execution and recording of this Master Deed, the Developer further states that:

(1) The Developer proposes to create and does hereby create, with respect to the property described above, the Regime containing not less than one (1) phase nor more than three (3) phases to be governed by and to be subject to the provisions of this Master Deed and of the Act;

(2) The Regime, and all property and/or interests in property contained therein, shall be owned, occupied, used, conveyed, encumbered, leased, improved in phases, maintained

1

BEAUFORT COUNTY TAX MAP REFERENCE				
Dist	Map	Submap	Parcel	Block
510	8		172	

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 running with the land.

In conformity with Sections 27-31-30 and 27-31-100 of the Act, the Developer sets forth the following particulars with respect to the Regime:

II.

GENERAL DESCRIPTION OF PLAN OF DEVELOPMENT

The Developer intends to develop the property hereinafter described as a phased horizontal property regime containing not less than one (1) phase nor more than three (3) phases. The maximum number of Units in each phase shall be eight (8). The Developer hereby submits Phase I to the Regime. The Developer shall elect on or before December 31, 1993 whether to submit Phases II and III to the Regime. A chart showing the percentage interest in the common elements of each Apartment owner at each stage of development (if the Developer elects to proceed with Phases II and III) is attached hereto as Exhibit "C" and made a part hereof by reference.

III.

LEGAL DESCRIPTION

The land ("the Real Property") which is hereby submitted to the Regime is described as Phase I on Exhibit "A" attached hereto and made a part hereof by reference. The land comprising Phases II and III which may be submitted to the Regime, is also described in said Exhibit "A" and shall be a part of the Real Property when submitted to the Regime. The Real Property as so described has an area set forth on said Exhibit "A".

IV.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Attached hereto at the time this Master Deed is filed for record and incorporated herein by reference as if set

forth in full herein is a survey and site plan showing the location of all buildings and other improvements, a set of floor plans of the buildings which show geographically the dimensions, area and location of each unit therein and the dimensions, area, and location of the Common Elements and Limited Common Elements affording access to each unit. Each unit is identified thereon by specific number and no unit bears the same designation as any other unit. Said survey, site plan and set of floor plans (hereinafter collectively called "the Regime Plans") is recorded as a separate Horizontal Property Regime plat in the Office of the Clerk of Court for Beaufort County in Plat Book 31 at Page 137. The buildings containing the units have the areas set forth on said Exhibit "B". The Developer reserves the right to make substitutions in materials, changes in floor plans and locations of the buildings and other improvements to Phases II and III, so long as such changes do not materially affect the aesthetic appearance of the exterior of the buildings, in Developer's sole opinion.

V.

UNITS, GENERAL COMMON ELEMENTS
AND LIMITED COMMON ELEMENTS

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

Units, as the term is used herein, shall mean and comprise the separate and numbered units which are designated in Exhibit "B" to this Master Deed, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above the undecorated and/or unfurnished inner surfaces of the ceilings of each unit, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of all interior loadbearing walls and/or unfinished bearing partitions, and further excluding all pipes, ducts, wires, conduits, and other facilities running through any interior wall or partition for the furnishing of utility services to Units and General Common Elements. The general description and number of each Unit, expressing its area, general location and any other data necessary for its identification, also appears in Exhibit "B". Each unit has a direct access, through one or more of the General Common Elements and Limited Common Elements as shown on the Regime Plans and described herein, to a public street or highway.

General Commons Elements means and includes:

(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 units are constructed;

(2) The foundations, main walls, roofs, halls, and entrance and exit or communication ways;

(3) The flat roofs, yards and gardens, except as otherwise provided or stipulated;

(4) The compartments or installations of central services such as power, light, gas, cold and hot water, refrigeration, reservoirs, water tanks and pumps, and the like;

(5) The garbage incinerators and, in general, all devices and installations existing for common use;

(6) All other elements of the property rationally of common use or necessary to its existence, upkeep and safety, including but not necessarily limited to the following:

(a) The additional improvements designated as General Common Elements on Exhibit "B" attached hereto;

(b) All parking areas, roads, walkways, paths, trees, shrubs, yards, gardens, bodies of water, bridges, gazebos, and Regime entrance signs and lighting on the Real Property (outside of the Units);

(c) A non-exclusive easement and right-of-way for access, egress and ingress to and from the Regime and each Unit and improvement contained therein from Matthews Drive and Beach City Road, and any other public streets or highways.

Limited Common Elements means and includes:

(1) Those common elements which are agreed upon by all the unit owners to be reserved for the use of a certain number of units to the exclusion of the other units, such as special corridors, sanitary services common to the units of a particular floor, and the like;

(2) The additional improvements designated as Limited Common Elements on Exhibit "B" attached hereto.

The General Common Elements and the Limited Common Elements are hereinafter occasionally collectively referred to as "the Common Elements".

VI.

OWNERSHIP OF UNITS AND APPURTENANT

INTEREST IN COMMON ELEMENTS

Once the Real Property and Common Elements are submitted to the Regime, a unit 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 inter vivos or mortis causa, as if it were sole and entirely independent of the other units in the Regime of which it forms a part, and the corresponding individual titles and interests shall be recordable.

Any unit may be held and owned by more than one person as tenants in common or in any other recognized form of real property ownership.

A unit owner shall have the exclusive ownership of his unit and shall have a common right to a share, with the other co-owners, in the Common Elements of the Regime, equivalent to the percentage representing the value of the individual unit, with relation to the value of the whole Regime. This percentage which is set forth on Exhibit "C" attached hereto and made a part hereof by reference, shall have a permanent character, shall not be altered without the acquiescence of the co-owners representing all the units of the Regime, but will change (decrease) as additional phases may be submitted to the Regime.

The basic value, (identified as the "Value for Statutory Purposes on said Exhibit "C") which shall be fixed for the sole purposes of this Master Deed and irrespectively of the actual value, shall not prevent each co-owner from fixing a different circumstantial value to his Apartment in all types of acts and contracts.

FILED IN DEED - N BOOK 370 PAGE 321

VII.

RESTRICTION AGAINST FURTHER SUBDIVIDING

OF UNITS AND SEPARATE CONVEYANCE

OF APPURTENANT COMMON ELEMENTS, ETC.

No unit may be divided or subdivided into a smaller unit or smaller units than as described in Exhibit "B" attached hereto, nor shall any unit, or portion thereof, be added to or incorporated into any other unit. The undivided interest in the Common Elements declared to be an appurtenance to each unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said unit, and the undivided interest in the Common Elements appurtenant to each unit shall be deemed conveyed, devised, encumbered, or otherwise included with the unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such unit. Any conveyance, mortgage or other instrument which purports to effect the conveyance, devise or encumbrance, or which purports to grant any right, interest or lien in, to, or upon, a unit shall be null, void, and of no effect insofar as the same purports to affect any interest in a unit and its appurtenant undivided interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire unit. Any instrument conveying, devising, encumbering or otherwise dealing with any unit which describes said unit by the unit number assigned thereto in Exhibit "B" without limitation or exception, shall be deemed and construed to affect the entire unit and its appurtenant undivided interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any unit 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.

VIII.

REGIME SUBJECT TO RESTRICTIONS

Each and every unit and the Common Elements shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established herein, governing the use of said unit and the Common Elements, and setting forth the obligations and responsibilities incident to ownership of each unit and its

appurtenant undivided interest in the Common Elements and said Unit 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.

IX.

PERPETUAL NON-EXCLUSIVE EASEMENT

IN COMMON ELEMENTS

The General Common Elements shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the co-owners of units in the Regime for their use and the use of their immediate families, tenants, lessees, licensees, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said co-owners of units. Notwithstanding anything above provided in this article, Matthews Point North Regime Owner's Association (an unincorporated association), hereinafter called "the Association", shall have the right to establish the rules and regulations pursuant to which the co-owner or co-owners of any unit may be entitled to the exclusive use of any parking space or spaces as well as any other Common Elements (whether General or Limited).

X.

EASEMENT FOR UNINTENTIONAL AND

NON-NEGLIGENT ENCROACHMENTS

In the event that any portion of the Common Elements now or hereafter encroaches upon any unit, or vice versa, or in the event that any portion of one unit now or hereafter encroaches upon another unit, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, does and shall exist.

XI.

RESTRAINT UPON SEPARATION AND PARTITION

OF COMMON ELEMENTS

The Common Elements, both General and Limited, shall remain undivided and shall not be the object of an action for

partition or division of the co-ownership. Any covenant to the contrary shall be void.

All the co-owners or the sole owner of the Regime may waive the Regime and regroup or merge the records of the individual unit with the Real Property, provided that the individuals unit are unencumbered, or if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors.

Subject to the other provisions of this Article XI, unless all of the first mortgagees (based upon one vote for each first mortgage owned), and owners (other than the Developer) of the units have given their prior written approval, the Association shall not be entitled to:

- (a) by act or omission, seek to abandon or terminate the Regime;
- (b) change the pro rata interest or obligations of any unit 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 unit in the common elements;
- (c) partition or subdivide any unit;
- (d) 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 purposes consistent with the intended use of the Common Elements by the Regime shall not be deemed a transfer within the meaning of this subparagraph (d).

XII.

PERCENTAGE OR UNDIVIDED INTEREST IN

COMMON ELEMENTS APPURTENANT TO EACH UNIT

The undivided interest in the Common Elements appurtenant to each unit is that percentage of undivided interest which is set forth and assigned to each unit in Exhibit "C" attached hereto and made a part hereof by reference.

XIII.

USE RESTRICTION APPLICABLE TO UNITS

Each unit is hereby restricted to commercial use by the co-owner or co-owners thereof, their guests, tenants, lessees, licensees and invitees, provided, however, that so long as the Developer shall retain any interest in the Regime, it may utilize a unit or units of its choice owned by Developer from time to time for a sales office, model, or other usage for the purpose of selling units in said Regime. Developer may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all units have been sold, this right of commercial usage shall immediately cease.

XIV.

USE OF COMMON ELEMENTS SUBJECT

TO RULES OF ASSOCIATION

The use of the Common Elements by the co-owners or co-owners of the units and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the Association.

XV.

REGIME TO BE USED FOR LAWFUL PURPOSES

RESTRICTION AGAINST NUISANCES, ETC.

No immoral, improper, offensive or unlawful use shall be made of any Unit 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. No co-owner of any Unit shall permit or suffer any thing to be done or kept in his Unit, or on the Common Elements, which will increase the rate of insurance on the Regime, or which will obstruct or interfere with the rights of other occupants of the building or annoy them by unreasonable noises, nor shall any such co-owner undertake any use or practice which shall create and constitute a nuisance to any other co-owner of a Unit, or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements.

XVI.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of an emergency originating in or threatening any Unit, regardless of whether the co-owner is present at the time of such emergency, the Board of Administrators of the Association or any other person or firm authorized by it, or the building superintendent or managing agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency and such right of entry shall be immediate, and to facilitate entry in the event of any such emergency, the co-owner of each Unit if required by the Association, shall deposit under the control of the Association a key to such Unit.

XVII.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

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

XVIII.

LIMITATION UPON RIGHT OF CO-OWNERS

TO ALTER AND MODIFY UNITS

No co-owner of a Unit shall permit there to be made any structural modifications or alterations therein without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Administrators of the Association determine, in its sole discretion, that such structural modifications or alterations would affect or in any manner endanger any building in part or in its entirety. If the modification or alteration desired by the co-owner of any Unit involves the removal of any permanent interior partition, the Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting Common Elements located therein. No co-owner shall cause any balcony or deck

abutting is Unit to be enclosed, or cause any improvements or changes to be made on the exterior of the building, including painting or other decoration, or the installation of 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 appearance of any portion of the building not within the walls of such Unit, nor shall storm panels or awnings be affixed, without the written consent of the Association being first obtained.

XIX.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE

COMMON ELEMENTS AND ASSESSMENT THEREFORE

The Association shall have the right to make or cause to be made such alterations, modifications and improvements to the Common Elements, provided such alterations, modifications or improvements are first approved in writing by the Board of Administrators of the Association and also by the co-owners of sixty (60%) percent or more of the Common Elements of the entire Regime; and the cost of such alterations, modifications, or improvements shall be assessed as common expenses and collected from the co-owners of all Units according to their percentage of ownership of the Common Elements.

XX.

MAINTENANCE AND REPAIR BY CO-OWNERS OF UNITS

Every co-owner must perform promptly all maintenance and repair work within his Unit which, if omitted, would adversely affect the Regime in its entirety or in a part belonging to other co-owners, being expressly responsible for the damages and liability which his failure to do so may engender. The co-owners of each Unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Unit and which may now or hereafter be situated in his Unit. Such co-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 co-owner may desire to place or maintain in his Unit. Whenever the

maintenance, repair and replacement of any items for which the co-owner of a Unit is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by Association, the proceeds of the insurance received by Association, or the insurance trustee hereinafter designated, shall be used for the purpose of making such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The floor and interior walls of any balcony or deck attached to his Unit shall be maintained by the co-owner at his expense. Reference is made to S.C. Code Ann., 27-31-250 (1976), which code section is controlling of insurance proceeds when said code section is applicable by its terms.

XXI.

MAINTENANCE AND REPAIR OF

COMMON ELEMENTS BY THE ASSOCIATION

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Elements, including those portions thereof which contribute to the support of any building, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements for the furnishing of utility services to the Unit and the Common Elements, and should any incidental damage be caused to any Unit 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, at his expense, repair such incidental damage.

XXII.

PERSONAL LIABILITY AND RISK OF LOSS OF CO-OWNER

OF UNIT AND SEPARATE INSURANCE COVERAGE

The co-owner of each Unit may, at his own 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 co-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

co-owner's Unit or upon the Common Elements. All such insurance obtained by the co-owner of each Unit shall, where available, provide that the insurer waives its right of subrogation as to any claims against other co-owners of Units, the Association, and the respective servants, agents and guests of said other co-owners and Association. Risk of loss 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 co-owner of or in, to or upon the Common Elements shall be borne by the co-owner of each such Unit. All furniture, appliances, furnishings, carpet, floor, ceiling, and wall coverings and personal property constituting a portion of the Common Elements and held for the joint use and benefit of all co-owners of all Units shall be covered by such insurance as shall be maintained in force and effect by the Association as hereinafter provided. The co-owner of a Unit shall have no personal liability for any damages caused by the Association or in connection with the use of the Common Elements. The co-owner of a Unit shall be liable for injuries or damage resulting from an accident in his own Unit, to the same extent and degree that the co-owner of a house would be liable for an accident occurring within the house.

XXIII.

EMINENT DOMAIN

(1) 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 Units 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 Administrators of the Association and each Unit owner shall be entitled to notice thereof and the Board of Administrators shall, and the Unit owners at their respective expense may, participate in the proceedings incident thereto.

(2) 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 Unit owner's interest therein. After such determination, each Unit owner shall be entitled to a share in the damages in the same proportion as his percentage of undivided interest in the common elements and facilities. This provision does not prohibit a majority of Unit owners from authorizing the Board of Administrators to use such damages or awards for replacing or restoring the

common areas and facilities so taken on the remaining land, or on other acquired land, provided that this Master Deed and Regime Plans are duly amended.

(3) With respect to one or more Units 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, and shall be deposited with the Insurance Trustee as defined therein. Even though the damage or awards may be payable to one or more Unit owners, the Unit 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 Administrators, either a special assessment shall be made against a defaulting Unit owner and his unit in the amount of this award of the amount or such award shall be set off against the sums hereafter made payable to such Unit 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 Units shall have the rights provided in the By-Laws of the Association for insurance proceeds provided the property is 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 Units are taken, in whole or in part, the taking shall have the following effects:

(a) If the taking reduces the size of a Unit and the remaining portion of the Unit may be made tenantable, the Unit 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 Unit. The balance of the award, if any, shall be distributed to the mortgagee (if any) of the Unit to the extent of the unpaid balance of its mortgage and the excess, if any, shall be distributed to the Unit owner. If there is a balance of the award distributed to the Unit owner or a mortgagee, the Unit 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 Unit is reduced by the taking, and then recomputing the percentages of undivided interests of all Unit owners in the Common Elements.

(b) If the taking destroys or so reduces the size of an Unit that it cannot be made tenantable, the award shall be paid to the mortgagee (if any) of the Unit to the extent of the unpaid balance of its mortgage and the excess, if any

shall be distributed to the Unit owner, and the remainder of the Unit shall become a part of the Common Elements and shall be placed in condition for use by all Unit owners in the manner approved by the Board of Administrators. If the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be done only if approved by a majority of the Unit owners. The percentages of undivided interests in the common areas and facilities appurtenant to the Unit 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 Unit owners.

(c) Changes in Units and in the Common Elements, and in the ownership of the Common Elements that are affected by the taking referred to in this Article XXIII 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 Units.

XXIV.

INSURANCE

The Association shall insure the Regime against risks, as is set forth in the By-Laws of the Association attached hereto (as the same may be amended from time to time), without prejudice to the right of each co-owner to insure his Unit on his own account or for his own benefit.

XXV.

APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED

AND ASSESSED AGAINST THE REGIME AS A WHOLE

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 Unit 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, wherever possible, in the estimated annual budget of the Association, or shall be separately levied and collected as an assessment by the Association, against all of the co-owners of Units and said Units if not included in said annual budget. 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, instead of against each separate Unit and its appurtenant undivided interest in the Common Elements shall be apportioned among the co-owners of all Units so that the amount of such tax or special assessment so paid or to be paid by Association and attributable to and to be paid by the co-owners or co-owners of each Unit shall be that portion of such total tax or special assessment which bears the same ratio to said total tax or special assessment as the undivided interest in the Common Elements appurtenant to each Unit bears to the total undivided interest in the Common Elements appurtenant to all Units. In the event that any tax or special assessment shall be levied against the Regime in its entirety, without apportionment by the taxing authority to the Regime and appurtenant undivided interests in the Common Elements, then the assessment by Association, which shall include the proportionate share of such tax or special assessment attributable to each Unit and its appurtenant undivided interest in the Common Elements, shall separately specify and identify the amount of such assessment attributable to such tax or special assessments, and the amount of such tax or special assessment so designated shall be and constitute a lien prior to all mortgages and encumbrances upon any Unit and its appurtenant undivided interest in the Common Elements, regardless of the date of the attachment and recording of such mortgage or encumbrance, to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each Unit and its appurtenant undivided interest in the Common Elements.

XXVI.

AMENDMENT OF MASTER DEED

Subject to the provisions of Article XI of this Master Deed, neither this Master Deed nor any of its provisions shall be revoked or amended without the approval of the co-owners owning at least two-thirds of the Units and at least two-thirds of the total interest in the Common Elements and the record holders of encumbrances affecting at least two-thirds of the Units and at least two-thirds of the total interest in the Common Elements, except that the system of administration as set forth in the By-Laws of the Association may be amended and modified from time to time in accordance with the provisions of the Act and other applicable law and By-Laws of the Association. Any such amendment or revocation shall be executed and subscribed with the same formalities required in South Carolina for the making of deeds, and

recorded in the public records of Beaufort County.

XXVII.

REMEDIES IN EVENT OF DEFAULT

The co-owner or co-owners of each Unit shall be governed by and shall comply with the provisions of this Master Deed and the By-Laws of the Association and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. The following described defaults by the co-owner or co-owners of any Unit shall entitle the Association or the co-owner or co-owners of other Unit or Units to the following relief:

A. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the 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 and which relief may be sought by Association, or, if appropriate, by an aggrieved co-owner of an Unit, or both.

B. The co-owner or co-owners of each Unit shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their 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 increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of an Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of any such alleged default by the co-owner of any Unit, the Association shall be entitled to recover against the Unit and have a lien for the costs of the proceedings, and reasonable attorney's fees, but in no event shall the co-owner of any Unit be entitled to such attorney's fees.

D. The failure of the Association or of the co-owner of a Unit 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 co-owner of a Unit to

enforce such right, provision, covenant or condition in the future.

E. All rights, remedies and privileges granted to Association or the co-owner or co-owners of a Unit 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.

F. The failure of the Developer, or of any mortgagee to enforce any right, privilege, covenant or condition which may be granted to them, or either of them, by this Master Deed or other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant or condition in the future.

XXVIII.

USE OF ACQUISITION OF INTEREST IN THE

REGIME TO RENDER USER OR ACQUIRER SUBJECT

TO PROVISIONS OF MASTER DEED, RULES AND REGULATIONS

All present or future co-owners, tenants, or any other person who might use the facilities of the Regime in any manner, are subject to the provisions of this Master Deed and all documents appurtenant hereto and incorporated herewith, and the mere acquisition or rental of any Unit, or the mere act of occupancy of any Unit shall signify: (1) that the provisions of this Master Deed are accepted and ratified in all respects; and (2) that the owner(s) of such Unit acquiesces in the decreasing percentage set forth in Article VI of this Master Deed.

XXIX.

RIGHT OF DEVELOPER TO REPRESENTATION ON BOARD

OF ADMINISTRATORS OF ASSOCIATION

So long as the Developer is the co-owner of one (1) or more Units in the Regime, the said Developer shall have the right to designate and select a majority of the persons who shall serve as a member of each Board of Administrators of

the Association. Whenever the Developer shall be entitled to designate and select any person or persons to serve on any Board of Administrators of Association the manner in which such person or persons shall be designated shall be as provided in the By-Laws of the Association, and the Developer shall have the right to remove any person or persons selected by it to act and serve on said Board of Administrators and to replace such person or persons with another person or persons to act and serve in the place of any administrator or administrators so removed from the remainder of the unexpired term of any administrator or administrators so removed. Any administrator designated and selected by the Developer need not be a resident in the Regime. Anything to the contrary notwithstanding, the power in the Developer to so designate administrators shall terminate on December 31, 1985.

Any representative of the Developer serving on the Board of Administrators of the Association shall not be required to disqualify himself upon any vote upon any management contract or other matter between Developer and Association where the Developer may have a pecuniary or other interest. Similarly, Developer, as a member of 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 the Developer and the Association where the Developer may have a pecuniary or other interest.

XXX.

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 held to be partially invalid or unenforceable.

XXXI.

MASTER DEED BINDING UPON DEVELOPER, ITS SUCCESSORS AND ASSIGNS, AND SUBSEQUENT CO-OWNERS

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in the Common Elements and this Master Deed shall be binding upon the Developer, its successors and

assigns, and upon all parties who may subsequently become co-owners of Units in the Regime, and their respective heirs, legal representatives, successors and assigns.

XXXII.

DEVELOPER'S EASEMENTS AND RESERVATIONS

Developer, its successors and assigns, shall have the right of ingress and egress over, upon, and across the Common Elements, and/or any phases which may hereafter be added to the Regime in accordance with the provisions of this Master Deed, and the right to store materials thereon to make such other use thereof as may be reasonably necessary or incident to construction, development and sales of the Units and operation of the Units and Common Elements of the Regime and the overall development of the Property which the Regime is a part. Developer, its successors and assigns, shall retain the right to use the sales office and any model Unit and the Common Elements in connection therewith during the period of development and sale of the Regime, including additional phases of development.

Developer also reserves unto itself, its successors and assigns, a perpetual, non-exclusive easement across Phase I, II and III of the Regime for access, egress, ingress, utilities, drainage and all other purposes reasonably necessary and/or appropriate (in the Developer's sole discretion) for the development of and construction of improvements upon the land described as Phases II and III on Exhibit "A" of the Master Deed, whether or not the Developer elects to submit said Phases II and III to the Regime.

XXXIII.

DEFINITIONS

The definitions contained in S.C. Code Ann., 27-31-20 (1976), are hereby incorporated herein and made a part hereof by reference. "Unit" shall be defined as the word "apartment" is defined in said statute.

XXXIV.

MISCELLANEOUS

Attached hereto as appendix 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).

XXXV.

COMPLIANCE WITH THE DEVELOPMENT STANDARDS ORDINANCE

The Units of Phase I shall not contain or be used for office space or any other usage for which a minimum parking space standard is set under the Beaufort County Development Standards Ordinance, as in effect on the date of this Master Deed, in excess of the following square footage:

Unit 109 -	1500 square feet
Unit 110 -	500 square feet
Unit 111 -	500 square feet
Unit 112 -	500 square feet
Unit 113 -	500 square feet
Unit 114 -	0 square feet

This article of this Master Deed may not be changed or amended without prior written approval being received from the Beaufort County Joint Planning Commission or other applicable permitting government agency having jurisdiction over real property development.

IN WITNESS WHEREOF, the Developer has executed this Master Deed this 7th day of July, 1983.

Signed, sealed and delivered
in the presence of:

VERMILYEA-HARDEN CONST.
CO., INC.

Robert W. Howard
Lori L. Joslin

By:

James B. Vermilyea

Attest:

Edward P. Hester

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF BEAUFORT)

PERSONALLY appeared before me, Robert W. Howard, who, on oath, says that he saw the within named Vermilyea-Harden Const. Co., Inc., by its authorized officers sign and seal the within Deed, and as its act and deed, deliver the same, and that he with Lori L. Joslin witnessed the execution thereof.

Robert W. Howard

SWORN TO before me this
7th day of July, 1983.

Lori L. Joslin
Notary Public for South Carolina
My Commission Expires: Feb 2, 1993

BEAUFORT COUNTY DEVELOPMENT STANDARDS

- FINAL PLAN APPROVAL -

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

Date of Planning Commission approval 9/7/82

Development Permit # 0544

Certified by George W. Wille

EXHIBIT A

PHASE I

ALL that certain piece, parcel or lot of land, known as Phase I, Matthews Point North Horizontal Property Regime, beginning at a concrete monument on the southeast corner of the intersection of Beach City Road, South Carolina Highway 333, and Matthews Drive, South Carolina Highway 44; thence North 50°6'25" East for a distance of 306.7' to a concrete monument, thence in a northeasterly direction on a curve with a radius of 10,050.32', with an arc of 85.56, for a distance of 183.89' to a concrete monument; thence South 34°44'49" East for a distance of 209.76' to a concrete monument, being the point of beginning of Phase I; thence South 60°18'52", east for a distance of 124.64' to a concrete monument; thence South 34°23'5" East for a distance of 64.47' to a concrete monument; thence South 52°55'55" West for a distance of 120.77' to a concrete monument; thence in a northwesterly direction on a curve with a radius of 750.49', with an arc of 197.16' for a distance of 196.59' to a concrete monument; thence North 47°54'15" East for a distance of 185.73', back to the point of beginning, said Phase I containing an area of .634 acres.

PHASE II

All that certain, piece, parcel and lot of land, known as Phase II, Matthews Point North Horizontal Property Regime, beginning at a point in concrete monument set at the southeast intersection of Beach City Road, South Carolina Highway 333, and Matthews Drive, South Carolina Highway 44; thence North 50°6'25" east for a distance of 306.7' to a concrete monument; thence northeasterly along a curve with a radius of 10,050.32' with an arc of 85.56' for a distance of 85.56' to a concrete monument; thence North 39°22'8" West for a distance of 90.7' to a concrete monument; thence South 50°37'25" West for a distance of 91' to a concrete monument; thence South 34°44'49", East for a distance of 118.76' to a concrete monument; thence North 47°54'15", East for a distance of 185.73' to a concrete monument; thence northwesterly along a curve with a radius of 750.49', with an arc of 363.12' for a distance of 359.59' back to the point of beginning, said property containing 1.354 acres, lying and being in the Township of Hilton Head Island, County of Beaufort, State of South Carolina.

PHASE III

ALL that certain, piece, parcel and lot of land known as Phase III of Matthews Point North Horizontal Property Regime, lying and being in the Township of Hilton Head Island, County of Beaufort, State of South Carolina, commencing at a concrete monument on the southeast corner of the intersection of Beach City Road, South Carolina Highway 333 and Matthews Drive, South Carolina Highway

44; thence North $50^{\circ}6'25''$ East for a distance of 306.67' to a concrete monument; thence northeasterly along a curve with a radius of 10,050.32' with an angle of $85.56'$, for a distance of 85.56' to a concrete monument, to the point of beginning; thence northeasterly along a curve with a radius of 10,050.32', with an angle of $98.33'$, for a distance of 98.33' to a concrete monument; thence South $34^{\circ}44'49''$ East for a distance of 91' to a concrete monument; thence South $50^{\circ}37'52''$ West for a distance of 91' to a concrete monument; thence North $39^{\circ}22'08''$ West for a distance of 90.7' to a concrete monument, and back to the point of beginning, said property containing .197 acres.

FILED IN DEED - M BOOK 373 PAGE 329
FILED AT 17.00.00 ON 07/11/83

EXHIBIT B

Reference is made to those certain plats in the Office of the
Clerk of Court for Beaufort County, South Carolina, recorded in Plat
Book 31, Pages 131.

FILED IN DEED - 7 BOOK 373 PAGE 321
FILED AT 17.00.00 ON 07/11/83

EXHIBIT C

STATUTORY VALUATION

PERCENTAGE INTEREST OF EACH UNIT IN THE COMMON ELEMENTS

UNIT #	STATUTORY VALUE	% OF PHASE I	% OF PHASES I & II	% OF PHASES I, II AND III	% OF PHASES I & III
109	\$73,256.84	18.337%	7.797%	7.221%	13.706%
110	67,500.00	16.896%	7.185%	6.653%	12.628%
111	67,500.00	16.896%	7.185%	6.653%	12.628%
112	67,500.00	16.896%	7.185%	6.653%	12.628%
113	67,500.00	16.896%	7.185%	6.653%	12.628%
114	56,250.00	14.08%	5.987%	5.545%	10.524%
101	67,500.00		7.185%	6.653%	
102	67,500.00		7.185%	6.653%	
103	67,500.00		7.185%	6.653%	
104	67,500.00		7.185%	6.653%	
105	67,500.00		7.185%	6.653%	
106	67,500.00		7.185%	6.653%	
107	67,500.00		7.185%	6.653%	
108	67,500.00		7.185%	6.653%	
115	67,500.00			6.653%	12.628%
116	67,500.00			6.653%	12.628%

FILED IN DEED - 1 BOOK 373 PAGE 322
FILED AT 17.00.00 ON 07/11/87

BY-LAWS OF MATTHEWS POINT NORTH

HORIZONTAL PROPERTY REGIME

ARTICLE I

PLAN OF UNIT OWNERSHIP

Section One: Unit Ownership. The project located at 1 Matthews Drive, City of Hilton Head, State of South Carolina, known as Matthews Point North Horizontal Property Regime is submitted to the provisions of the Horizontal Property Act of South Carolina.

Section Two: By-Laws Applicability. The provisions of these By-Laws are applicable to the project. (The term "project" as used herein shall include the land).

Section Three: Personal Application. All present or future owners, tenants, future tenants or their employees, or any other person that might use the facilities of the project in any manner, are subject to the regulation set forth in these By-Laws, attached as Exhibit "E" to the recorded plan of Unit ownership.

The mere acquisition or rental of any of the commercial units, herein referred to as units, of the project or the mere act of occupancy of any of the units will signify that these By-Laws are accepted, ratified and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section One: Voting. Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to the unit or units in the Master Deed.

Section Two: Majority of Owners. As used in these By-Laws the term "majority of owners" shall mean those owners holding fifty-one (51%) percent or more of the votes in accordance with the percentages assigned in the Master Deed.

Section Three: Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of owners" as defined in the preceding paragraph of this article shall constitute a quorum.

Section Four: Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

Section One: Association Responsibilities. The owners of the units will constitute the Council of Co-owners, hereinafter referred to as association, who will have the responsibility of administering the project, approving the annual budget, establishing and collecting monthly assessments, and arranging for the management of the project pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decision and resolutions of association shall require approval by a majority of owners.

Section Two: Place of Meeting. Meetings of association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Administrators.

Section Three: Annual Meetings. The first annual meeting of the association shall be held on July 15, 1983. Thereafter, annual meetings shall be held on the first Monday of January of each succeeding year. At such meetings there shall be elected by ballot a Board of Administrators in accordance with the requirement of Section Five of Article IV of these By-Laws. The owners may also transact such other business of association as may properly come before them.

Section Four: Special Meetings. It shall be the duty of the president to call a special meeting of the owners as directed by resolution of the Board of Administrators or on a petition signed by a majority of the owners and having been presented to the secretary, or at the request of the federal housing commissioner or his duly authorized representative. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5ths) of the owners present, either in person or by proxy.

Section Five: Notice of Meetings. It shall be the duty of the secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place of the meeting to each owner of record, at least five (5) but not more than fifteen (15) days prior to such meeting. The mailing of notice in the manner provided

in the Section shall be considered notice served.

Section Six: Adjourned Meetings. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present either in person or by proxy may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section Seven: Order of Business. The order of business at all association meetings shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notices
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers
- (e) Report of committees
- (f) Election of administrators
- (g) Unfinished business
- (h) New business

ARTICLE IV

BOARD OF ADMINISTRATORS

Section One: Number and Qualification. Association's affairs shall be governed by a Board of Administrators composed of three (3) persons, all of whom must be owners of units in the project. Provided, however, that upon either Phase II or III being submitted to the Regime, the Board of Administrators shall be expanded to have five (5) members, all of whom must be owners of units in the project, such Administrators to be elected at a special meeting of the co-owners to be held within thirty (30) days of the submission of Phase II or III, whichever occurs first.

Section Two: Powers and Duties. The Board of Administrators shall have the powers and duties necessary for the administration of association's affairs and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the owners.

Section Three: Other Duties. In addition to duties imposed by these By-Laws or by resolutions of association,

the Board of Administrators shall be responsible for the following:

(a) Care, upkeep and surveillance of the project and common areas and facilities and the restricted common areas and facilities.

(b) To make, levy and collect assessments against co-owners and co-owners Units to defray the costs of the common areas 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.

(c) Designation and dismissal of the personnel necessary for the maintenance and operation of the project, the common areas and facilities, and the restricted common areas and facilities.

(d) To carryout the reconstruction of improvements after casualty and the further improvement of the property, real and personal.

(e) To make and amend regulations governing the use of the property, real and personal, in the Regime so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the Master Deed.

(f) To enforce by legal means the provisions of these By-Laws, the Master Deed, and the regulations hereinafter promulgated governing use of the property in the Regime.

Section Four: Management Agent. The Board of Administrators may employ for the Association a management agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Section Three of this Article.

Section Five: Election and Term of Office. At the first annual meeting of association the term of office of one administrator shall be fixed at two (2) years, and the term of office of one administrator shall be fixed at two (2) years, and the term of office of one administrator shall be fixed at one (1) year. At the expiration of the initial term of office of each respective administrator, his successor shall be elected to serve a term of three (3) years. The administrators shall hold office until their successors have been elected to hold their first meeting. The initial term

of office for any new administrator elected pursuant to Section One of this Article shall be three (3) years.

Section Six: Vacancies. Vacancies in the Board of Administrators caused by any reason other than the removal of an administrator by a vote of association shall be filled by vote of the majority of the remaining administrators, even though they may constitute less than a quorum; and each person so elected shall be an administrator until a successor is elected at association's next annual meeting.

Section Seven: Removal of Administrators. At any regular or special meeting duly called, any one or more of the administrators may be removed with or without cause by a majority of the owners, and a successor may then and there be elected to fill the vacancy thus created. Any administrators whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section Eight: Organization Meeting. The first meeting of the newly elected Board of Administrators shall be held within ten (10) days of election at such place as shall be fixed by the administrators at the meeting at which such administrators were elected and no notice shall be necessary to the newly elected administrators in order to legally constitute such meeting, provided a majority of the whole board shall be present.

Section Nine: Regular Meetings. Regular meetings of the Board of Administrators may be held at such time and place as shall be determined from time to time, by a majority of the administrators, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Administrators shall be given to each administrator, personally or by mail, telephone or telegraph at least three (3) days prior to the proposed date of such meeting.

Section Ten: Special Meetings. Special meetings of the Board of Administrators may be called by the president on three (3) days notice to each administrator, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board shall be called by the president or secretary in like manner and on like notice on the written request of a majority of the administrators.

Section Eleven: Waiver of Notice. Before or at any meeting of the Board, any administrator may, in writing, waive notice of such meeting and such waiver shall be deemed

equivalent to the giving of such notice. Attendance by an administrator at any meeting of the Board shall be a waive of notice by him of the time and place thereof. If all the administrators are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section Twelve: Board of Administrator's Quorum. At all meetings of the board, a majority of the administrators shall constitute a quorum for the transaction of business, and the acts of the quorum shall be the acts of the Board of Administrators. If, at any meeting of the Board of Administrators, there be less than a quorum present, the members present may adjourn the meeting from time to time. At such meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

Section Thirteen: Fidelity Bonds. The Board of Administrators may require that all officers and employees of association handling or responsible for association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the association.

ARTICLE V

OFFICERS

Section One: Designation. The principal officers of Association shall be a president, and a vice-president, a secretary-treasurer, all of whom shall be on the Board of Administrators.

Section Two: Election of Officers. The officers of Association shall be elected annually by the Board of Administrators at the organization meeting of each new board and shall hold office at the pleasure of the board.

Section Three: Removal of Officers. On an affirmative vote of a majority of the members of the Board of Administrators, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Administrators, or at any special meeting of the board called for such purpose.

Section Four: President. The president shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Administrators. He shall have all of the general powers and duties that are usually vested in the office of president of

an association, including but not limited from time to time as he may in his discretion decide is appropriate to assist in the conduct of the association's affairs.

Section Five: Vice-President. The vice-president shall take the place of the president and perform his duties whenever the president shall be absent or unable to act. If neither the president nor the vice-president is able to act, the Board of Administrators shall appoint some other member of the Board to do so on an interim basis. The vice-president shall also perform such other duties as shall from time to time imposed on him by the Board of Administrators.

Section Six: Secretary. The secretary shall keep the minutes of all meetings of the Board of Administrators and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Administrators may direct; and he shall, in general, perform all the duties incident to the office of secretary.

Section Seven: Treasurer. The treasurer shall have responsibility for association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Association in such depositories as may from time to time be designated by the Board of Administrators.

ARTICLE VI

FISCAL MANAGEMENT

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

(a) The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Unit. Such an account shall designate the name and address of the co-owners or co-owners, the amount of each assessment against the co-owners, the dates and amount in which assessments come due, the amount paid upon the account and the balance due upon assessments.

(b) The Board of Administrators 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:

(i) Common expense budget, which shall include without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of General Common Elements, landscaping, street and walkways, office expense, utility services, casualty insurance, liability insurance, administration and reserves (operating and replacement); and

(ii) 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 assessment levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Administrators to at any time in their 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.

(c) The Board of Administrators 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 quarterly basis unless changed by a vote of the majority of the Board of Administrators.

(d) 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.

(e) An audit of the accounts of the Association shall be made annually 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.

(f) Fidelity bonds may be required by the Board of Administrators from all officers and employees of the Association and from any contractor handling or responsible

for Association funds. The amount of such bonds shall be determined by the administrators, but shall be at least the amount of the total annual assessments against member for common expenses. The premiums on such bonds shall be paid by the Association.

ARTICLE VII

OBLIGATIONS OF THE OWNERS

Section One: 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 co-owners of all Units. To properly administer the operation and management of the project, the Association will incur, for the mutual benefit of all of the co-owners of Units, 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 said Association has heretofore been granted the right to make, levy and collect assessments against the co-owners of all Units and said Units. 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 co-owners of all Units, to wit:

(a) All assessments levied against the co-owners of Units and said Unit shall, unless specifically otherwise provided for in these By-Laws, be in the same proportion that the amount of assessment levied against each co-owner of a Unit and his Unit shall bear the same ratio to the total assessment made against all co-owners of Units and their Units as does the undivided interest in General Common Elements appurtenant to each Unit bear to the total undivided interest in Association. Should the Association be the co-owner of any Units or Unit, the assessment which would otherwise be payable to the Association by the co-owner of such Unit or Units shall be apportioned and assessment therefor levied ratably among the co-owners of all Units which are not owned by the Association, based upon their proportionate interests in the General Common Elements exclusive of interests therein appurtenant to any Unit or Units owned by Association.

(b) The assessment levied against the co-owner of each Unit and his Unit 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 Administrators of the Association.

(c) The Board of Administrators 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 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 Administrators of Association, copies of said budget shall be delivered to each co-owner of an Unit and the assessment for said year shall be established based upon such budget, although the delivery of a copy of said budget to each co-owner shall not affect the liability of any co-owner for such assessment. Should the Board of Administrators at any time determine, in the sole discretion of said Board of Administrators, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Regime, or in the event of emergencies, said Board of Administrators shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

(d) The Board of Administrators of the Association, in establishing said annual budget for the operation, management and maintenance of the project shall include therein a sum to be collected and maintained as a reserve fund for the replacement of General 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 General Common Elements as well as the replacement of personal property which may constitute a portion of the General Common Elements held for the joint use and benefit of all of the co-owners of all Units. The amount to be allocated to such reserve fund for replacements shall be established by said Board of Administrators so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacements of said General 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 the Administrators, although nothing herein contained shall limit the Association from applying any monies in such

reserve fund for replacements 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 co-owners of Units are insufficient to meet the then fiscal financial requirements of the 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 Administrators of the Association in the sole discretion of said Board of Administrators.

(e) The Board of Administrators 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 co-owners of Units, as a result of emergencies or for other reasons placing financial stress upon the Association.

(f) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the said 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 Master Deed of said Association and as the monies for any assessment are paid to the Association by any co-owner of a Unit the same may be commingled with the monies paid to the Association by the other co-owners of Units. 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 Unit.

(g) 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 to Association, on or before the due dates for such payment. When in default, the Board of Administrators may accelerate the remaining installments of the annual assessment upon notice thereof to the Unit co-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 twenty (20) days after their due date, the Association, through its Board of Administrators may proceed to enforce and collect the said assessments against the Unit co-owner owning the same in any manner provided for by 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 eighteen (18%) percent per annum until such delinquent assessment or installment thereof, and all interest due thereon, has been paid to Association.

(h) The co-owner or co-owners of each Unit shall be personally liable to Association for the payment of all assessments, regular or special, which may be levied by the Association while such party or parties are co-owner or co-owners of a Unit in the Regime. In the event that any co-owner or co-owners are in default in payment of any assessment or installment thereof owed to the Association, such co-owner or co-owners of any Unit shall be personally liable 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.

(i) No co-owner or a Unit may exempt himself from liability for any assessment levied against such co-owner and his Unit by waiver of the use of enjoyment of any of the General Common Elements, or by abandonment of the Unit, or in any other manner.

(j) 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 co-owners of Units and that the payment of such common expense represented by the assessment levied and collected by Association is necessary in order to preserve and protect the investment of the co-owner of each Unit the Association is hereby granted a lien upon such Unit and its appurtenant undivided interest in General Common Elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the co-owner of each Unit, which lien shall also secure interest, 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 fees, which may be incurred by the Association in enforcing this lien upon said Unit and its appurtenant undivided interest in the General 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 co-owner of any Unit 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 Unit. The rental required to be paid shall be equal to the rental charged on comparable type of Units in Hilton Head Island, South Carolina. The lien granted to the Association shall further secure such 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 rate of eighteen (18%) percent per annum on any such advances made for such purpose.

(k) The lien herein granted unto Association shall be effective from and after the time of recording in the public records of Beaufort County, South Carolina this Master Deed and By-Laws. A claim of lien stating the description of the Unit encumbered thereby, the name of the record co-owner, the amount due and the date when due, which lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided, may be recorded in the public records of Beaufort County, South Carolina. Such lien shall exist and be of full force and effect regardless of whether any document is recorded in the public records. 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 Unit.

In the event that any person, firm or corporation shall acquire title to any Unit and its appurtenant undivided interest in General Common Elements by virtue of any foreclosure or judicial sale or deed, 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 Unit and its appurtenant undivided interest in General Common Elements subsequent to the date of acquisition of such title and shall not be liable for the

payment of any assessments which were in default and delinquent at the time it acquired such title subject to the lien of any assessment by the Association representing an apportionment of taxes or special assessments levied by taxing authorities against the Regime in its entirety. In the event of acquisition of title to an Unit by foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all co-owners of all Units 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 the enforcement of collection of such payment by means other than foreclosure.

(1) Whenever any Unit may be sold by the co-owner thereof, which sale shall be concluded only upon compliance with other provisions of these By-Laws, the Association upon written request of the co-owner of such Unit 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 co-owner of such Unit. 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 the Association shall be bound by such statement. Any holder of any mortgage on any Unit 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 Unit is not cured within sixty (60) days.

In the event that a Unit is to be sold at the time when payment of any assessment against the co-owner of said Unit and such Unit due to Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the proceeds of such purchase shall be applied by the purchaser first to payment of any then delinquent assessment or installment thereof due to Association before the payment of any proceeds of purchase to the co-owner of any Unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of an Unit, the Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments against Grantor made prior to the time of such voluntary conveyance, without prejudice to the rights

of the Grantee to recover from the Grantor the amounts paid by the Grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent its 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 an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

Section Two: Maintenance and Repair

(a) Every owner must perform promptly all maintenance and repair work within his own Unit, which, if omitted, would affect the project in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Unit, such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows lamps, and all other accessories belonging to the Unit area shall be at the owner's expense.

(c) An owner shall reimburse the association for any expenditures incurred in repairing or replacing any common area and facility damaged through his fault.

Section Three: Uses of Units - Internal Changes

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

(b) An owner shall not make structural modifications or alterations in his unit or installations located therein without previously notifying the Association in writing, through the president of the Board of Administrators. The Association shall have the obligation to answer within thirty (30) days, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section Four: Use of Common Areas and Facilities and Restricted Common Areas and Facilities

An owner shall not place or cause to be placed in

the project areas and facilities of a similar nature both common and restricted, any furniture, packages, or object of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section Five: Right of Entry

(a) An owner shall grant the right of entry to the management agent or to any other person authorized by the Board of Administrators or Association in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of installing, altering or repairing the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of emergency, such right of entry shall be immediate.

ARTICLE VIII.

INSURANCE

Section 1: Insurance Required. The Board of Administrators shall obtain and maintain, to the extent available, at least the following insurance:

(a) **Hazard Insurance.** The Association shall insure all Units and all Common Elements against all hazards and risks normally covered by a standard hazard policy, including fire and lightning, and the hazards and risks covered by "extended coverage", and vandalism and malicious mischief. All units 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 Units and the Common Elements. The hazard insurance obtained by the Association may provide that an amount not to exceed One Thousand and No/100ths (\$1,000.00) Dollars 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 co-owners or units directly affected by the loss. The hazard insurance obtained by the Association shall provide coverage for common expenses with respect to the Units and Common Elements during any period of repair or reconstruction.

(b) Liability Insurance. The Association shall also obtain premises liability insurance on all Units and Common Elements and the Association providing for a single-limit indemnity of not less than One Million and No/100ths (\$1,000,000.00) Dollars and covering bodily and personal injury and property damage. Such liability insurance shall cover claims of one or more co-owners against one or more other co-owners as well as claims of third parties against one or more co-owners. The Association shall not be required, however, to obtain public liability insurance covering accidents occurring within the limits of an Unit 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.

(c) The Association shall also obtain and maintain workmen's compensation insurance to the extent necessary to comply with any applicable law.

(d) 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.

Section Two: Limitations. Any insurance obtained pursuant to the requirements of this article shall be subject to the following provisions:

(a) General Provisions. All insurance obtained on the Units and General Common Elements by the Association shall be written in the name of the Association as trustees 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 licensed to do business in the State of South Carolina (South Carolina admitted carriers) and rated "A+" or better and classified "10" 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 co-owners to that effect. Duplicate originals or copies of all policies of hazard insurance obtained on the Regime by the Board of Administrators together with proof of payment of the premiums thereon shall be delivered upon request to any co-owner or any entity holding a lien upon or security interest in any Unit.

(b) Hazard Policy Provisions. All policies of hazard insurance on the Units and the Common Elements obtained by the Board of Administrators shall provide as

follows:

(i) The indemnity payable on account of any damage to or destruction of the Units or the Common Elements shall be payable to any mortgagees holding mortgages in any damaged Units as their interest may appear;

(ii) The policy shall not be cancelled without thirty (30) days prior written notice to the Board of Administrators and to every holder of a security interest in any Unit who is named in the policy endorsement thereto;

(iii) No co-owner shall be prohibited from insuring his own Unit for his own benefit;

(iv) No insurance obtained by a co-owner on his own Unit shall be brought into contribution with the insurance obtained by the Board of Administrators.

(v) If the Board of Administrators 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 guests or invitees;

(vi) 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 not to repair or restore the damaged property; and

(vii) The policy shall not be cancelled on account of the actions of one or more, but fewer than a majority, of the co-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 i and ii above) may be waived by unanimous resolution of the Board of Administrators preceded by ten (10) days notice to every co-owner or by resolution of a majority of the co-owners.

(c) Claims. The Board of Administrators 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 Administrators. In the event of damage to or destruction of any portion of the Units or the Common Elements, the Board of Administrators shall promptly file a claim for any indemnity due under any such policies. The Board of Administrators shall simultaneously notify the holders of any security interests in the Property who may be

entitled to participate in such claim or the filing of the same.

(d) Insurance Proceeds. The net proceeds received by or due to the Board of Administrators from any indemnity paid under a policy of hazard insurance obtained on the property by the Board of Administrators shall promptly be paid by the Board of Administrators or the appropriate insurer to an Insurance Trustee as trustee for the co-owners as hereinafter provided. The Insurance Trustee shall be a state or federally chartered bank selected by the Board of Administrators and having trust powers and capital and surplus of Five Million and No/100ths (\$5,000,000.00) Dollars or more. The Insurance Trustees 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:

(i) If the co-owners determine in the manner provided in the Master Deed not to reconstruct the damaged property, the Insurance Trustee shall distribute the insurance proceeds among all the owners and/or mortgagees with liens upon the Units, as their respective interests may appear, in proportion to their respective undivided interests in the portion or portions of the property damaged or destroyed.

(ii) If the Board of Administrators 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 Administrators 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 Administrators. Any portion of the insurance proceeds remaining after all the costs of reconstructing the Property have been paid shall be disbursed to the co-owners 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 Administrators 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.

(e) Insurance by Owners. Each co-owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable:

(i) Hazard insurance on his unit for his own benefit;

(ii) Hazard insurance on the contents of his dwelling and on improvements made to his Unit; and

(iii) Liability insurance covering accidents occurring within the boundaries of his Unit.

Any owner who obtains hazard insurance on his Unit for his own benefit shall within thirty (30) days of obtaining the same deliver to the Board of Administrators a copy of the policy of insurance.

(f) Where the insurance proceeds are insufficient to cover the cost of reconstruction, the rebuilding costs shall be paid by all the co-owners directly affected by the damage, in proportion to the value of their respective units, or as may be provided in the By-Laws; and if any one or more of those composing the minority shall refuse to make such payments, the majority may proceed with the reconstruction at the expense of all the co-owners benefited thereby, upon proper resolution setting forth the circumstances of the case and the cost of the works, with the intervention of the Association.

ARTICLE IX.

AMENDMENTS TO PLAN OF UNIT OWNERSHIP

Section One: By-Laws. These By-Laws may be amended by Association in a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by owners representing at least sixty-seven (67%) percent of the total value of all units in the project as shown in the Master Deed.

ARTICLE X.

MORTGAGEES

Section One: Notice to Association. An owner who mortgages his unit shall notify the Association through the management agent, if any, or the president of the Board of Administrators in the event there is no management agent, the name and address of his mortgagee; and the association shall

maintain such information in a book entitled "Mortgagees of Unit".

ARTICLE XI.

COMPLIANCE

These By-Laws are set forth to comply with the requirements of the South Carolina Horizontal Property Regime Act. In case any of these By-Laws conflict with the provisions of that statute, it is hereby agreed and accepted that the provisions of the statute will apply.

RECORDED THE 29th
OF July 1983
IN BOOK D PAGE 597
FEES \$
Mary Ann Gray / 56
AUDITOR, BEAUFORT COUNTY, S. C.

Robert Howard
FILED IN DEED - M BOOK 373 PAGE 342
FILED AT 17.00.00 ON 07/11/83
BOOK NUMBER 373 PAGES 297- 342
FILING FEE 47.00
STATE STAMPS .00
COUNTY STAMPS .00
TOTAL FEES 47.00
HENRY JACKSON
CLERK OF COURT BEAUFORT COUNTY, SC