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STATE OF SOUTH CAROLINA )  
 )  
 COUNTY OF BEAUFORT )

374

FOUNTAIN ASSOCIATES, )  
 a South Carolina Partnership, )

TO )

MASTER DEED ESTABLISHING  
 HORIZONTAL PROPERTY  
 REGIME

FOUNTAIN CENTER HORIZONTAL PROPERTY )  
 REGIME )

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 23rd day of February, in the year of our Lord One Thousand Nine Hundred and Eighty-Three, FOUNTAIN ASSOCIATES, a South Carolina Partnership, with its principal place of business at Suite 100, The Professional Building, #2 Corpus Christi Circle, Hilton Head Island, South Carolina, 29928, hereinafter referred to as "Declarant", does hereby declare:

ARTICLE I  
LAND

That Declarant is the sole owner of the land described in Exhibit "A" attached hereto and made a part hereof which is more particularly shown on the plat thereof, said plat being designated as Exhibit "B" and being attached hereto and made a part hereof and being recorded in the office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 31 at Page 65.

ARTICLE II  
PROPERTY; REGIME; ASSOCIATION

Declarant does hereby, by duly executing this Master Deed, submit the land referred to in Article I, together with the buildings and improvements erected thereon, and all easements, rights and appurtenances belonging thereto (hereinafter referred to as the "Property") to the provisions of the Horizontal Property Act of South Carolina, and does hereby state that it proposes to create and does hereby create, with respect to the Property, a Horizontal Property Regime that shall be known as FOUNTAIN CENTER Horizontal Property Regime (hereinafter sometimes referred to as the "Regime") to be governed by and be subject to the provisions of this Master Deed and the provisions of the Horizontal Property Act of South Carolina as it is now constituted and as it may from time to time be amended. Declarant does further declare that it has caused to be

BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	Submap	Parcel	Block
540	15	C	112	

incorporated under the laws of the State of South Carolina an association known as FOUNTAIN CENTER Owner's Association which shall, pursuant to the provisions of Section 27-31-90 of the Horizontal Property Act, constitute the incorporated Council of Co-Owners of the Regime and shall be governed by this Master Deed and the By-Laws attached hereto.

ARTICLE III  
IMPROVEMENTS

The improvements constructed on and forming a part of the Property consist of three (3) two (2) story buildings of concrete and steel construction constructed in accordance with the plot plan and floor plans identified as Exhibit "C" hereto and made a part hereof which plot or site plan and floor plans were prepared by Westmoreland, McGarity & Pitts, Architects, Inc., architects duly licensed to practice in the State of South Carolina under Registration Certificate Number A-76001 and to which plans is attached a certificate by said architect that the condominium Units constructed on the Property were constructed in accordance with said plans.

ARTICLE IV  
DEFINITIONS

The terms used in this Master Deed and in the Exhibits thereto shall have the meanings stated in the Horizontal Property Act and as follows, unless the context otherwise requires:

(a) Act means the Horizontal Property Act as currently set forth in Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as amended.

(b) Assessment means a co-owner's pro rata share of the common expenses which from time to time is assessed against a co-owner by the Association.

(c) Association means the Council of Co-Owners as defined by the Act, and also means FOUNTAIN CENTER Owner's Association, the corporate form by which the Council of Co-Owners shall operate the Regime.

(d) Board of Directors or Board means the group of persons selected, authorized and directed to manage and operate the Association as provided by the Act, this Master Deed and the By-Laws.

(e) Building means a structure or structures, containing in the aggregate two or more Units, comprising a part of the property.

(f) Common Elements means the general and limited common elements, as defined herein in ARTICLE VII and in the Act.

(g) Common expenses means the expenses for which the Unit co-owners are liable to the Association and include:

(1) Expenses of administration, expenses of maintenance, insurance, operation, repair or replacement of the common elements, and of the portions of Units which are the responsibility of the Association.

(2) Expenses declared common expenses by provisions of this Master Deed.

(h) Common surplus means the excess of all receipts of the Association, including but not limited to assessments over the amount of common expenses.

(i) Co-owner means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Unit within the building.

(j) Condominium means FOUNTAIN CENTER Horizontal Property Regime.

(k) Condominium ownership means the individual ownership of a particular Unit in a building and the common right to a share, with other co-owners, in the general and limited common elements of the property.

(l) Council of Co-Owners means all the co-owners as defined herein and it shall also refer to the Association as herein defined.

(m) Declarant means FOUNTAIN ASSOCIATES, a South Carolina Partnership with its principal place of business located on Hilton Head Island, South Carolina, and its successor.

(n) Majority of co-owners means the co-owners owning fifty-one (51%) percent or more of the basic value of the property as a whole.

(o) Master Deed means the deed or declaration establishing and recording the property of the horizontal property regime and all exhibits thereto.

(p) Owner (See "Co-owner" above in ARTICLE IV(i)).

(q) Person means an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.

(r) Property means and includes the land, the Buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto.

(s) Regime means FOUNTAIN CENTER Horizontal Property Regime created by the Master Deed and reference to the Association, as herein defined, shall likewise include reference to the Regime and visa versa.

(t) Unit as used herein has the same connotation as the term "Apartment" as used in the Horizontal Property Act and means a part of the property intended for any independent business use including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a building, and with a direct exit to a public street or highway, or to a common area or areas leading to such street or highway.

(u) Utility services means and shall include, but shall not be limited to, electric power, gas, hot and cold water, heating, refrigeration, airconditioning, garbage and sewage disposal.

(v) Covenants means those certain covenants and restrictions commonly known as the Shipyard Business Center covenants as recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 239 at Page 1392, and re-recorded in Deed Book 240 at Page 1697 and Deed Book 268 at Page 744, as amended, and recorded in Deed Book 243 at Page 511 and re-recorded in Deed Book 243 at Page 944.

ARTICLE V  
DESCRIPTION OF UNITS; USE; ALTERATION

Section 1. GENERAL DESCRIPTION OF UNITS AND USE. The Property includes three (3) buildings of two (2) stories containing twenty-seven (27) individual Units (hereinafter referred to as "Units") all of which are to be used for business or commercial purposes only as more specifically hereinafter prescribed. The Units are capable of individual utilization on account of having their own exits to the common elements of the Property and a particular and exclusive property right thereto, and also an undivided interest in the general and limited common elements of the Property, as hereinafter listed in this Master Deed, necessary for their adequate use and enjoyment (hereinafter referred to as "Common Elements") all of the above in accordance with the Horizontal Property Act of South Carolina.

Section 2. INDIVIDUAL UNITS.

The Unit number, layout, location and approximate area of each Unit is shown on the plans referred to in ARTICLE III above. The twenty-seven (27) Units on the Property shall be as follows:

Building A

(a) On the First Floor, the Units are numbered, commencing with the northernmost Unit facing the interior court and proceeding counterclockwise as follows:

(i)	Unit 105	-	870.5 square feet
(ii)	Unit 100	-	846.5 square feet
(iii)	Unit 101	-	1,062.5 square feet
(iv)	Unit 102	-	846.5 square feet
(v)	Unit 103	-	870.5 square feet

(b) On the Second Floor, the Units are numbered, commencing with the northernmost Unit facing the interior court and proceeding counterclockwise as follows:

(i)	Unit 200	-	735 square feet
(ii)	Unit 201	-	667 square feet
(iii)	Unit 202	-	789 square feet
(iv)	Unit 203	-	1,409 square feet

Building B

(a) On the First Floor, the Units are numbered, commencing with the southeasternmost Unit facing the interior court and proceeding counterclockwise as follows:

(i)	Unit 111	-	870.5 square feet
(ii)	Unit 106	-	846.5 square feet
(iii)	Unit 107	-	1,062.5 square feet
(iv)	Unit 108	-	846.5 square feet
(v)	Unit 109	-	870.5 square feet

(b) On the Second Floor, the Units are numbered, commencing with the southeasternmost Unit facing the interior court and proceeding counterclockwise as follows:

(i)	Unit 204	-	735 square feet
(ii)	Unit 205	-	667 square feet
(iii)	Unit 206	-	789 square feet
(iv)	Unit 207	-	1,409 square feet

Building C

(a) On the First Floor, the Units are numbered, commencing with the northwesternmost Unit facing the interior court and proceeding counterclockwise as follows:

(i)	Unit 117	-	870.5 square feet
(ii)	Unit 112	-	846.5 square feet
(iii)	Unit 113	-	1,062.5 square feet
(iv)	Unit 114	-	846.5 square feet
(v)	Unit 115	-	870.5 square feet

(b) On the Second Floor, the Units are numbered, commencing with the northwesternmost Unit facing the interior court and proceeding counterclockwise as follows:

(i)	Unit 208	-	735 square feet
(ii)	Unit 209	-	667 square feet
(iii)	Unit 210	-	789 square feet
(iv)	Unit 211	-	1,409 square feet

The total square footage for all three (3) Buildings is 24,289.5 square feet, with 8,096.5 square feet in each Building.

The Units are more particularly shown on the plans thereof attached hereto as Exhibit "C" which plans are incorporated herein in the same manner as if expressly set forth in this Section 2 and said plan, together with the Unit numbers and square footage of area in each Unit, and likewise together with the description of Unit boundaries as hereinafter set forth in Section 4, shall constitute a complete description of the Units within the Regime. Attached hereto as Exhibit "C-3" is a complete "walk through" description of the Units.

Section 3. BOUNDARIES; GENERAL RULE.

(a) The horizontal (upper and lower) boundaries of each Unit are the interior unfinished surfaces of the floors and ceilings of each Unit. The vertical or perimetric boundaries of each Unit, extended to an intersection with the upper and lower boundaries are as follows:

(1) As to all Unit exterior walls which physically divide the Unit from common elements of the building, it shall be the vertical plane of the interior surface of the exterior sheathing and the vertical plane of the centerline of all insulated glass windows and all doors.

(2) As to all Unit exterior walls which physically divide one Unit from another Unit, it shall be the vertical plane of the centerline of said partition walls.

(3) All vertical planes of each Unit shall extend to intersections with each other.

(b) All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, carpet, and any other materials constituting any part of the finished surfaces of the walls, floors, and ceilings which are the boundaries of a Unit, together with all speakers, telephones, and other communication equipment and all built-in light fixtures, wires, service outlets, vent outlets, heating and cooling Units and duct work, electrical switches, thermostats,

hot water heaters, toilet and other bathroom fixtures and any and all other similar mechanical or physical fixtures which are within the perimetric walls or ceilings and serving a single Unit or within the space above the ceiling and below the slab forming the floor of the Unit above or, in the case of the third floor, the roof above, are a part of the Unit.

(c) Any chute, flue, duct, chase, conduit, bearing wall, bearing column and all other similar mechanical or physical fixtures except those designated in paragraph (b) above, whether or not it lies partially within and partially outside the designated boundaries of a Unit, is a common element.

(d) Subject to the provisions of paragraph (c), all spaces, interior non-bearing partitions, and other fixtures and improvements within the boundaries of a Unit installed with the perimetric walls or ceilings whether as a part of the original construction or as a part of subsequent construction, are a part of the Unit.

Section 4. RELOCATION OF BOUNDARIES BETWEEN UNITS

(a) While individual Units may not be subdivided, Declarant intends to provide a flexible and certain method consistent with the Act and the best interests of the Association and all its members, by which the boundaries of or between Units may be adjusted to meet the needs of individual Unit owners. To this end, Unit owners, subject to the conditions and procedures described in Section 4(d) (2), are entitled to relocate the boundaries between adjoining Units and reallocate the assigned appurtenant interests of those Units accordingly.

(b) IN ORDER TO PROVIDE THE FLEXIBILITY AND CERTAINTY DESCRIBED IN SECTION 4(a), EACH UNIT OWNER SHALL BE DEEMED, BY ACCEPTANCE OF A DEED TO A UNIT IN THE CONDOMINIUM, TO HAVE THEREBY DELIVERED AN IRREVOCABLE LIMITED PROXY, ON BEHALF OF THAT UNIT OWNER AND HIS HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, VESTED IN WHOMEVER SHALL HOLD THE OFFICE OF SECRETARY OF THE ASSOCIATION FROM TIME TO TIME. AT THE TIME OF TAKING TITLE TO THE UNIT, EACH UNIT OWNER SHALL ALSO EXECUTE AN IRREVOCABLE LIMITED POWER OF ATTORNEY, COUPLED WITH AN INTEREST, IN FAVOR OF WHOMEVER SHALL HOLD THE OFFICE OF SECRETARY OF THE ASSOCIATION FROM TIME TO TIME. THE IRREVOCABLE LIMITED PROXY, AND THE IRREVOCABLE LIMITED POWER OF ATTORNEY COUPLED WITH AN INTEREST, SHALL AUTHORIZE AND REQUIRE THE SECRETARY TO CAST ALL VOTES IN THE ASSOCIATION APPERTAINING TO EACH OWNER'S UNIT IN FAVOR OF ANY PROPOSED AMENDMENT TO THE MASTER DEED OR BY-LAWS WHICH CONFORMS TO THE REQUIREMENTS OF SECTIONS 4(e) AND 4(f) OF THIS ARTICLE, SO LONG AS THE AMENDMENT DOES NOT AFFECT THE BOUNDARIES OR ASSIGNED APPURTENANT INTERESTS OF THE UNIT WHOSE VOTES ARE BEING SO CAST. THE SECRETARY SHALL HAVE THE RESPONSIBILITY TO VOTE IN FAVOR OF ANY SUCH AMENDMENT, AS DESCRIBED IN SECTION 4(f) OF THIS ARTICLE.

(c) EVERY MORTGAGEE SHALL BE DEEMED, BY ACCEPTANCE OF A MORTGAGE TO A UNIT IN THE CONDOMINIUM, TO HAVE THEREBY CONSENTED TO AN AMENDMENT TO THE MASTER DEED WHICH CONFORMS TO THE REQUIREMENTS OF SECTION 4(e) AND (f) OF THIS ARTICLE, SO LONG AS THE AMENDMENT DOES NOT AFFECT THE BOUNDARIES OR ASSIGNED APPURTENANT INTERESTS OF THE UNIT WHICH IS SUBJECT TO THAT MORTGAGE. EVERY MORTGAGE OF A UNIT IN THE CONDOMINIUM MUST CONTAIN A PROVISION THAT THE MORTGAGEE CONSENTS TO ANY FUTURE AMENDMENT TO THE DECLARATION CHANGING THE BOUNDARIES AND ASSIGNED APPURTENANT INTERESTS OF A UNIT OTHER THAN THE UNIT SUBJECT TO THAT MORTGAGE, AND SUCH PROVISION IS HEREBY DEEMED TO BE INCLUDED IN EVERY SUCH MORTGAGE, WHETHER OR NOT IT SO APPEARS. ANY PROVISION OF ANY MORTGAGE INCONSISTENT WITH THIS SECTION IS VOID.

(d) The owners of adjoining office Units may, at any time, deliver a letter to the President of the Association stating their intentions to relocate the boundaries between their office Units, together with a plan of their Units which conforms with Sections 27-31-100, 27-31-110 and 27-31-120 of the Act showing the proposed relocated boundaries of those Units. In such case, with respect to every proposed office Unit which will result from the proposed subdivision or relocation:

(1) on the First Floor each Unit to be created must contain at least 400 square feet of Unit space as herein defined; on the Second Floor each Unit to be created must contain at least 500 square feet of Unit space as herein defined;

(2) at least one boundary of each Unit to be created must be coterminous with a partition wall, extending in one plane for at least 6 feet, which divides the Unit from a hallway constituting a common element in the office building; and

(3) Adequate provision must be made for any required fire and emergency exits, heating, air conditioning and utilities.

(e) Within sixty (60) days after receipt of a letter from a Unit owner pursuant to Section 4(d), the President shall:

(1) cause an amendment to the Master Deed to be prepared which conforms to this Master Deed and the Act, together with a certified amendment to the plans which conforms to the requirements of the Act. The amendment to the Master Deed shall reallocate the assigned appurtenant interests among all the Units resulting from the relocation of boundaries in proportion to the relative sizes of those Units but shall not affect in any manner the percentage of interest appertaining to the other Units not otherwise redefined; and

(2) give written notice of the proposed amendment to all Unit owners and mortgagees, and call a meeting of the Unit



owners in the manner described in Article III of the By-Laws. At the meeting of Unit owners, the proxies held by the Secretary shall constitute a quorum, whether or not any other Unit owners are present.

(f) If, prior to the meeting, the owners of the Units affected by the proposed amendment provide to the Secretary written consents to the amendment in recordable form signed by the mortgagees of their Units, and so long as the Board of Directors determines that the amendment and plans conform to this Section, the Secretary shall cast all the votes for which he holds proxies and a power of attorney in favor of the amendment. Following the vote, and upon payment by the affected Unit owners of all permit, recording, legal, architectural and other fees incurred by the Association, the Secretary shall execute the amendment to the Master Deed, and note thereon: (1) a statement of the number of votes required to approve the amendment; (2) the number of votes cast by him on behalf of Unit owners in favor of the amendment; (3) a statement of the number of consents by mortgagees required to approve the amendment; and (4) the number of consents by mortgagees received by him.

(g) The amendments to the Master Deed and plans to reallocate Units are only effective when executed in the manner required by this Section, and recorded. The consents to the amendment by the mortgagees of the affected Units shall also be recorded.

Section 5. USES OF UNITS.

(a) Each Unit is restricted as to use by the owner or owners thereof, their lessees and invitees, it being the intent of the Declarant that the building be used for professional, commercial, general office use and retail operations.

(b) A Unit may not be used for any type of school or organization which emphasizes training programs.

(c) No Unit shall be resold or otherwise utilized in the manner generally referred to as "timesharing", such type of use being hereby expressly prohibited.

(d) No Unit may be used for residential purposes whatsoever.

(e) Notwithstanding the provisions of Sections 5(a), 5(b) or 5(c), after three (3) years from the date of this Master Deed the Association may, but need not, by three-fourths (3/4) vote of its Board of Directors together with the concurrence of the applicable mortgagees, permit any office Unit to be used for any use permitted by the laws and ordinances then in effect.

Section 6.            ALTERATIONS IN UNITS.

(a) A Unit owner may make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems, or lessen the support of, any portion of the building.

(b) Except as permitted in Section 6(c), no person may change the appearance of the common elements, or the exterior appearance of an office Unit, without permission of the Association.

(c) In the situation where a Unit owner owns adjoining Units, after giving notice to the Association, a Unit owner may alter a partition wall between such adjoining Units owned by him to create an opening in that wall. Such an alteration does not constitute a relocation of boundaries between Units as defined in Section 4 of this Article.

(d) No alteration of a Unit, including an alteration of a Unit boundary pursuant to Section 4 of this Article, which either affects the structural integrity or mechanical systems of the building or results in changes visible from outside the Unit, may be undertaken without the prior written approval of the Association. However, the Association shall approve any proposed alteration unless the Association determines that the proposed alteration would adversely affect the exterior appearance of the building or any common elements therein, or the health, safety or quiet enjoyment of other Unit owners. Any Unit owner altering a Unit pursuant to this Section or Section 4(e) shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work naming the Association as an additional insured; (3) indemnify and hold the Association and other Unit owners harmless from the effect of the work; and (4) minimize the disturbance of other Unit owners and their business activities during the work.

(e) When any alterations approved by the Association are completed, the affected Unit owners shall deliver to the Association a copy of the 'as built' plans and specifications certified to by an engineer or architect licensed to practice in South Carolina.

Section 7.            DEEDS TO UNITS.

On the transfer of a Unit, a deed affecting that transfer conveys all the seller's interests in that Unit to the purchaser, including the seller's interest in the real and personal property of the Association, any reserve accounts applicable to that Unit, and in any cause of action or chose in action either of the Association or arising out of his ownership of that Unit, whether or not those interests are expressly described in the deed.

Section 8. ASSESSMENTS FOR COMMON EXPENSES;  
RESPONSIBILITIES FOR MAINTENANCE.

The obligations of all Unit owners with regard to assessments for common expenses and the maintenance and repair of the individual Units shall be as provided in the By-Laws of the Association which are attached hereto as Exhibit "E".

ARTICLE VI  
AREA COMPRISING PROPERTY

That the Property as originally constructed has a total of 85,027 square feet on which is situate three (3) buildings occupying 14,794 square feet and the remaining 70,233 square feet is made up of parking, sidewalks, outside landscape areas and other common elements. The Units within each of the Buildings are located on two (2) floors and constitute a total of 8,096.5 square feet.

ARTICLE VII  
COMMON ELEMENTS

The Common Elements of the Property are as follows:

Section 1. The General Common Elements are as follows:

(a) The Property excluding the limited common elements and the Units, and including, but not limited to the land on which the Units are constructed, the foundations, roofs, stairways, halls, lobbies, balconies, exterior portions of perimeter walls, floors separating Units, load-bearing columns or walls, mechanical chases, interior walls and partitions of areas other than within Units, slabs, concrete floors, public utility lines; retaining walls; and pipes, wires, conduits or air ducts located within slabs or elsewhere in the building other than within the Unit boundary as described in ARTICLE V, Section 3. In each instance there shall also be included the space actually occupied by the above.

(b) Parking facilities located on the Property, which are shown on the plat of the Property attached hereto and identified as Exhibit "B".

(c) All roads, walkways, paths, trees, shrubs, yards, (except such as are designated as limited common elements) fountain and fountain areas, gardens, pools, planter areas, etc.

(d) All installations, and area occupying same, outside of the Units for services such as power, light, natural gas, telephone, television, water and other similar utilities.

(e) All sewer, drainage and irrigation pipes, excluding those which are the property of the utility district.

(f) Such easements through the Units for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility services to Units, general common elements and limited common elements and easements for access, maintenance, repair, reconstruction or replacement of structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the property, whether or not such easements are erected during construction of the condominium property or during re-construction of all or any part thereof, except such easements as may be defined as "Limited Common Elements".

(g) All areas not designated as a limited common element and not described as lying within the boundary of a Unit as described in ARTICLE V, Section 3 hereof and all other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

Section 2. The Limited Common Elements are as follows:

(a) The space lying between the upper boundary of each Unit as herein described in ARTICLE V and the floor or roof above such Unit.

ARTICLE VIII  
REVOCATION AND AMENDMENT

The dedication of the Property to the Horizontal Property Regime herein shall not be revoked, or the Property removed from the Horizontal Property Regime, and none of the provisions herein shall be amended, except as otherwise provided herein, in ARTICLE V and elsewhere, unless all of the co-owners and the mortgagees of all the mortgages covering the Units unanimously agree to such revocation, or amendment, or removal or amendment of the Property from the Horizontal Property Regime by duly recorded instrument.

ARTICLE IX  
PERCENTAGE OF INTEREST OF UNITS

Section 1. Percentage of Interest Based on Comparative Value:

The percentage of title and interest appurtenant to each Unit and the Unit owners title and interest in the common elements (both general and limited) of the Property and the

proportionate share in the profits and common monthly expenses as well as the proportionate representation for voting purposes in the meeting of the Association is based on the proportionate value of each Unit to the value of the total Property as set forth in Exhibit "D" attached hereto and made a part hereof. The proportionate representation for voting purpose and the percentage of the undivided interest in the common elements (both general and limited) provided in this paragraph and in Exhibit "D" shall not be altered without the acquiescence of the co-owners representing all of the Units expressed in an amendment to this Master Deed duly recorded as required by ARTICLE VIII hereof or except as provided in ARTICLE V herein with regard to the amendment of this Master Deed for purposes of subdividing Units or relocating Unit boundaries.

Section 2. Reallocation of Percentages in Case of or Re-Location of Unit Boundaries

If this Master Deed is amended as provided in ARTICLE V by reason of the relocation of Unit boundaries, the percentage of interest applicable to the affected Unit or Units as provided in Exhibit "D" shall be reallocated among the Units resulting from the relocation of boundaries in proportion to the relative sizes (square feet of floor space) of those Units: provided, however, that the percentage of interest applicable to unaffected Units shall not be changed as a result of such amendment.

ARTICLE X  
ADMINISTRATION AND BY-LAWS

Section 1. Association; By-Laws

As noted in ARTICLE II hereof, Declarant has caused to be incorporated under the laws of the State of South Carolina a corporation known as FOUNTAIN CENTER Owner's Association, which shall be an incorporated Council of Co-Owners to serve as the body by which the Unit owners will manage the affairs of the Regime. Each Unit owner shall have voting rights in said Association in the same percentage as the percentage of interest his Unit has in the common elements. The administration of the Regime, and consequently of the Association, consisting as aforesaid of the Property described in ARTICLE I, II and III, shall be in accordance with the provisions of the By-Laws which are incorporated herein, made a part hereof and are attached hereto as Exhibit "E".

Section 2. Automatic Membership in Association

Each Unit owner shall automatically become and be a member of the Association so long as he continues to be a Unit owner and shall exercise such percentage of vote in all matters as shown

upon Exhibit "D" attached hereto. In the event that a Unit is owned by more than one person, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all the record owners of the said Unit and filed with the Secretary of the Association. Further, should such Unit owner be a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President of the corporation and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. All such certificates shall be valid until revoked, superseded by a subsequent certificate, or until there has been a change in ownership of the Unit concerned.

ARTICLE XI  
HORIZONTAL PROPERTY REGIME CONSTITUTED

As appears above, a Horizontal Property Regime is hereby constituted under and subject to the provisions of the Horizontal Property Act of the State of South Carolina, so that Units may be conveyed and recorded as individual properties capable of independent use and each having its own exit to the common elements of the Property, and each Unit co-owner having an exclusive and particular right over his respective Unit and in addition the specified undivided interest in the common elements of the Property.

ARTICLE XII  
DECLARANT SUBJECT TO MASTER DEED;  
DECLARANT USE

So long as the Declarant owns one or more of the Units, the Declarant shall be subject to the provisions of this Master Deed and the Exhibits attached hereto and the Declarant covenants to take no action which will adversely affect the rights of the Regime with respect to the assurances against latent defects in the Property or other rights assigned to the Regime by reason of the establishment of said Horizontal Property Regime; provided, however, that Declarant as in the case with any other Unit owner, shall have the absolute right and privilege of leasing any or all of the Units owned by it on a short or long term basis for the uses permitted by this Master Deed, and that Declarant's lessees, invitees, guests, etc., shall be entitled to all of the privileges and rights, and be subject to the requirements hereunder, of a co-owner with respect to the use of the Property excluding voting rights which shall remain with the Declarant.

ARTICLE XIII  
COMMON ELEMENTS NOT PARTITIONED

Except as provided in ARTICLE XXI hereof, the common elements shall remain undivided and no co-owner shall bring any action for partition and/or division; provided, however, that this Section shall not be construed to prevent the Association from adopting a plan of designated parking for specific Units.

ARTICLE XIV  
COMMON ELEMENTS NOT SEVERABLE FROM UNITS

The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

ARTICLE XV  
RESERVATION OF RIGHTS RELATING TO PARKING AREAS

Declarant specifically reserves the right and authority in the Board of Directors of FOUNTAIN CENTER Owners' Association, Inc. to create rules and regulations with respect to parking and traffic regulation on the Property, including, but not necessarily limited to, the creation of designated parking areas for specific Suits.

ARTICLE XVI  
PROVISIONS AND COVENANTS APPLICABLE TO UNITS

Each co-owner shall comply with the provisions of this Master Deed and authorized amendments thereto, the Declaration of Covenants, Restrictions of The Hilton Head Company, Inc., which covenants are recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, and as may be amended; and the Association By-Laws, Decisions and Resolutions of Board or other representatives, as lawfully enacted from time to time, together with any lawfully adopted amendments thereto. The failure to comply with such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief. The Units shall also be conveyed subject to the recorded plat and plans of the Property and amendments thereto.

ARTICLE XVII  
NONUSE NOT EXEMPTION OF LIABILITY FOR  
COMMON EXPENSES

No co-owner of a Unit may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Unit.

ARTICLE XVIII  
ALL USERS OF PROPERTY SUBJECT TO MASTER  
DEED

All present or future co-owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, including those who may lease from the Declarant, are subject to the provisions of this Master Deed and any authorized

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amendments thereto, and that the mere acquisition or rental of any of the Units shall signify that the provisions of this Master Deed and any authorized amendment thereto are accepted and ratified.

ARTICLE XIX  
ASSESSMENTS SUBORDINATE TO MORTGAGEE  
TAKING TITLE

Where a mortgagee or other purchaser of a Unit obtains title by reason of foreclosure or deed in lieu of foreclosure of a mortgage covering a Unit, such acquirer of title, his or its heirs, successors, assigns or grantees, shall not be liable for assessments by the Association which became due prior to the acquisition of title by such acquirer, it being understood, however, that the above shall not be construed to prevent the Association from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment shall be subordinate to such mortgage.

ARTICLE XX  
INSURANCE

The Board of Directors of the Association shall be required to obtain and maintain those types and forms of insurance as are required by ARTICLE VIII of the By-Laws set forth in Exhibit "E" attached hereto and made a part hereof.

ARTICLE XXI  
RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property the provisions of ARTICLE IX of the By-Laws as set forth in Exhibit "E" shall govern all matters pertaining to reconstruction and repair.

ARTICLE XXII  
CONDEMNATION

In the event of a condemnation of a portion of the Property which is subject to this Master Deed, no reallocation of interests in the common areas resulting from a partial condemnation of such a Project may be effected without the prior approval of the Unit Owners and the eligible holders holding mortgages on all remaining Units, whether existing in whole or in part, and which have at least seventy-five (75%) percent of the votes of such remaining Units subject to eligible holder mortgages.

The Association shall represent the Unit Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof. Each Unit Owner appoints the



Association as attorney-in-fact for such purposes. In the event of a taking or acquisition of part or all of the common elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or the Insurance Trustee, for the use and benefit of the Unit Owners and their mortgagees as their interests may appear.

ARTICLE XXIII  
EASEMENT FOR ENCROACHMENT

If any portion of the common elements now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the common elements, or if any such encroachment shall occur hereafter as a result of: (a) settling of the building; (b) alteration or repair to the common elements made by or with consent of the Board or; (c) as a result of repair or restoration of the building or any Unit by damage by fire or other casualty; or (d) as a result of condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the building or buildings stand.

ARTICLE XXIV  
OTHER REGIME EASEMENTS

Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, flues, cables, conduits, public utility lines and other common elements, if any, located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, wires, ducts, flues, cables, conduits, public utility lines and other common elements serving such other Units and located in such Unit. The Board shall have the right of access to each Unit to inspect the same to remove violations therefrom and to maintain, repair or replace common elements contained therein or elsewhere in the building.

ARTICLE XXV  
SEVERABILITY

The provisions thereof shall be deemed independent and severable and the invalidity in whole or in part of any section, sub-section, sentence, clause, phrase or word, or other provision of the Master Deed and the By-Laws or any authorized amendment thereto shall not impair or affect in any manner the validity or enforceability of the remaining portions thereof and, in such event, all of the other provisions of this Master Deed shall continue in full force and effect as if such invalid provision had never been included therein.

ARTICLE XXVI  
NON-WAIVER

No provision contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE XXVII  
GENDER AND NUMBER

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

ARTICLE XXVIII  
APPLICABLE LAW

This Master Deed is set forth to comply with the requirements of the Horizontal Property Act of South Carolina as presently constituted or as hereafter amended. In case any of the provisions stated above conflict with the provisions of said statute, the provisions of said statute shall control.

ARTICLE XXIX  
CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Master Deed or the intent of any provisions hereof.

ARTICLE XXX  
EXHIBITS

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

IN WITNESS WHEREOF, the Partners of Declarant have executed this Master Deed this 1st day of MARCH in the year of Our Lord One Thousand Nine Hundred and Eighty-Three and in the Two Hundred and Seventh year of the Sovereignty and Independence of the United States of America.

SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:

FOUNTAIN ASSOCIATES, a South  
Carolina Partnership

FRANK E. O'DONNELL ENTERPRISES,  
INC., Partner

Alison Jacob  
Paul Murphy

By: Frank E. O'Donnell  
Frank E. O'Donnell, President

MARK R. SERTL & ASSOCIATES, INC.,  
Partner

By: Mark R. Sertl  
Mark R. Sertl, President

WESTWOOD DEVELOPERS, INC.

By: Richard E. Grider  
Richard E. Grider, President

Serge Prat  
Serge Prat, Partner

STATE OF SOUTH CAROLINA )  
  )  
COUNTY OF BEAUFORT        )

PROBATE

PERSONALLY appeared before me Alison Jacob  
who, on oath, says, that s/he saw the within named FOUNTAIN  
ASSOCIATES, Declarant, by its Partners, sign the within Master  
Deed, and that said Corporation by said officers, seal said Deed,  
and as its act and deed, deliver the same and that s/he with  
Judi Murphy witnessed the execution thereof.

Alison Jacob

SWORN to before me this 15<sup>th</sup>  
day of MARCH, 1983

Judi Murphy (L.S.)  
Notary Public for South Carolina  
My Commission Expires:

INDEX TO EXHIBITS

FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME

Exhibit "A"	-	Description of Land
Exhibit "B"	-	Plat of Land
Exhibit "C-1"	-	Site plan, Elevations and Floor Plans of Building and Units
Exhibit "C-2"	-	Architect's Certificate
Exhibit "C-3"	-	"Walk Through" Description of Units.
Exhibit "D"	-	Percentage of Interest applicable to Units.
Exhibit "E"	-	By-Laws of FOUNTAIN CENTER Horizontal Property Regime and FOUNTAIN CENTER Property Owners' Association.
Exhibit "F"	-	Joinder of Mortgagee

K(56)

EXHIBIT "A"  
TO MASTER DEED FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME

All that certain piece, parcel or tract of land lying and being on Hilton Head Island, Beaufort County, South Carolina, having and containing 1.95 acres, more or less, formerly known as Lot 63 and Lot 64, a Section of Shipyard Commercial Subdivision, said property being shown and described on a plat entitled "A Plat of Fountain Center, New Orleans Road As-Built, a Section of Shipyard Commercial Subdivision, Hilton Head Island, South Carolina", said plat being prepared by Coastal Surveying Company, Inc., certified to by Jerry L. Richardson, R.L.S. (S.C.) #4784, said plat dated January 12, 1983, and revised February 14, 1983. Said property is further described by courses and distances as follows:

Beginning at a concrete monument located at the southwestern corner of the property which also marks the northwestern corner of Lot 65, Shipyard Commercial Subdivision, and proceeding along that sixty (60') foot right-of-way known as New Orleans Road N17°51'21"W for a distance of 303.36 feet to a concrete monument; thence proceeding in a northeasterly direction along a curve with a chord bearing of 33.10 feet, a radius of 75 feet to a concrete monument; thence continuing in a northwesterly direction along a curve with a radius of 75 feet and a chord bearing of 32.03 feet to a concrete monument; thence proceeding N64°50'53"E for a distance of 212.42 feet to a concrete monument; thence proceeding S25°08'59"E for a distance of 284.86 feet to a concrete monument; thence proceeding S53°51'00"W for a distance of 304.25 feet to a concrete monument which marks the Point of Beginning.

If the above metes and bounds, courses and distances description in any way conflicts with the above described plat of record, the plat shall be controlling.

The property described above is the same property formerly known as Lots 63 and 64, Shipyard Business Center, Hilton Head Island, South Carolina, which property was conveyed to Fountain Associates by deed of Serge Prat, said deed being dated MARCH 4, 1983 and recorded MARCH 9, 1983, in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 365 at Page 370.

SAVE AND EXCEPT THEREFROM, the right of ingress and egress unto the Declarant herein, its successors and assigns and grantees.

BETHEA, JORDAN  
& GRIFFIN, P. A.  
ATTORNEYS AND

COUNSELLORS AT LAW

HILTON HEAD ISLAND, S. C.

FURTHER, the Declarant expressly reserves the right to install lines, equipment and facilities for utility purposes and to grant easements over the Property for the installation of additional lines, equipment or facilities for utility or drainage purposes from time to time.

The above referenced Property is subject to all easements and restrictive covenants, conditions, etc. of record in the Office of the Clerk of Court for Beaufort County, South Carolina including, but not necessarily limited to, those recorded in Deed Book 191 at Page 642, Deed Book 234, Page 861, Deed Book 237 at Page 1237, Deed Book 239 at Page 1392, Deed Book 240 at Page 1697, Deed Book 268 at Page 744, Deed Book 243 at Page 511, Deed Book 243 at Page 944 and Deed Book 262 at Page 1325.

EXHIBIT "B"  
TO  
MASTER DEED FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME

PLAT OF LAND

An "As-Built" survey of Fountain Center Horizontal Property Regime (formerly Lot 63 and 64) a Section of Shipyard Commercial Subdivision, said plat prepared by Coastal Surveying Company, Inc. dated January 12, 1983, and revised February 14, 1983.



EXHIBIT "C-1"  
TO  
MASTER DEED OF FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME

The Following sheets are attached as part of this Exhibit:

<u>Sheet No.</u>	<u>Description</u>	<u>Prepared By</u>
S-1	Site Plan	Westmoreland, McGarity & Pitts Architects
A-1	Plaza and Walk Plan	Westmoreland, McGarity & Pitts Architects
A-3	Second Floor Plan	Westmoreland, McGarity & Pitts Architects
A-6	Roof Plan	Westmoreland, McGarity & Pitts Architects
S-1	Foundation Slab Plan	Alan F. Mason, Engineer
S-2	Structural Detail	Alan F. Mason, Engineer
S-3	Structural Detail	Alan F. Mason, Engineer
P-1	First Level Plumbing	Dunagan Engineering, Inc.
P-2	Second Level Plumbing	Dunagan Engineering, Inc.
M-1	HVAC First Level	Dunagan Engineering, Inc.
M-2	HVAC Second Level	Dunagan Engineering, Inc.
E-1	Electrical Site Plan	Joseph S. Holladay
E-2	Electrical Plan - First Floor	Joseph S. Holladay
E-3	Electrical Plan - Second Floor	Joseph S. Holladay

EXHIBIT "C-2"

FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME

ARCHITECT'S CERTIFICATE

This is to certify that Fountain Center Horizontal Property Regime consisting of the Units numbered consecutively and including Building A, Units 100 through 105, 200 through 203, Building B, Units 106 through 111, 204 through 207, Building C, Units 112 through 117, 208 through 211 are built in accordance with the Plot Plan and Floor Plans, attached to the Master Deed creating said Regime as Exhibit C, except for minor variations which are customary in projects of this nature.



Westmoreland, McGarity & Pitts,  
Architects, Inc.  
S. C. Registration #A-76001

Certified to this 28<sup>th</sup> day  
of September, 1983.

Rita K. Stunt

(L.S.)

Notary Public for South Carolina

MY COMMISSION EXPIRES  
APRIL 29, 1983

My Commission Expires: \_\_\_\_\_

EXHIBIT "C-3"  
TO MASTER DEED FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME  
"WALK THROUGH" DESCRIPTION OF UNITS

This property consists of a total of twenty-seven (27) units in three (3) buildings (BUILDING A, BUILDING B, AND BUILDING C) grouped around a central common court. Each building has one common stairway and the upper levels are served by a perimeter balcony that connects each of the buildings and stairs to each other.

BUILDING "A" has five (5) units on the first floor and five (5) units on the second floor.

Unit 100 is entered from the exterior of the building (parking lot side) from a raised walkway. It has a total of 846.5 square feet and has a toilet in the right rear corner with 25 square feet.

Unit 101 is entered both from the exterior parking side of the building and from the courtyard. It has 1062.5 total square feet and a toilet in the center with 25 square feet.

Unit 102 is entered from the exterior parking side of the building. It has a total of 846.5 square feet and has a toilet in the left rear corner with 25 square feet.

Unit 103 is entered from the central courtyard. It has a total of 870.5 square feet and has a toilet in the right rear corner with 25 square feet.

Unit 105 is entered from the central courtyard. It has a total of 870.5 square feet and has a toilet in the left rear corner with 25 square feet.

BUILDING "A" SECOND LEVEL has four (4) units all of which are entered from the balcony which surrounds the courtyard.

Unit 200 has a total of 735 square feet. Leading from the entrance door into the unit is a lobby or waiting room of approximately 102.6 square feet. In this waiting area is 7 square feet for a counter area and sink. Off this "counter area" is a toilet of approximately 22.3 square feet. Adjacent to the toilet is a corridor of approximately 90.9 square feet leading to three office spaces. The first office to the right has a total of approximately 135 square feet. Located off this office is a closet with approximately 6 square feet. The second office to the right is an office of approximately 141 square feet. The office at the end of the corridor has a total of 184 square feet.

Unit 201 has a total of 667 square feet. Leading from the entrance door into the unit is a lobby/waiting room of

approximately 120 square feet. Leading from the lobby through a door is a clerical/office space with a total of approximately 235.75 square feet. In this space is an area of approximately 7 square feet for a counter and sink. Adjacent to the counter space is a door leading into a toilet of 25 square feet. At the rear of this unit are two offices each having an approximate total of 116.25 square feet.

Unit 202 has a total of 789 square feet. Leading from the entrance door into the unit is a clerical/open office area of an approximate total of 279.75 square feet. To the right of the clerical space through a door is an office space of approximately 135 square feet. To the rear and to the right of the clerical space is a counter space of approximately 17.5 square feet leading through a door into the toilet space of an approximate total of 25 square feet. At the rear of the unit to the right is an office space of approximately 189.8 square feet. To the left of the rear of the unit is an office space of approximately 94.8 square feet.

Unit 203 has a total of 1409 square feet. Leading from the entrance door into the unit is a clerical/open office space with an approximate total of 376.8 square feet. Around this central clerical space are six office spaces, a toilet, and a counter area. Starting to the left and moving clockwise, the first space through a door is an office space with approximately 175 square feet. The next space through a door is an office space of approximately 132 square feet. Still moving clockwise, the next office space is through a door and has approximately 186.8 square feet. The next space through a door is an office space of approximately 178.25 square feet. Still moving clockwise and heading back towards the front of the unit, the next space through a door is an office space of approximately 103.5 square feet. The next space is a counter area with an approximate total of 17.5 square feet leading through a door into a toilet of approximately 25 square feet. The final space of this unit through a door is an office space of approximately 94.5 square feet.

BUILDING "B" has five (5) units on the first floor and five (5) units on the second floor.

Unit 106 is entered from the exterior of the building (parking lot side) from a raised walkway. It has a total of 846.5 square feet and has a toilet in the right rear corner with 25 square feet.

Unit 107 is entered both from the exterior parking side of the building and from the courtyard. It has 1062.5 total square feet and a toilet in the center with 25 square feet.

Unit 108 is entered from the exterior parking side of the building. It has a total of 846.5 square feet and has a toilet in the left rear corner with 25 square feet.

Unit 109 is entered from the central courtyard. It has a total of 870.5 square feet and has a toilet in the right rear corner with 25 square feet.

Unit 111 is entered from the central courtyard. It has a total of 870.5 square feet and has a toilet in the left rear corner with 25 square feet.

BUILDING "B" SECOND LEVEL has four (4) units all of which are entered from the balcony which surrounds the courtyard.

Unit 204 has a total of 735 square feet. Leading from the entrance door into the unit is a lobby or waiting room of approximately 102.6 square feet. In this waiting area is 7 square feet for a counter area and sink. Off this "counter area" is a toilet of approximately 22.3 square feet. Adjacent to the toilet is a corridor of approximately 90.9 square feet leading to three office spaces. The first office to the right has a total of approximately 135 square feet. Located off this office is a closet with approximately 6 square feet. The second office to the right is an office of approximately 141 square feet. The office at the end of the corridor has a total of 184 square feet.

Unit 205 has a total of 667 square feet. Leading from the entrance door into the unit is a lobby/waiting room of approximately 120 square feet. Leading from the lobby through a door is a clerical/office space with a total of approximately 235.75 square feet. In this space is an area of approximately 7 square feet for a counter and sink. Adjacent to the counter space is a door leading into a toilet of 25 square feet. At the rear of this unit are two offices each having an approximate total of 116.25 square feet.

Unit 206 has a total of 789 square feet. Leading from the entrance door into the unit is a clerical/open office area of an approximate total of 279.75 square feet. To the right of the clerical space through a door is an office space of approximately 135 square feet. To the rear and to the right of the clerical space is a counter space of approximately 17.5 square feet leading through a door into the toilet space of an approximate total of 25 square feet. At the rear of the unit to the right is an office space of approximately 189.8 square feet. To the left of the rear of the unit is an office space of approximately 94.8 square feet.

Unit 207 has a total of 1409 square feet. Leading from the entrance door into the unit is a clerical/open office space with an approximate total of 376.8 square feet. Around this central

clerical space are six office spaces, a toilet, and a counter area. Starting to the left and moving clockwise, the first space through a door is an office space with approximately 175 square feet. The next space through a door is an office space of approximately 132 square feet. Still moving clockwise, the next office space is through a door and has approximately 186.8 square feet. The next space through a door is an office space of approximately 178.25 square feet. Still moving clockwise and heading back towards the front of the unit, the next space through a door is an office space of approximately 103.5 square feet. The next space is a counter area with an approximate total of 17.5 square feet leading through a door into a toilet of approximately 25 square feet. The final space of this unit through a door is an office space of approximately 94.5 square feet.

BUILDING "C" has five (5) units on the first floor and five (5) units on the second floor.

Unit 112 is entered from the exterior of the building (parking lot side) from a raised walkway. It has a total of 846.5 square feet and has a toilet in the right rear corner with 25 square feet.

Unit 113 is entered both from the exterior parking side of the building and from the courtyard. It has 1062.5 total square feet and a toilet in the center with 25 square feet.

Unit 114 is entered from the exterior parking side of the building. It has a total of 846.5 square feet and has a toilet in the left rear corner with 25 square feet.

Unit 115 is entered from the central courtyard. It has a total of 870.5 square feet and has a toilet in the right rear corner with 25 square feet.

Unit 117 is entered from the central courtyard. It has a total of 870.5 square feet and has a toilet in the left rear corner with 25 square feet.

BUILDING "C" SECOND LEVEL has four (4) units all of which are entered from the balcony which surrounds the courtyard.

Unit 208 has a total of 735 square feet. Leading from the entrance door into the unit is a lobby or waiting room of approximately 102.6 square feet. In this waiting area is 7 square feet for a counter area and sink. Off this "counter area" is a toilet of approximately 22.3 square feet. Adjacent to the toilet is a corridor of approximately 90.9 square feet leading to three office spaces. The first office to the right has a total of approximately 135 square feet. Located off this office is a closet with approximately 6 square feet. The second office to the right is an office of approximately 141 square feet. The office at the end of the corridor has a total of 184 square feet.

Unit 209 has a total of 667 square feet. Leading from the entrance door into the unit is a lobby/waiting room of approximately 120 square feet. Leading from the lobby through a door is a clerical/office space with a total of approximately 235.75 square feet. In this space is an area of approximately 7 square feet for a counter and sink. Adjacent to the counter space is a door leading into a toilet of 25 square feet. At the rear of this unit are two offices each having an approximate total of 116.25 square feet.

Unit 210 has a total of 789 square feet. Leading from the entrance door into the unit is a clerical/open office area of an approximate total of 279.75 square feet. To the right of the clerical space through a door is an office space of approximately 135 square feet. To the rear and to the right of the clerical space is a counter space of approximately 17.5 square feet leading through a door into the toilet space of an approximate total of 25 square feet. At the rear of the unit to the right is an office space of approximately 189.8 square feet. To the left of the rear of the unit is an office space of approximately 94.8 square feet.

Unit 211 has a total of 1409 square feet. Leading from the entrance door into the unit is a clerical/open office space with an approximate total of 376.8 square feet. Around this central clerical space are six office spaces, a toilet, and a counter area. Starting to the left and moving clockwise, the first space through a door is an office space with approximately 175 square feet. The next space through a door is an office space of approximately 132 square feet. Still moving clockwise, the next office space is through a door and has approximately 186.8 square feet. The next space through a door is an office space of approximately 178.25 square feet. Still moving clockwise and heading back towards the front of the unit, the next space through a door is an office space of approximately 103.5 square feet. The next space is a counter area with an approximate total of 17.5 square feet leading through a door into a toilet of approximately 25 square feet. The final space of this unit through a door is an office space of approximately 94.5 square feet.

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EXHIBIT "D"  
FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME  
PERCENTAGE OF UNDIVIDED INTEREST IN THE COMMON ELEMENTS  
AND VALUE FOR SOUTH CAROLINA STATUTORY PURPOSES

The percentage of undivided interest in the common elements appurtenant to each Unit in the Fountain Center Horizontal Property Regime are as follows:

<u>Unit Number</u>	<u>Value</u>	<u>Percentage Interest</u>
105	95,755	3.58
100	93,115	3.49
101	116,875	4.36
102	93,115	3.49
103	95,755	3.58
200	80,850	3.03
201	73,370	2.75
202	86,790	3.25
203	154,990	5.80
111	95,755	3.58
106	93,115	3.49
107	116,875	4.37
108	93,115	3.49
109	95,755	3.58
204	80,850	3.03
205	73,370	2.75
206	86,790	3.25
207	154,990	5.80
117	95,755	3.58
112	93,115	3.49
113	116,875	4.36
114	93,115	3.49
115	95,755	3.58
208	80,850	3.03
209	73,370	2.75
210	86,790	3.25
211	154,990	5.80
Total	<u>\$2,671,845</u>	<u>100%</u>

NOTE: The total Statutory value of the Property is \$2,671,845. These valuations are for purposes of the South Carolina Horizontal Property Act.



EXHIBIT "E"

By-Laws  
FOUNTAIN CENTER Horizontal Property Regime  
and  
FOUNTAIN CENTER Owners' Association

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EXHIBIT E  
BY-LAWS OF FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME  
AND  
FOUNTAIN CENTER OWNERS' ASSOCIATION

ARTICLE I

PLAN OF UNIT OWNERSHIP

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

Section 2. ASSOCIATION. In conjunction with the creation of the above described Regime there also has been incorporated under the laws of the State of South Carolina an Association known as FOUNTAIN CENTER Owners' Association (hereinafter referred to as "Association") which shall, pursuant to the provision of the aforementioned Master Deed, constitute the incorporated Council of Co-Owners of the Regime.

Section 3. BY-LAWS APPLICABILITY. The provisions of these By-Laws are applicable to the Property, the Regime and the Association.

Section 4. PERSONAL APPLICATION. All present or future co-owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime as they may be amended from time to time. The mere acquisition or rental of any of the condominium apartments (hereinafter usually referred to as "Units") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Units will signify that these By-Laws, the provisions of the Master Deed, the provisions of that certain Declaration of Covenants, Conditions and Restrictions of The Hilton Head Company, Inc., recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 239 at Page 1392, Deed Book 240 at Page 1697, and Deed Book 268 at Page 744, and any authorized recorded amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

2/8/83

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Copyright, 1982  
Bethea, Jordan & Griffin, P.A.  
Exhibit "E" - By-Laws Page 2

## ARTICLE II

### VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. ELIGIBILITY. Any person who acquires title to a Unit in the Regime shall be a member of the Association. There shall be one membership for each Unit owned. Transfer of Unit ownership, either voluntary or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons so owning such Unit shall agree upon the designation of one of the co-owners of such Unit to act as a member of the Association. If Unit ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation to act as a member of the Association. Until the first meeting of which members may vote, the Association shall act without vote of the members.

Section 2. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Unit or Units in the Master Deed.

Section 3. MAJORITY OF CO-OWNERS. As used in these By-Laws, the term "majority of co-owners" shall mean those co-owners holding fifty-one (51%) percent or more of the total value of the Property, in accordance with the percentages assigned in the Master Deed, and any authorized amendments thereto.

Section 4. QUORUM. Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of co-owners as defined in Section 2 of this Article shall constitute a quorum.

Section 5. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 6. MAJORITY VOTE. The vote of a majority of the Unit Owners present at a meeting at which a quorum shall be present shall be binding upon all Unit Owners for all purposes except where in the Master Deed or in these By-Laws, or by law, a higher percentage vote is required.

## ARTICLE III

### FOUNTAIN CENTER Owners' Association

Section 1. ASSOCIATION RESPONSIBILITIES. As stated in ARTICLE I the co-owners of the Units will constitute the Association of Co-owners (hereinafter usually referred to as

"Association") who will have the responsibility of administering the Property, approving the annual budget, approving periodic assessments, and arranging for the management of the Property pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of the Board of Directors.

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

Section 3. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President once a year during the month of November or at such other time as a majority of the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS. It shall be the duty of the Secretary to call a special meeting of the co-owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of co-owners and having been presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice except by consent of four-fifths (4/5) of the votes present, either in person or by proxy.

Section 5. FIRST MEETING. The first meeting of the Association shall be held within sixty (60) days from the date that seventy (70%) percent of the Units in the Regime, as defined in the Master Deed, have been conveyed by Declarant to co-owners and in any event, not later than May 15, 1983.

Section 6. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each co-owner of record, at least fifteen (15), but not more than forty-five (45) days prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 7. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the co-owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Upon the reconvening of said meeting a quorum shall be constituted if co-owners holding at least 25% of the total value of the property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

Section 8. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Association shall be as follows:

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

The order of business at a Special Meeting of the Association shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

#### ARTICLE IV

##### BOARD OF DIRECTORS

Section 1. NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors (hereinafter referred to as the "Board") comprised of five (5) persons. For purposes of this Article, "person" shall include an individual, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns the Unit. In the case of a non-individual Unit Owner, an instrument must be presented to the Association naming the officer, partner or fiduciary as the "person" eligible for election to the Board. Until succeeded by the Board Members elected by the Unit Owners, Board of Directors Members need not be Unit Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Units, the Declarant shall be entitled to elect at least one member of the Board of Directors, who need not be an Unit Owner. After Declarant has conveyed all Units and is no longer entitled to elect one member of the Board of Directors, all Board Members shall be Unit Owners.

Section 2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, or by these By-Laws, directed to be executed and done by the Association or individual co-owners.

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

- (a) Compliance with all of the terms and conditions of the Master Deed and any amendments thereto and enforcement of same.

- (b) Care, upkeep and surveillance of the Property and the Common Elements.
- (c) Collection, at the time of the closing of the sale of each Unit, at least two (2) month's estimated common expense assessments for the purpose of establishing a working capital fund for the Association. These funds shall be maintained in a segregated account for the use and benefit of the Association. The contribution to the working capital fund for each unsold Unit shall be paid to the Association within sixty (60) days after the date of the conveyance of the first Unit in each Phase of the Regime.
- (d) Establishment of the annual budget. The budget shall be distributed by the Board to all members of the Association at least thirty (30) days in advance of its effective date and at least thirty (30) days in advance of the Association's Annual Meeting. Notwithstanding the responsibilities and authority of the Board, the budget may be modified by the Association at the Annual Meeting or a Special Meeting of the Association by a two-thirds (2/3) vote of the co-owners present at such meeting, in person or by proxy.
- (e) As a part of the annual budget described in (d) above, establish and maintain on behalf of the Association an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the common elements.
- (f) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.
- (g) Collection of all assessments and fees from the co-owners.
- (h) Performing repairs caused by any natural disaster or man-made damage from the reserve account and any special assessment, or causing the same to be done.
- (i) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done as set forth in ARTICLE VIII hereof.
- (j) Grant or relocate easements which are not inconsistent with the owners full use and enjoyment of the common properties.

- (k) Making of repairs, additions and improvements to or alterations of, the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws; provided, however, that the Board of Directors shall not undertake any repair covered by the warranty without the consent of a majority of the Unit Owners.
- (l) To make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, current copies of the Master Deed, By-Laws, other Rules or Regulations pertaining to the Association, and the books, records and financial statements of the Association.
- (m) To establish specific rules and regulations relating to parking including, but not limited to, the creation of designated parking areas.
- (n) To purchase as an Association expense a Directors and Officers liability insurance policy of adequate coverage naming the elected officers and directors of the Board.

Section 4. MANAGEMENT AGENT. The initial management agent shall be Island Management Company, a South Carolina Corporation, Hilton Head Island, South Carolina, whose contract extends for a period of one (1) year from the establishment of FOUNTAIN CENTER Horizontal Property Regime. Thereafter, the Board may employ a management agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. FIRST BOARD OF DIRECTORS. The first Board of Directors consisting of up to five (5) members shall be designated by the Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Unit Owners held pursuant to the provisions of these By-Laws or until a special meeting is held with the purpose of electing a Board of Directors for the interim period between the special meeting and the final annual meeting. At the first Annual Meeting of the Association, the initial term of office for two (2) members of the Board shall be fixed at three (3) years. The term of office of two (2) members of the Board shall be fixed at two (2) years, and the term of office of one (1) members of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years.

2/8/83

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The Director selected by the Declarant shall serve for a period of one (1) year. Should the Declarant sell or otherwise alienate voluntarily or involuntarily his ownership interest in the Unit(s), his selected Director will automatically lose his place upon the Board and another will be elected as provided in Section 6 of this Article. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any and all of said Board Members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. During the period in which the Declarant's designees constitute a majority of the Board of Directors, the Board of Directors shall not enter into any contract having a term which extends beyond the term of the Management Agreement described in Section 4 of this Article IV.

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

Section 7. REMOVAL OF MEMBERS OF THE BOARD. At any regular or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by a majority of co-owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member shall continue to serve on the Board if during the term of office, he shall cease to be an Unit Owner (except as provided in Section 5 regarding Declarant's appointee).

Section 8. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by the Association, and no notice shall be necessary to the newly elected Board members in order to legally constitute such a meeting, providing a majority of the Board shall be present.

Section 9. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary-Treasurer or other designated person, to each Board member, personally or by mail, telephone, or telegraph, at least ten (10) days prior to the day named for such meeting.

BETHEA, JORDAN  
& GRIFFIN, P. A.

ATTORNEYS AND

COUNSELLORS AT LAW

MILTON HEAD ISLAND, S. C.



Section 10. SPECIAL MEETINGS. Special meetings of the Board may be called by the President on three (3) days notice to each Board Member, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two (2) Board members.

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

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

Section 13. INFORMAL ACTION. The Board may do any act that it is empowered to do at a Regular or Special Meeting of the Board by informal written consent to such action signed by all members of the Board.

Section 14. FIDELITY BONDS. The Board may require that any and all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Section 15. COMPENSATION. No member of the Board shall receive any compensation from the Regime for acting as such.

Section 16. LIABILITY OF THE BOARD OF DIRECTORS. The members of the Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them

on behalf of the Association. It is understood and permissible for the original Board who are members of or employed by FOUNTAIN ASSOCIATES to contract with FOUNTAIN ASSOCIATES and/or affiliated entities without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board shall be limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owners' liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common elements bears to the interest of all Unit Owners in the common elements.

#### ARTICLE V

#### OFFICERS

Section 1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, and a Secretary-Treasurer all of whom shall be elected by and from the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary.

Section 2. ELECTION OF OFFICERS. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. No officer shall continue to serve as such if, during his term of office, he shall cease to be an Unit Owner.

Section 4. 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. He shall have all of the general powers and duties which are usually vested in the office of President of a corporation, including but not limited to the power to appoint committees from among the co-owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the Association.

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

Section 6. SECRETARY-TREASURER. The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall have responsibility for Regime funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the 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. He shall, in general, perform all the duties incident to the office of the Secretary and Treasurer.

#### ARTICLE VI

##### NOTICES

Section 1. DEFINITION. Whenever under the provisions of the Master Deed or of these By-Laws notice is required to be given to the Board, any manager or Unit Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a postpaid sealed wrapper, addressed to the Board, such manager or such Unit Owners at such address as appears on the books of the Association. Notice shall be deemed given as of the date of mailing.

Section 2. SERVICE OF NOTICE-WAIVER. Whenever any notice is required to be given under the provisions of the Master Deed, or law, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

#### ARTICLE VII

##### OBLIGATIONS OF THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All co-owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association common expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake, flood and other hazards. The common expenses may also include such amounts as the Board may deem proper for the

operation and maintenance of the Property and any authorized additions thereto. Such may include without limitation, any amount for general working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. No less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Unit Owners with a copy of the proposed budget for the next calendar year and shall likewise advise them of the amount of the common charges payable by each of them, respectively, as determined by the Board as aforesaid. Declarant will be liable for the amount of any assessment against completed Units within the Regime which have not been sold and Declarant shall have all voting rights attendant to the ownership of said Unit until said Units are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

✓ The transfer of ownership of an individual Unit within the Regime shall carry with it the proportionate equity of that Unit's ownership in the Regime escrow or reserve account set aside to provide a contingency fund for the maintenance and repair of the Regime Property.

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

Section 3. RECORDS. The Manager or Board shall keep detailed records of the receipts and expenditures affecting the General and Limited Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by the Owner during reasonable business hours.

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board shall take prompt action to collect any common charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit Owner in paying to the Board the common charges as determined by the Board such Unit Owner shall be obligated to pay a late charge to offset the cost of such

delinquency at the rate of ten (10.0%) percent of the delinquent amount per month on such unpaid common charge from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with late charges added thereto, and the expenses of the proceedings, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 27-31-210, Code of Laws of South Carolina, 1976. With regard to the subordinate nature of such liens as it relates to mortgages recorded prior to the recording of any evidence of such lien, the provisions of Section 27-31-21 Code of Laws of South Carolina, 1976, as amended, shall be controlling.

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

Section 6. MAINTENANCE AND REPAIR.

(a) Maintenance and Repair Generally. No Unit Owner shall do or cause to be done any work affecting an individual Unit which would jeopardize the soundness or safety of the condominium property, reduce the value thereof or impair any easement or hereditament therein. Further, and unless otherwise stated herein, no Unit Owner shall make or cause to be made any structural addition or alteration to his Unit or to the general common elements or limited common elements nor make any alteration, replacement or change in or to the general common elements or limited common elements nor shall he alter, replace or perform any work of any kind on the exterior of the building without in every such case first obtaining in writing the specific consent of the Board of Directors.

(b) Areas of Association Responsibility. It shall be the responsibility of the Association to maintain, repair and replace:

(1) All portions of the Unit which contribute to the support of the building, including main bearing walls, but excluding improvements to or decorating of the interior surfaces of walls, ceilings and floors within the Unit.

(2) All portions of the Unit which constitute a part of the exterior of the building, except the repair or replacement of windows or other glass surfaces which shall be the responsibility and liability of the respective Unit Owners.

(3) All of the general common elements and limited common elements, unless otherwise stated herein.

(4) All incidental damages caused by work done by direction of the Association.

(c) Areas of Unit Owner Responsibility. It shall be the responsibility of the Unit Owner:

(1) To maintain in good condition and repair all portions of the Unit and interior surfaces therein including the walls, ceilings, floors, interior doors, solely internal partitions, windows, screens and glass.

(2) To maintain and repair the fixtures and equipment in the Unit including, but not limited to, all heating and air conditioning Units whether within or without the Unit, all hot water heaters, all plumbing fixtures, all appliances, and all conduits, ducts and duct work, pipes, plumbing, wiring and other facilities for furnishing of utility services which are contained within the Units.

(3) To make no alteration in or addition to or service any part of or do any work which would jeopardize the safety and soundness of any portion of his Unit contributing to the support of such Unit or to the support of any other Unit, which supporting portion shall include but not be limited to the exterior walls of his Unit, any load bearing walls or columns within such Unit and any wall dividing one or more Units, except as otherwise provided by these By-Laws or the Master Deed.

(4) To permit the Association or its agents or employees to enter into each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the common elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the common elements or to another Unit or to determine compliance with the Master Deed or these By-Laws.

(d) Violations; Remedies. In the event the owner of any Unit fails to maintain his Unit and any general common elements or limited common elements as are required in these By-Laws or attempts to make or does make any structural addition or

alteration without the written consent of the Association or in making the same damages any other Unit or the general common elements or limited common elements or threatens to do so or otherwise violates the Master Deed and By-Laws of the Association, the Association shall have the right to proceed in any Court of Equity to seek Injunctive relief or to otherwise proceed to seek damages for any injury thereby caused. The Association shall further have the right to levy an assessment on any Unit and/or owner thereof for the cost and expenses of repairs or replacement within an individual Unit for which the owner is responsible but refuses to make and for any damages caused by a Unit Owner as specified above. Any such assessment shall be deemed to be a lien as conferred by Section 27-31-210 of the Code of Laws of South Carolina, 1976, as amended.

(e) Directors Not Personally Liable. Nothing contained in this Section shall be construed so as to impose personal liability upon any member of the Board of Directors for the maintenance, repair or replacement of any Unit or general common element or limited common element or to give rise to a cause of action against them. Further, the Board of Directors shall not be liable for damages of any kind except for wilful misconduct or bad faith.

Section 7. WATER CHARGES AND SEWER RENTS. Water and sewer services for the Units shall be supplied by the Forest Beach Public Service District, or its successor, to all Units through a master meter and each Unit Owner shall be required to pay the bills for water and sewage services as part of the common expenses based upon the percentage interest designated in Exhibit "D" to the Master Deed. Water and sewer services for the common elements shall be supplied through one or more meters and the Board shall pay as a common expense all charges for said service.

Section 8. ELECTRICITY. Electricity shall be supplied by the public utility company serving the area directly to each Unit through one or more meters and each Unit Owner shall be required to pay the bills for electricity consumed or used in his Unit. The electricity serving the common elements shall be separately metered, and the Board shall pay all bills for electricity consumed in such portions of the common elements, as a common expense.

Section 9. USE OF UNITS - INTERNAL OR EXTERNAL CHANGES

(a) All Units shall be utilized for business and commercial purposes only as described in ARTICLE V, Section 5 of the Master Deed. This shall expressly include the right of the owner to rent such Units to others for the allowable uses. Residential use is expressly prohibited.

(b) No alteration of a Unit, including an alteration of a Unit boundary pursuant to Section 4 of ARTICLE V of the Master

Deed, which either affects the structural integrity or mechanical systems of the building or results in changes visible from outside the Unit, may be undertaken without the prior written approval of the Association. However, the Association shall approve any proposed alteration unless the Association determines that the proposed alteration would adversely affect the exterior appearance of the building or any common elements therein, or the health, safety or quiet enjoyment of other Unit Owners. Any Unit Owner altering a Unit pursuant to this Section or Section 4(d) of Article V of the Master Deed shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work naming the Association as an additional insured; (3) indemnify and hold the Association and other Unit Owners harmless from the effect of the work; and (4) minimize the disturbance of other Unit Owners and their business activities during the work. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of such notice and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

\* (c) A Unit Owner may make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems, or lessen the support of, any portion of the building.

(d) A Unit Owner shall make no changes whatsoever to any of the limited common elements without approval of the Board of said Association.

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

Section 11. RIGHT OF ENTRY.

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

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



Section 12. RULES AND REGULATIONS. In order to assure the peaceful and orderly use and enjoyment of the Units and common elements of the Regime, the co-owners may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present in person or represented by proxy whose aggregate interest in the common element constitutes sixty-seven (67%) percent of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules and Regulations, governing the conduct of persons on said property of the Association as it may deem necessary. Such Rules and Regulations, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each owner by posting same with postage prepaid addressed to the owner at the last registered address of the owner and shall be binding upon all Unit Owners and the occupants of Units in the Regime. The following shall constitute the initial Rules and Regulations for the Association:

(a) Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness. He shall not allow anything whatever to hang or fall from the windows or doors of the premises, nor shall he sweep or throw from the premises any dirt or other substance into any of the corridors or halls, ventilators or elsewhere in the building or upon the grounds. Refuse shall be placed in containers in such manner and at such times and places as the Board or its agent may direct.

(b) The parking areas, entrances and stairways, must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the Units.

(c) Unit Owners shall not cause or permit any disturbing noises or objectionable odors to be produced upon or to emanate from their Units.

(d) Unit Owners shall not permit or keep in their Unit any inflammable, combustible or explosive material, chemical or substance, except such products as are required in normal professional use.

(e) Water closets and other water apparatus in the building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rags or other articles be thrown into same. Any damage resulting from misuse of any water closets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

(f) No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Unit Owner on any part of the outside of the Unit or Building, hung from windows or placed on window sills or placed in the inside of windows facing out without express consent of the Board. It is anticipated that there will be only two locations for signage permissible: (i) the directory which is part of the common

elements and on which each Unit Owner is entitled to be included; and (ii) the Unit door on which it is permissible to include lettering and numbering only.

(g) No radio or television aerials or other projections shall be attached to the outside walls of the building and no blinds, levelers, shades or screens shall be attached to, hung or used on the exterior of any window or door of the Unit, without the prior written consent of the Board. Awnings may be allowed on a case-by-case basis with approval of the Board as to size, type, color, etc.

(h) On the second floor office areas, no blinds, levelers, shades, screens, draperies or drapery backing which are visible through the exterior windows other than a previously Board-approved dark, one tone color shall be hung or used without the prior written consent of the Board.

(i) No animals of any kind shall be kept or harbored in any Unit.

(j) No vehicle belonging to a Unit Owner or to an employee, patient, client or visitor of a Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from the building or parking lots by any other vehicle.

(k) Unit Owners, their employees, patients, clients or visitors shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of a building; provided, however, that repair personnel may enter upon the roof to maintain or repair the various air conditioning compressors located on the roof of a building.

(l) The Board or its designee shall have the right of access to any Unit for the purpose of making inspections, repairs, replacements or improvements, or to remedy certain conditions which would result in damage to other portions of the building. In the event it finds vermin, insects or other pests, it may take such measures as it deems necessary to control or exterminate same.

(m) Agents and employees of the Association are employed to deal with the common property only, and such agents or employees of the Board or its agent shall not be sent out of the building by any Unit Owner at any time for any purpose.

(n) Complaints regarding the services for the common property shall be made in writing to the Board or its agent, except in the case of an emergency.

(o) Any consent or approval given under these rules and regulations may be added to, amended or repealed at any time by resolution of the Board.

(p) Use of the Unit by a Unit Owner shall not be changed to any unauthorized use.

(q) No Unit Owner, or lessee shall install wiring for electrical or telephone installations, air conditioning Units, or similar objects outside of his Unit or which protrudes through the walls of his Unit or the roof of a building except as authorized by the Board.

(r) In the event that the Board establishes parking rules and regulations, each Unit Owner shall comply with said parking rules and regulations as may be adopted by the Board from time to time including, but not limited to, the establishment of designated parking for specific Units; provided, however, that this Section does not require the Association to establish designated parking.

(s) Unit Owners shall use the name FOUNTAIN CENTER to refer to the location of their offices in all advertising, letterhead, business cards and the like.

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

## ARTICLE VIII

### INSURANCE

The Board of Directors shall be required to obtain and maintain, to the extent reasonably obtainable, in forms and amounts as hereinafter prescribed and which are also satisfactory to any mortgagee holding mortgages on five or more Units, the following insurance, without prejudice of the right of the co-owner to obtain additional individual insurance at his own expense.

(1) Hazard Insurance. The Board of Directors shall insure the Property, as it may be constituted from time to time, against loss or damage due to fire, windstorm, lightning, and flood, with

extended coverage, in an amount not less than the maximum insurable replacement value of the Property as determined by an annual appraisal of the Property for finance valuation purposes which the Board shall require to be conducted by a qualified appraiser not less frequently than every other year, or in the amount reasonably obtainable as it relates to the flood coverage. The Board of Directors shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, exclusive only of the contents and furnishings of the individual Units.

(a) All hazard insurance policies obtained by the Board of Directors shall designate the Board of Directors as the named insured as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid jointly to the Board of Directors as Insurance Trustee under the provisions of this Master Deed and to any mortgagee holding mortgages on five or more Units, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Horizontal Property Act and the provisions of this Master Deed.

(b) All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificates of Insurance to each Unit Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Unit is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

(c) If obtainable, all hazard insurance policy upon the Property shall include provisions waiving (i) any rights of the insurer to subrogation against the Association, its agents and employees, and against the individual Owners and their servants, agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Unit Owner upon the contents and furnishings of their Units.

(d) Each Mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request a copy of each appraisal as called for in paragraph 1 above. If any such Mortgagee disagrees with the values assigned to the Units by such appraisal and presents an appraisal prepared at such Mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall cause a reappraisal to be made by a qualified appraiser approved by each of the appraisers who conducted

the prior appraisals and the findings of the third appraiser shall be conclusive to determine such value for insurance purposes.

(e) Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Units within the Regime which are covered by the Master Policy. Such policies shall also provide that they shall not be cancelled without giving thirty (30) days prior written notice to all such mortgagees about which the insurer has been given written notice.

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

(3) Workmen's Compensation Insurance. The Board of Directors, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

(4) Premiums. All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses to be paid by the Unit Owners through periodic assessment as herein provided.

(5) Adjustment. Each Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owners.

(6) Insurance by Unit Owners. Each Unit Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, wallcoverings, decorations, and furnishings within his own Unit and the additions and improvements made by him to the Unit. Each Unit Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer to subrogation claims against the Association and against individual Unit Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-ration because of the master hazard policy.

(7) Substitution of Insurance Trustee. The Board of Directors, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Beaufort County, South Carolina. Any substitute

Insurance Trustee appointed by the Board of Directors shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

## ARTICLE IX

### RECONSTRUCTION AND REPAIR

In the event of casualty loss or damage to the Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with the provisions of this ARTICLE IX. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Property is destroyed or substantially damaged. If two-thirds or more of the Property is destroyed or substantially damaged reconstruction shall not be mandatory and unless reconstruction is unanimously agreed upon by all Unit Owners and their mortgagees, the insurance indemnity received by the Board of Directors shall be distributed pro-rata to the Unit Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. The remaining portion of the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro-rata among all Unit Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. If less than two-thirds (2/3) of the Property is destroyed or substantially damaged, then such Property shall be repaired in the following manner:

(1) Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Unit Owners holding seventy-five percent (75%) or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Owners whose Units are being reconstructed or repaired unanimously consent to the adoption of such different plans and specifications. The approval of such plans by FOUNTAIN CENTER as provided by the covenants set forth in Paragraph SEVENTEENTH of the Master Deed shall likewise be required.

(2) The Board of Directors shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include such professional fees and premiums for bids as the Board of Directors deems necessary.

(3) If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Unit Owners whose Units are being reconstructed or repaired in proportion to the damage done to their respective Units.

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(4) The insurance proceeds received by the Board of Directors and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board of Directors shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

## ARTICLE X

### INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid jointly to the Board of Directors as Insurance Trustee and to any mortgagee holding mortgages on five or more Units. The Board of Directors, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this ARTICLE X, and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following share:

(1) Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Units.

(2) Insurance proceeds paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the benefit of Unit Owners of the damaged Units and their respective Mortgagees in proportion to the costs of repairing each damaged Unit.

(3) Insurance proceeds paid when the Property is not to be restored shall be held for the benefit of all Unit Owners, and their respective Mortgagees the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Unit.

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

BETHEA, JORDAN  
& GRIFFIN, P. A.

ATTORNEYS AND  
COUNSELLORS AT LAW

HILTON HEAD ISLAND, S. C.

ARTICLE XI

AMENDMENTS

Section 1. REQUIREMENTS FOR AMENDMENTS. Except as provided in the Master Deed for an amendment or amendments to admit further Phases to the Regime, if appropriate, and except where a greater percentage is expressly required, either herein, in the Master Deed or by the Horizontal Property Act, these By-Laws or the Master Deed to which it is attached may be amended only with the consent of the Owners of Units to which at least sixty-seven (67%) percent of the votes in the Association are allocated and the approval of eligible holders about which the Association has received written notice holding mortgages on Units which have at least fifty-one (51%) percent of the votes of Units subject to eligible holder mortgages, as it relates to modification of any material provisions of the said By-Laws and Master Deed, etc., which establish, provide for, govern or regulate any of the following:

- a. Voting;
- b. Assessments, assessment liens or subordination of such liens;
- c. Reserves for maintenance, repair and replacement of the common elements;
- d. Insurance or Fidelity Bonds;
- e. Rights to use of the common elements;
- f. Responsibility for maintenance and repair of the several portions of the Property;
- g. Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project except as expressly provided in the Master Deed;
- h. Boundaries of any Unit;
- i. The interests in the general or limited common elements;
- j. Convertibility of Units into common areas or of common areas into Units;
- k. Leasing of Units;
- l. Imposition of any additional or further right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit;



- m. Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Units.

Notwithstanding the foregoing, so long as the Declarant remains the Owner of more than one Unit in this Regime, these By-Laws shall not be amended so as to adversely affect the Declarant without the Declarant's consent.

## ARTICLE XII

### MORTGAGES

Section 1. NOTICE TO BOARD. A co-owner who mortgages his Unit shall notify the Board through the Management Agent, if any, or the President if there is no Management Agent, of the name and address of his Mortgagee; and the Regime shall maintain such information in a book entitled "Mortgages on Units."

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

- (a) Any change in the condominium documents;
- (b) Any unpaid assessments due the Regime/Association from the co-owner(s) (mortgagor(s)) of the Unit which are more than one hundred twenty (120) days delinquent;
- (c) Any default by the co-owner (mortgagor) of an Unit in the performance of such co-owners' obligations under the condominium documents when such default is not cured within sixty (60) days;
- (d) Any notice of special or annual meetings of the Association;
- (e) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- (f) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (g) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in these By-Laws or in the Master Deed;

(h) Any proposed change from professional management of the Property to self-management of the Property by the Association.

Section 3. STATEMENTS TO MORTGAGEE. Upon request of any Mortgagee listed in the book entitled "Mortgages on Units", the Board, Manager or Management Agent shall supply such Mortgagee with a reasonably current financial statement of the Regime. Moreover, if no audited current financial statements are available, the holders of fifty-one (51%) percent or more of first mortgages shall be entitled to have such an audited statement prepared at their expense.

### ARTICLE XIII

#### RESTRICTIONS UPON LEASES OF UNITS

Section 1. LEASES. No Unit Owner may lease his Unit or any interest therein except by complying with the provisions of Section 2 of this Article.

Section 2. PROVISIONS IN LEASE. Any lease of any Unit within the Regime shall be for a use consistent with the use provisions of these By-Laws and shall provide that the terms and conditions of the Master Deed and all exhibits shall be complied with by the tenant and that the Association shall have the power to terminate such lease, and bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of default by the tenant in the performance of said lease, or failure by the tenant to perform an obligation in the Master Deed, By-Laws or Rules and Regulations.

### ARTICLE XIV

#### MISCELLANEOUS MATTERS

Section 1. GENDER; NUMBER. The use of the masculine gender in these By-Laws includes the feminine gender, and when the context requires, the use of the singular includes the plural.

Section 2. DEFINITIONS. The definitions contained in ARTICLE IV of the Master Deed also apply to these By-Laws.

Section 3. EXECUTION OF DOCUMENTS. The President or Vice President and Secretary or Assistant Secretary are responsible for preparing, executing, filing and recording amendments to the Master Deed and By-Laws, and shall be authorized to execute any other document which the Association may from time to time be required to execute.

Section 4. NOTICES. All notices required by these By-Laws shall be hand delivered or sent by mail to the Association at the address of the President; to Unit Owners at the address of the Unit or at such other address as may have been designated by such Unit Owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

Section 5. CAPTIONS. The captions contained in these By-Laws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision of the By-Laws.

Section 6. INVALIDITY. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 7. CONFLICT. These By-Laws are set forth to comply with the requirements of the Horizontal Property Act of South Carolina, as amended. In the event of any conflict between these By-Laws and the provisions of such Statute or the Master Deed, the provisions of such Statute or the Master Deed, as the case may be, shall control.

Section 8. WAIVER. No restriction, condition, obligation, or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.

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EXHIBIT "F"  
TO  
MASTER DEED OF FOUNTAIN CENTER HORIZONTAL PROPERTY REGIME

STATE OF SOUTH CAROLINA    )  
  )  
  )                    JOINDER OF MORTGAGEE  
COUNTY OF BEAUFORT        )

WHEREAS, THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA, is the owner and holder of construction loan mortgages upon certain real property located on Hilton Head Island, South Carolina, described on Exhibit "A" to the Master Deed of Fountain Center Horizontal Property Regime; and

WHEREAS, said construction loan documentation is evidenced by a mortgage in the original principal sum of ONE MILLION THREE HUNDRED THOUSAND AND NO/100 (\$1,300,000.00) DOLLARS said mortgage dated March 29, 1982, and recorded April 6, 1982, in the Office of the Clerk of Court for Beaufort County, South Carolina, in Mortgage Book 212 at Page 81.

NOW, KNOW ALL MEN BY THESE PRESENTS, that THE CITIZENS AND SOUTHERN NATIONAL BANK OF SOUTH CAROLINA joins in the foregoing Master Deed of Fountain Center Horizontal Property Regime and the provisions of the Horizontal Property Act of South Carolina for the sole purpose of consenting to the creation by the Declarant of a Horizontal Property Regime on a portion of the property upon which it has a lien; mortgagee makes no representations or warranties as to the validity of the documents creating the Regime nor the development and physical construction of the Regime itself; mortgagee agrees that the lien of said mortgage on that portion of the property hereinbefore set out shall hereafter be upon the following described property on Hilton Head Island, Beaufort County, South Carolina:

All those certain Units of Fountain Center Horizontal Property Regime Phase I, a condominium regime according to the foregoing Master Deed thereof to which this Joinder is attached, together with all of the undivided shares in the common elements appertaining to the following described Unit Numbers: Building A - 100, 101, 102, 103, 104, 105, 200, 201, 203; Building B - 106, 107, 108, 109, 110, 111, 204, 205, 206, 207; Building C - 112, 113, 114, 115, 116, 117, 208, 209, 210, 211 inclusive.

This Joinder of Mortgagee shall in no way affect or diminish the lien of the existing mortgage on the remaining

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