

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

1327

PALMETTO DUNES RESORT, INC.)

TO)

QUEEN'S GRANT VILLAS)

HORIZONTAL PROPERTY REGIME II))

MASTER DEED

HORIZONTAL PROPERTY REGIME

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 24th day of June in the year of our Lord One Thousand Nine Hundred and Seventy Four, Palmetto Dunes Resort, Inc., a Delaware corporation authorized to do business in the State of South Carolina, with its principal place of business in Hilton Head Island, Beaufort County, South Carolina, hereinafter referred to as "Sponsor"; does hereby declare:

FIRST:

That Sponsor is the sole owner of the land described in Exhibit "A" herein 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 22 at Page 116.

SECOND:

That Sponsor does hereby, by duly executing the Master Deed, submit the land referred to in Paragraph FIRST, 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 Queen's Grant Villas Horizontal Property Regime II to be governed by and the subject to the provisions of this Master Deed and the provisions of the Horizontal Property Act of South Carolina.

THIRD:

That the improvements constructed on and forming a part of the Property are constructed in accordance with the plot plan and floor plans identified as Exhibit "C" hereto and made a part hereof which plans are certified to by Charles L. Bates, A.I.A., an architect duly licensed to practice in the state of South Carolina under Registration Certificate Number 887 and to which plans is attached a certificate by said architect that the apartment constructed on the Property were constructed in accordance with said plans.

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1.

This deed was prepared in the office of Harvey, Battey, Macloskie & Bethea, Hilton Head Island, South Carolina

FOURTH:

That the property includes fifteen (15) buildings containing eighty-one (81) individual dwelling units (hereinafter referred to as "Apartments") all of which are to be used for residential purposes. The apartments 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 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.

FIFTH:

That the Property has a total of 7.51 acres of which, 101,000.00 square feet are occupied by apartments and 226,035 square feet will constitute the remainder of the common elements.

SIXTH:

That there are twelve (12) basic types of apartments in the Queen's Grant Villas Horizontal Property Regime II, those being A, AA, AR, AAR, B, BB, BR, BBR, C, CC, CR, and CCR, these apartments types being more particularly described in Exhibit D attached hereto and made a part hereof. The apartments in the property will be as follows:

In Cluster 1, Building 1, there will be one Type AAR apartment and one Type BB apartment, hereinafter numbered consecutively and usually referred to as apartments 1 and 2.

In-Cluster 1, Building 2, there will be one Type B apartment, one Type AR apartment, one Type C apartment, one Type BB apartment, one Type CR apartment, one Type A apartment, one Type BR apartment, and one Type CC apartment, hereinafter numbered consecutively and usually referred to as Apartments 3, 4, 5, 6, 7, 8, 9 and 10.

In Cluster 1, Building 3, there will be one Type B apartment, one Type AAR apartment, one Type C apartment, one Type BB apartment, one Type CR apartment, one Type AA apartment and one Type BR apartment, hereinafter numbered consecutively and usually referred to as Apartments 11, 12, 13, 14, 15, 16 and 17.

In Cluster 1, Building 4, there will be one Type CCR apartment, one Type B apartment, one Type AR apartment, one Type C apartment, one Type BBR apartment, one Type CR apartment, one Type A apartment, and one Type BR apartment, hereinafter numbered consecutively and usually referred to as apartments 18, 19, 20, 21, 22, 23, 24, and 25.

In Cluster 1, Building 5, there will be one Type BBR apartment, and one Type AAR apartment, hereinafter numbered consecutively and usually referred to as Apartments 26 and 27.

In Cluster 2, Building 1, there will be one Type AAR apartment, one Type BB apartment, hereinafter numbered consecutively and usually referred to as Apartments 28 and 29.

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In Cluster 2, Building 2, there will be one Type B apartment, one Type AR apartment, one Type C apartment, one Type BR apartment, one Type CR apartment, one Type A apartment, one Type BR apartment, and one Type CC apartment, hereinafter numbered consecutively and usually referred to as Apartments 30, 31, 32, 33, 34, 35, 36, and 37.

In Cluster 2, Building 3, there shall be one Type B apartment, one Type AAR apartment, one Type C apartment, one Type BB apartment, one Type CR apartment, one Type AA apartment, and one Type BR apartment, hereinafter numbered consecutively and usually referred to as Apartments, 38, 39, 40, 41, 42, 43, and 44.

In Cluster 2, Building 4, there shall be one Type CCR apartment, one Type B apartment, one Type AR apartment, one Type C apartment, one Type BBR apartment, one Type CR apartment, one Type A apartment and one Type BR apartment, hereinafter numbered consecutively and usually referred to as Apartments 45, 46, 47, 48, 49, 50, 51, and 52.

In Cluster 2, Building 5, there shall be one Type BBR apartment, and one Type AA apartment, hereinafter numbered consecutively and usually referred to as Apartments 53 and 54.

In Cluster 3, Building 1, there will be one Type AAR apartment, and one Type BB apartment, hereinafter numbered consecutively and usually referred to as apartments 55 and 56.

In Cluster 3, Building 2, there will be one Type B apartment, one Type AR apartment, one Type C apartment, one Type BB apartment, one Type CR apartment, one Type A apartment, one Type BR apartment, and one Type CC apartment, hereinafter numbered consecutively and usually referred to as Apartments 57, 58, 59, 60, 61, 62, 63, and 64.

In Cluster 3, Building 3, there will be one Type B apartment, one Type AAR apartment, one Type C apartment, one Type BB apartment, one Type CR apartment, one Type AA apartment and one Type BR apartment, hereinafter numbered consecutively and usually referred to as Apartments 65, 66, 67, 68, 69, 70 and 71.

In Cluster 3, Building 4, there will be one Type CCR apartment, one Type B apartment, one Type AR apartment, one Type C apartment, one Type BBR apartment, one Type CR apartment, one Type A apartment, and one Type BR apartment, hereinafter numbered consecutively and usually referred to as apartments 72, 73, 74, 75, 76, 77, 78, and 79.

In Cluster 3, Building 5, there will be one Type BBR apartment, and one Type AAR apartment, hereinafter numbered consecutively and usually referred to as Apartments 80 and 81.

SEVENTH:

That the Common Elements of the Property will be as follows:

A. The General Common Elements are as follows:

(1) The Property excluding the limited common elements and the Apartments, and including, but not limited to the land on which the Apartments are constructed, the foundations, roofs,

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perimeter walls, walls and partitions separating units, load-bearing interior walls and partitions, slabs, concrete floors, concrete ceilings, pipes, wires, conduits, air ducts, and public utility lines, including the space actually occupied by the above.

(2) Parking facilities located on the Property, which parking facilities consist of approximately 24,045 square feet, and are shown on the plot plan of the Property attached hereto and identified as Exhibit C.

(3) All roads, walkways, paths, trees, shrubs, yards, (except such as are designated as limited common elements) gardens, pools, etc.

(4) All installations outside of the Apartments for services such as power, light, telephone and water.

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

(6) 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.

B. The Limited Common Elements are as follows:

(1) The rear and front yards and service areas (shown on the plot plan attached hereto and identified as Exhibit "C") adjacent to each Apartment and the fences screening the service area and front yards are limited common elements and are each restricted to the use of the Apartment adjacent to such limited common elements, respectively.

(2) All terraces, decks and balconies immediately adjacent to each apartment or to which each apartment has direct access from the interior thereof as shown on the floor plans and plot plans identified as Exhibit "C".

EIGHTH:

The Sponsor has constructed the Property described herein and further intends to complete construction of additional apartments on property contiguous to the Property which is the subject of this Master Deed. The additional property shall be developed as additional horizontal property regimes in accordance with the Horizontal Property Act of South Carolina.

It is contemplated that the Queen's Grant Villa project will ultimately contain 297 condominium apartments, grouped into four or more horizontal property regimes. Attendant to each regime shall be a percentage of ownership to certain common facilities such as two post houses, a boat dock area, etc., all of which are schematically shown on that site plan for the Queen's Grant Villa project prepared by Charles L. Bates, A.I.A., and incorporated into this Master Deed as Exhibit C. Each horizontal property regime, and consequently each condominium owner, shall be required to bear a pro rata portion of the cost of upkeep and maintenance of these common facilities. The same procedure shall apply to the cost of maintaining roads, lagoons and bicycle paths within the Queen's Grant project which are

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likewise shown schematically on the above mentioned site plan. Queen's Grant Villas Horizontal Property Regime II shall be charged with 81/297 of the cost of such maintenance and upkeep and the administrators of said regime shall, on or before January 1, 1975, be required to call a meeting of or confer by mail with the administrators of all other existing regimes within the Queen's Grant Villa project and by majority of vote among said combined body of administrators, either in person or by written directive, set an amount of money for such maintenance, upkeep and a reasonable reserve to be collected as a part of each regime's common monthly expenses and to be held by each such regime until expended in a manner determined by the majority of the combined administrators of all regimes. A similar assessment procedure shall be followed for each year thereafter. The President of Queen's Grant Villa Horizontal Property Regime I shall serve as Chairman of the combined Boards of Administration of all regimes and shall likewise continue to serve in this additional capacity unless an alternate procedure of selection is adopted by majority vote of said combined administrators. The Chairman of said combined administrators shall give or cause to be given notice of any meetings of said combined administrators said notice to be given to the administrators of all regimes in the Queen's Grant Villa project. the same parliamentary procedures with regard to notice, quorum, majority vote, etc. as are set forth in the By-Laws applicable to the Queen's Grant Villas Horizontal Property Regime I, where appropriate, shall govern the conduct of meetings of the combined Boards of Administration.

NINTH:

That the dedication of the Property to the Horizontal Property Regime herein shall not be revoked, or the Property removed from the Horizontal Property Regime, or any of the provisions herein amended unless all of the co-owners and the mortgagees of all the mortgages covering the Apartments unanimously agree to such revocation, or amendment, or removal of the Property from the Horizontal Property Regime by duly recorded instrument.

TENTH:

The percentage of title and interest appurtenant to each apartment and the apartment owners title and interest in the common elements (both general and limited) of the Property and their proportionate share in the profits and common monthly expenses as well as the proportionate representation for voting purposes at the meeting of the Council of Co-owners (hereinafter usually referred to as "Council") of the Regime is based on the proportionate value of each apartment to the value of the total Property as set forth in Exhibit E 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 E shall not be altered without the acquiescence of the co-owners representing all of the Apartments expressed in an amendment to this Master Deed duly recorded.

ELEVENTH:

That the administration of the Regime consisting as aforesaid of the Property described in Paragraphs First and Fifth of this Master Deed, shall be in accordance with the provisions of the

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By-Laws which are incorporated herein, made a part hereof and are attached hereto as Exhibit F.

TWELFTH:

That, 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 Apartments 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 Apartment co-owner having an exclusive and particular right over his respective Apartment and in addition the specified undivided interest in the common elements of the Property.

THIRTEENTH:

That so long as the Sponsor owns one or more of the Apartments, the Sponsor shall be subject to the provisions of this Deed and the Exhibits attached hereto and the Sponsor 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.

FOURTEENTH:

That the common elements shall remain undivided and no co-owner shall bring any action for partition and/or division.

FIFTEENTH:

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

SIXTEENTH:

That each co-owner shall comply with the provisions of this Master Deed and authorized amendments thereto, the Declaration of Covenants, Restrictions and Affirmative Obligations of Palmetto Dunes Resort, Inc., applicable to all Multi-Family Residential Areas in Palmetto Dunes, which covenants are recorded in the office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 201 at Page 1522; and the Regime By-Laws, Decisions and Resolutions of Council of Co-Owners, Board of Administration or other representatives, as lawfully amended from time to time. 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; provided that nothing contained herein shall limit the rights of Palmetto Dunes Resort, Inc., its successor or assigns, as set forth in the aforesaid Declaration. The Apartments shall also be conveyed subject to the recorded plat and plans of the Property and amendments thereto.

SEVENTEENTH:

That no co-owners of an Apartment 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 Apartment.

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EIGHTEENTH:

That all present or future co-owners, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, are subject to the provisions of this Master Deed and any authorized amendments thereto, and that the mere acquisition or rental of any of the Apartments shall signify that the provisions of this Master Deed and any authorized amendments thereto are accepted and ratified.

NINETEENTH:

That if the Property is totally or substantially damaged, or destroyed, the repair, reconstruction, or disposition of the Property shall be as provided by the Horizontal Property Act of South Carolina and the By-Laws of this Regime.

TWENTIETH:

That, where a mortgagee or other purchaser of an Apartment obtains title by reason of foreclosure of a mortgage covering an Apartment, such acquirer of title, his successors or assigns, shall not be liable for assessments by the Regime 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 Regime 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.

TWENTY-FIRST:

In the event of any default on the part of any co-owner under any first mortgage made in good faith and for value, which entitled the owner thereof to foreclose same, any sale under such foreclosure, shall be made free and clear of the provisions of the Declarations of Covenants, Restrictions and Affirmative obligations of Palmetto Dunes Resort, Inc., dealing with the Repurchase Option or Right of First Refusal and the exclusive brokerage rights reserved unto Palmetto Dunes Resort, Inc. The purchaser under such a foreclosure sale (or grantee under such deed in lieu of foreclosure) of such condominium unit shall be thereupon and thereafter subject to all of the provisions of said Master Deed. Provided, however, that if the purchaser at such foreclosure sale (or the grantee under deed given in lieu of foreclosure) shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell and convey the condominium free and clear of the provisions of said Declaration dealing with the Repurchase Option or right of first refusal and the exclusive brokerage rights of Palmetto Dunes Resort, Inc., but its grantee shall thereupon and thereafter be subject to all of the provisions thereof.

TWENTY-SECOND:

That the Board of Administration of the Regime or the Management Agent, or Manager, shall obtain and continue in effect blanket property insurance as more fully set forth in the By-Laws in forms and amounts satisfactory to mortgagees holding first mortgages covering Apartments, but without prejudice to the right of the co-owners to obtain additional individual Apartment insurance at his own expense and for his own benefit.

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TWENTY-THIRD:

That insurance premiums for blanket insurance coverage of the Property shall be a common expense to be paid by periodic assessments levied by the Regime and that such payments shall be held in an escrow account for the Regime and used solely for the payment of the blanket property insurance premiums as such premiums become due.

TWENTY-FOURTH:

If any portion of the common elements now encroaches upon any apartment or if any apartment now encroaches upon any other apartment 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 of Administration, or (C) as a result of repair or restoration of the building or any apartment 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.

TWENTY-FIFTH:

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

TWENTY-SIXTH:

The provisions hereof 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.

TWENTY-SEVENTH:

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.

TWENTY-EIGHTH:

This Master Deed is set forth to comply with the requirements of the Horizontal Property Act of South Carolina. In case any

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of the provisions stated above conflict with the provisions of said statute, the provisions of said statute shall control.

IN WITNESS WHEREOF, PALMETTO DUNES RESORT, INC. has caused these presents to be executed in its name by William M. Peterson its Vice President and by William L. Bethea, Jr. its Asst. Secretary, and its corporate seal to be affixed hereto this 24th day of June, in the year of our Lord one thousand nine hundred and seventy-four and in the one hundred ninety eighth year of the Sovereignty and Independence of the United States of America.

Signed, Sealed and Delivered
in the presence of:

PALMETTO DUNES RESORT, INC.

William E. Kyrger

By William M. Peterson

Deborah S. Odum

Attest W. L. Bethea, Jr.

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

PROBATE

PERSONALLY appeared before me Deborah S. Odum who on oath, says that he saw the within named Palmetto Dunes Resort, Inc. by William M. Peterson, its Vice President sign the within Deed, and W. L. Bethea, Jr. its Asst. Secretary attest the same, and the said Corporation, by said officers, seal said Deed, and, as its act and deed, deliver the same and that he with witnessed the execution thereof.

SWORN to before me, this
24th day of June, 1974.

Deborah S. Odum

William E. Kyrger (L.S.)
Notary Public for South Carolina
My Commission Expires Feb. 6, 1983

INDEX OF EXHIBITS

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EXHIBIT A

PROPERTY DESCRIPTION

The overall Queen's Grant Villa project shall be composed of a total of 297 condominium apartments, grouped in four or more separate horizontal property regimes in accordance with the Horizontal Property Act of South Carolina. Said development shall take place on the land shown on the plat described in this Exhibit A which includes Queen's Grant Villa Horizontal Property Regime I, Queen's Grant Villas Horizontal Property Regime II, and likewise shows the "Future Phases of Queen's Grant Project". It is the intention of the sponsor and said sponsor does hereby subject to this Master Deed a 3/11 interest in those areas shown on the Exhibit B plat as Post House Area "A", Boat Dock Area, together with an additional Post House Area "B" to be constructed at later stages in the project which shall be located generally as shown on the Architect's site plan and shall occupy an area of approximately the same size as Post House Area "A". For a more detailed description as to courses, distances, metes and bounds of the above mentioned areas, reference may be had to the plat recorded in Plat Book 22 at Page 116.

The sponsor likewise has constructed or intends to construct five pools, various parking facilities, various roads and drives and various bicycle paths throughout the entire 29.78 acre site of which Queen's Grant Villa Horizontal Property Regime II is a part, the entire boundary of which is shown on that Plat referred to above and recorded in Plat Book 22 at Page 116 and likewise shown schematically on the architect's site plan recorded at the same plat book and page. It is the intention of the sponsor that these areas shall be for the use and enjoyment of all 297 units within the Queen's Grant Villa Project. Sponsor hereby grants the nonexclusive easement of ingress and egress in favor of Queen's Grant Villa Horizontal Property Regime II for the benefit of the unit owners within said regime, their heirs, successors, legal representatives and assigns, over and across all roads, drives, bicycle paths, lagoon areas and various parking facilities throughout the entire 29.78 acre Queen's Grant Villa site together with the right to the use of and access to the five pools, the boat dock area and the two post house areas which are a part of the overall 29.78 acre Queen's Grant Villa site. Sponsor does likewise reserve unto itself, its successors or assigns, the right to grant similar easements to future horizontal property regimes in the Queen's Grant Villa Project over and across such facilities lying within the boundary of Queen's Grant Horizontal Property Regime II as well as all other facilities lying within the 29.78 acre Queen's Grant site, so that ultimately all 297 units within the Queen's Grant Project will possess easements to enjoy equally the above mentioned facilities.

ALSO, an undivided 3/11 interest in and to that certain area shown as "Post House Area A" on a plat prepared by Bussey, Gay & Bell which is referred to above, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 22 at Page 116.

ALSO, an undivided 3/11 interest in and to that certain recreational area shown as "Boat Dock Area" on the plat prepared by Bussey, Gay & Bell which is referred to above and which is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 22 at Page 116.

ALSO, the nonexclusive right of ingress and egress over and across that road leading from U. S. Highway 278 into the hereinafter described 7.51 acre parcel of land making up Queen's Grant Villas Horizontal Property Regime II, which road is known as the "Queen's Polly Road" and sometimes referred to as the "Core Road".

ALSO, the nonexclusive right of ingress and egress over and across those further roads lying within Palmetto Dunes to permit ingress and egress to the area known as the "Dunes House" area to permit access to the beaches of the Atlantic Ocean.

In addition to the above recited property rights, the basic property description of the property within the Queen's Grant Villas Horizontal Property Regime II is as follows:

ALL that certain piece, parcel or tract of land situate, lying and being in Palmetto Dunes on Hilton Head Island, Beaufort County, South Carolina, having and containing 7.51 acres, more or less, and being shown and described on a plat prepared by Hussey, Gay & Bell, consulting Engineers, certified to by George Tabakian, R.L.S. 3447 (S.C.), said plat bearing date of December 15, 1973 and revised February 22, 1974 and April 13, 1974 and entitled "Survey of: Queen's Grant Villas Horizontal Property Regime I and II and Remaining Portion of Queen's Grant Tract in Palmetto Dunes, Hilton Head Island, Beaufort County, South Carolina" which plat is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 22 at Page 116. Said property is more particularly described as follows: Start at a point of commencement which is located at the center line of the existing paved surface of U. S. Highway 278 at the point of intersection with Queen's Polly Road and proceed along the center line of the eastern branch of the Queen's Polly Road on various courses for a distance of approximately 2,130.10 feet to a point at the center line of the eastern end of the vehicular bridge; thence proceeding north $61^{\circ} 54' 10''$ east for a distance of 50.12 feet to a concrete monument; thence proceeding south $24^{\circ} 06' 30''$ east for a distance of 153.86 feet to a concrete monument; thence proceeding in a southerly direction 245.65 feet along a curve, concave to the west, having a radius of 768.07 feet and a degree of curvature of $7^{\circ} 27' 35''$ to a point; thence proceeding north $88^{\circ} 10' 30''$ east for a distance of 240.6 feet to a point marking the point of curvature of a curve; thence proceeding in a southwesterly direction 50 feet along a curve concave to the south having a radius of 75 feet and a degree of curvature of $76^{\circ} 23' 40''$ to a point marking the point of tangent; thence proceeding south $53^{\circ} 37' 30''$ east for a distance of 38.80 feet to a point marking the point of curvature of a curve; thence proceeding in a southerly direction 26.73 feet along a portion of, a curve concave to the southwest having a radius of 100 feet and a degree of curvature of $57^{\circ} 17' 45''$ to a point marking the point of beginning. Thence proceeding south $78^{\circ} 31'$ east for a distance of 332.82 feet to a concrete monument; thence proceeding south $90^{\circ} 30' 30''$ east for a distance of 316.50 feet to a concrete monument; thence proceeding south $20^{\circ} 23' 30''$ east for a distance of 206.24 feet to a concrete monument; thence proceeding south $3^{\circ} 37' 40''$ east for a distance of 92.74 feet to a concrete monument; thence proceeding south $20^{\circ} 55' 50''$ west for a distance of 134.28 feet to a concrete monument; thence proceeding south $6^{\circ} 00' 50''$ east for a distance of 116.15 feet to a concrete monument; thence, proceeding south $55^{\circ} 00' 10''$ west for a distance of 86.06 feet to a concrete monument; thence proceeding north $85^{\circ} 35' 10''$ west for a distance of 91.10 feet to a concrete monument; thence proceeding south $61^{\circ} 09' 20''$ west for a distance of 127.50 feet to a concrete monument; thence proceeding north $28^{\circ} 50' 40''$ west

for a distance of 144.69 feet to a concrete monument marking the point of curvature of a curve; thence proceeding in a northerly direction 195.42 feet along a portion of a curve concave to the southwest having a radius of 1,174.61 feet and a degree of curvature of $4^{\circ} 52' 40''$ to a point; thence proceeding north $52^{\circ} 48' 30''$ east for a distance of 25.63 feet to a point; thence proceeding north $52^{\circ} 48' 30''$ east for a distance of 17.25 feet to a point marking the curvature of a curve; thence proceeding in a northerly direction 139.75 feet along a curve concave to the northwest and having a radius of 165 feet and a degree of curvature of $34^{\circ} 43' 29''$ to a point marking the point of tangent; thence proceeding north $4^{\circ} 16' 50''$ east for a distance of 106.62 feet to a point; thence proceeding north $18^{\circ} 17' 50''$ east for a distance of 64.01 feet to a point marking the point of curvature of a curve; thence proceeding in a northerly direction 96.16 feet along a curve concave to the southwest having a radius of 75 feet and a degree of curvature of $76^{\circ} 23' 40''$ to a point marking the point of tangent; thence proceeding north $55^{\circ} 09' 50''$ west for a distance of 38.82 feet to a point marking the point of curvature of a curve; thence proceeding in a northwesterly direction 116.66 feet along a curve concave to the east and having a radius of 100 feet and a degree of curvature of $57^{\circ} 17' 45''$ to a point marking the point of tangent; thence proceeding north $11^{\circ} 40' 30''$ east for a distance of 117.83 feet to a point marking the point of curvature of a curve; thence proceeding in a northerly direction 87.24 feet along a portion of a curve concave to the west having a radius of 100 feet and a degree of curvature of $57^{\circ} 17' 45''$ to a point along said curve which is the point of beginning.

For a further description of the above described 7.51 acre parcel, reference is had to the above mentioned plat of record and in case of conflict, if any, between said plat and the above metes and bounds description, the said plat shall be controlling.

EXHIBIT D

In each Unit, whether Types A, AA, AR or AAR, Types B, BB, BR or BBR, or Types C, CC, CR or CCR, all appliances are by Whirlpool. Each unit comes equipped with a basic appliance package consisting of a model EXT 15NM refrigerator with ice maker, model RYE 7760 range, model RYH non-venting hood, model SYD 50 disposal, model SXV 300 dishwasher, model LXB 4500 stack washer and a model LXE 4900 stack dryer.

The units are described herein below. They include (a) the spaces enclosed by the unfinished surfaces of the perimeter and interior walls, ceilings and floors thereof, including vents, doors, windows and such other structural elements that ordinarily are regarded as enclosures of space; (b) interior dividing walls and partitions (including the space occupied by such walls, or partitions) except load bearing support walls; (c) the decorated inner surfaces of such perimeter and interior walls, ceilings and floors, consisting (as the case may be) of wallpaper, paint, plaster, carpeting, tiles and all other furnishing materials and fixtures affixed or installed and for the sole and exclusive use of any unit (commencing at the point of disconnection from the structural body of the building and from utility lines, pipes, or systems serving the Unit). No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall system designated for the service of any particular unit or building, nor any property of any kind, including fixtures and appliances within any unit, which are not removeable without jeopardizing the soundness, safety and usefulness of the remainder of the building shall be deemed to be a part of any unit.

A. Each Type "A, AA, AR or AAR" (two bedroom villa) contains a total of 1,043.29 square feet on a single floor. Not included in the total square feet of the unit is the front door stoop, or a screened service yard of approximately 60 square feet.

Entrance into the unit is through the front door into an entry hall containing 55.12 square feet. Opening into the entry hall is a coat closet containing 4.6 square feet, a kitchen containing 100.0 square feet and a combination living room/dining room containing 340.69 square feet. Opening off of the dining room end of the room is a hall containing 29.68 square feet with a linen closet containing 4.0 square feet. Adjacent to and opening off of the hall is a bathroom containing 52.2 square feet and a master bedroom containing 219.20 square feet. Opening into the master bedroom are a storage closet containing 10.6 square feet and a clothes closet containing 16.0 square feet. Opening off of the other end of the hall is the second bedroom which contains 137.0 square feet and has off of it a closet containing 15.6 square feet.

B. Each "Type B, BB, BR or BBR" (two bedroom villa) contains a total of 1,459.24 square feet on a single floor. Not included in the total square feet of the unit is the front door stoop or a screened service yard of approximately 90 square feet.

Entrance into the unit is through the front door into an entry hall containing 60.42 square feet. Opening into the entry hall is a coat closet containing 5.4 square feet, a kitchen

containing 176.0 square feet and a combination living room/dining room containing 579.39 square feet. Opening off of the Dining room end of the room is a hall containing 29.07 square feet with a linen closet containing 4.0 square feet. Opening off of one end of the hall is the master bedroom which contains 213.72 square feet. Opening into the master bedroom are a storage closet containing 10.5 square feet, two clothes closets containing 12.6 square feet and 13.4 square feet, respectively, and a master bath containing 48.9 square feet. Opening off of the other end of the hall is the second bath containing 48.90 square feet and a second bedroom containing 154.0 square feet. Off of the second bedroom is a closet containing 16.0 square feet.

C. Each "Type C, CC, CR or CCR" (three bedroom townhouse) contains a total of 1,162.81 square feet on the ground floor and 825.9 square feet on the second floor for a combined total of 1,988.71 square feet. Not included in the total square feet of the unit is the front door stoop, or a screened service yard of approximately 90 square feet.

Entrance into the ground floor is through the front door into an entry hall containing 105.76 square feet. Opening into the entry hall is a coat closet containing 6.2 square feet, a powder room containing 29.0 square feet, a storage room containing 42.0 square feet, a stairway to the second floor which rises above the storage closet, (except for 10.2 square feet before the closet starts), and a kitchen containing 126.0 square feet. Also opening off of the hall is a living room containing 394.02 square feet with a contiguous dining room containing 109.2 square feet. Opening off of the living room is the master bedroom, which contains 235.2 square feet. Adjacent to and opening from the master bedroom is a hall containing 29.24 square feet, which connects the master bedroom to the master bath, which contains 47.17 square feet. Off of the bath is a linen closet containing 1.5 square feet. On each side of the hall leading from the bedroom to the master bath is a closet containing 16.6 square feet each.

The second floor of each unit contains 825.0 square feet. The stair access opens onto a landing and hall containing 34.98 square feet. Opening off of the hall is a linen storage closet containing 4.0 square feet, bedroom number two containing 176.4 square feet and bedroom number three containing 176.4 square feet. Opening off of bedroom number two is a storage closet and a clothes closet containing 6.0 square feet and 16.6 square feet, respectively. Off of bedroom number three is a clothes closet containing 16.0 square feet. Between and opening off of each bedroom on the second floor is a common bathroom, which contains 51.44 square feet.

EXHIBIT E

THE PERCENTAGE OF UNDIVIDED INTEREST IN THE COMMON ELEMENTS
APPLICABLE TO EACH APARTMENT IS AS FOLLOWS:

| APARTMENT NUMBER | SALE PRICE | PERCENTAGE OF INTEREST IN COMMON ELEMENTS |
|---------------------|-------------|--|
| 1 | \$35,500.00 | .880 |
| 2 | 51,000.00 | 1.264 |
| 3 | 51,000.00 | 1.264 |
| 4 | 35,500.00 | .880 |
| 5 | 62,500.00 | 1.550 |
| 6 | 51,000.00 | 1.264 |
| 7 | 62,500.00 | 1.550 |
| 8 | 35,500.00 | .880 |
| 9 | 51,000.00 | 1.264 |
| 10 | 51,000.00 | 1.550 |
| 11 | 62,500.00 | 1.264 |
| 12 | 51,000.00 | .880 |
| 13 | 35,500.00 | 1.550 |
| 14 | 62,500.00 | 1.264 |
| 15 | 51,000.00 | 1.550 |
| 16 | 51,000.00 | 1.264 |
| 17 | 62,500.00 | 1.550 |
| 18 | 51,000.00 | .880 |
| 19 | 35,500.00 | 1.550 |
| 20 | 62,500.00 | 1.264 |
| 21 | 51,000.00 | 1.550 |
| 22 | 62,500.00 | .880 |
| 23 | 35,500.00 | 1.264 |
| 24 | 51,000.00 | 1.264 |
| 25 | 51,000.00 | .880 |
| 26 | 35,500.00 | .880 |
| 27 | 35,500.00 | 1.264 |
| 28 | 51,000.00 | 1.264 |
| 29 | 51,000.00 | .880 |
| 30 | 35,500.00 | 1.550 |
| 31 | 62,500.00 | 1.264 |
| 32 | 51,000.00 | 1.550 |
| 33 | 62,500.00 | .880 |
| 34 | 35,500.00 | 1.264 |
| 35 | 51,000.00 | 1.550 |
| 36 | 62,500.00 | 1.264 |
| 37 | 51,000.00 | .880 |
| 38 | 35,500.00 | 1.550 |
| 39 | 62,500.00 | 1.264 |
| 40 | 51,000.00 | 1.550 |
| 41 | 62,500.00 | .880 |
| 42 | 35,500.00 | 1.264 |
| 43 | 51,000.00 | 1.550 |
| 44 | 62,500.00 | 1.264 |
| 45 | 51,000.00 | .880 |
| 46 | 35,500.00 | 1.550 |
| 47 | 62,500.00 | 1.264 |
| 48 | 51,000.00 | 1.550 |
| 49 | 62,500.00 | .880 |
| 50 | 35,500.00 | 1.264 |
| 51 | 51,000.00 | 1.264 |
| 52 | 51,000.00 | .880 |
| 53 | 35,500.00 | .880 |
| 54 | 35,500.00 | 1.264 |
| 55 | 51,000.00 | 1.264 |
| 56 | 51,000.00 | .880 |
| 57 | 35,500.00 | 1.550 |
| 58 | 62,500.00 | 1.264 |
| 59 | 51,000.00 | |
| 60 | | |

| APARTMENT NUMBER | SALES PRICE | PERCENTAGE OF INTEREST IN COMMON ELEMENTS |
|---------------------|----------------------|--|
| 61 615 | \$62,500.00 | 1.550 |
| 62 616 | 35,500.00 | .880 |
| 63 617 | 51,000.00 | 1.264 |
| 64 618 | 62,500.00 | 1.550 |
| 65 619 | 51,000.00 | 1.264 |
| 66 620 | 35,500.00 | .880 |
| 67 621 | 62,500.00 | 1.550 |
| 68 622 | 51,000.00 | 1.264 |
| 69 623 | 62,500.00 | 1.550 |
| 70 624 | 35,500.00 | .880 |
| 71 625 | 51,000.00 | 1.264 |
| 72 626 | 62,500.00 | 1.550 |
| 73 627 | 51,000.00 | 1.264 |
| 74 628 | 35,500.00 | .880 |
| 75 629 | 62,500.00 | 1.550 |
| 76 630 | 51,000.00 | 1.264 |
| 77 631 | 62,500.00 | 1.550 |
| 78 632 | 35,500.00 | .880 |
| 79 633 | 51,000.00 | 1.264 |
| 80 634 | 51,000.00 | 1.264 |
| 81 635 | 35,500.00 | .880 |
| | <hr/> \$4,035,000.00 | <hr/> 100.030% |

NOTE: The total value of the property is \$4,035,000.00.

EXHIBIT F

BY-LAWS OF QUEEN'S GRANT VILLAS HORIZONTAL
PROPERTY REGIME II

ARTICLE I

PLAN OF APARTMENT OWNERSHIP

Section 1. HORIZONTAL PROPERTY REGIME. The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located in Palmetto Dunes, Hilton Head Island, in Beaufort County, South Carolina, known as Queen's Grant Villas Horizontal Property Regime II 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 Queen's Grant Villas Horizontal Property Regime II (hereinafter referred to as "Regime").

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

Section 3. PERSONAL APPLICATION. All present or future co-owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime as they may be amended from time to time. The mere acquisition or rental of any of the Dwelling Units (hereinafter usually referred to as "Apartments") as defined in the Master Deed of the Property or the mere act of occupancy of any of said Apartments will signify that these By-Laws, the provisions of the Master Deed, the provisions of that certain Declaration of Rights, Restrictions, Conditions, etc. of Palmetto Dunes Resort, Inc. recorded in Deed Book 201 at Page 1522 in the Office of the Clerk of Court for Beaufort County, South Carolina and any authorized recorded amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

ARTICLE II

VOTING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. VOTING. Voting shall be on a percentage basis and the percentage of the vote to which the co-owner is entitled is the percentage assigned to the Apartment or Apartments in the Master Deed.

Section 2. MAJORITY OF CO-OWNERS. As used in these By-Laws, the term "majority of co-owners" shall mean those co-owners holding fifty-one percent (51%) or more of the total value of the Property, in accordance with the percentages assigned in the Master Deed.

Section 3. QUORUM. Except as otherwise provided in Section 6 of Article III 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.

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Section 4. PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

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

ARTICLE III

COUNCIL OF CO-OWNERS

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

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

Section 3. ANNUAL MEETINGS. The annual meetings of the Council shall be held at the call of the Regime President once a year on the 2nd Friday in October or at such other time as a majority of the co-owners may agree upon. At such meetings there shall be elected by ballot of the co-owners a Board of Administration in accordance with the requirements of Section 5 of Article IV of these By-Laws. The co-owners may also transact such other business of the Council as may properly come before them.

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

SECTION 5. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each co-owner of record, at least fifteen (15), but not more than forty five (45) days prior to such meeting. The Mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. ADJOURNED MEETING. If any meeting of the Council cannot be organized because a quorum has not attended, the co-owners who are present, either in person or by proxy, may adjourn

the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Upon the reconvening of said meeting a quorum shall be constituted if co-owners holding at least 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 7. ORDER OF BUSINESS. The order of business at all Annual Meetings of the Council shall be as follows:

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

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

ARTICLE IV

BOARD OF ADMINISTRATION

Section 1. NUMBER AND QUALIFICATION. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as the "Board") comprised of seven (7) persons. Until succeeded by the Board Members elected by the Apartment Owners, Board of Administration Members need not be Apartment Owners. So long as the sponsor owns one or more Apartments, the sponsor shall be entitled to elect at least one member of the Board of Administration, who need not be an Apartment Owner. After sponsor has conveyed all apartments and is no longer entitled to elect one member of the Board of Administration, all Board Members shall be Apartment Owners.

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

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

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the Common Elements.
- (c) Employment, dismissal and control of the Personnel necessary for the maintenance and operation of the common elements.
- (d) Collection of assessments from the co-owners.

- (e) Performing repairs caused by any natural disaster or man-made damage from the escrow account and any special assessment, or causing the same to be done.
- (f) Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done.
- (g) Grant or relocate easements which are not inconsistent with the owners full use and enjoyment of the common properties.
- (h) Making of repairs, additions and improvements to or alterations of, the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws; provided, however, that the Board of Administration shall not undertake any repair covered by the warranty without the consent of a majority of the Apartment Owners.

Section 4. MANAGEMENT AGENT. The initial management agent shall be Rehime Management Company, a division of Palmetto Dunes Resort, Inc. whose contract extends for a period of one year from the establishment of Queen's Grant Villas Horizontal Property Regime II. Thereafter, the Board may employ a Management Agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. FIRST BOARD OF ADMINISTRATION. The first Board of Administration consisting of seven (7) members shall be designated by the sponsor. These appointments will be temporary and will continue only until the first annual meeting of the Apartment Owners held pursuant to the provisions of these By-Laws. At the first Annual Meeting of the Council, the initial term of office for three (3) 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 two (2) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting. Any and all of said Board Members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 6 of this Article. During the period in which the sponsor's designees constitute a majority of the Board of Administration, the Board of Administration shall not enter into any contract having a term which extends beyond the term of the Management Agreement with Rehime Management Company.

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

Section 7. REMOVAL OF MEMBERS OF THE BOARD. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed with or without cause

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by a majority of co-owners and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting. No Board member shall continue to serve on the Board if during the term of office, he shall cease to be an apartment owner (except as provided in Section 5 regarding Sponsor's appointee).

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

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

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

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

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

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

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

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Section 15. LIABILITY OF THE BOARD OF ADMINISTRATORS. The members of the Board of Administration shall not be liable to the unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual wilful misconduct or bad faith. The apartment owners shall indemnify and hold harmless each of the members of the Board of Administration against all contractual liability to others arising out of contracts made by the Board of Administration on behalf of the Regime unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed or of these By-Laws. It is intended that the members of the Board of Administration shall have no personal liability with respect to any contract made by them on behalf of the Regime. It is understood and permissible for the original Board of Administration, who are members of or employed by sponsor, to contract with Palmetto Dunes Resort, Inc. and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any apartment owner arising out of any contract made by the board of administration or out of the aforesaid indemnity in favor of the members of the Board of Administration shall be limited to such proportions of the total liability thereunder as his interest in the Common Elements bears to the interest of all apartment owners in the Common Elements. Every agreement made by the Board of Administration or by the managing agent or by the manager on behalf of the regime shall provide that the members of the Board of Administration, or the managing agent, or the manager, as the case may be, are acting only as agent for the apartment owners and shall have no personal liability thereunder (except as apartment owners), and that each apartment 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 apartment owners in the common elements.

ARTICLE V

OFFICERS

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

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

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

Section 4. PRESIDENT. The President shall be the chief executive officer of the Regime. He shall preside at all council meetings of the Regime and of the Board. He shall have all of the general powers and duties which are usually vested in the office of President of a Regime, including but not limited to the power to appoint committees from among the co-owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the Regime.

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

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

ARTICLE VI

NOTICES

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

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

ARTICLE VII

OBLIGATIONS OF THE CO-OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All co-owners shall be obligated to pay the periodic assessments imposed by the Regime to meet all Regime common expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Property and any authorized additions thereto. Such may include without limitation any amount for 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 apartment owners with a copy of the proposed budget for the next calendar year and shall likewise advise them of the amount of the common charges payable by each of them,

respectively, as determined by the Board as aforesaid. Sponsor will be liable for the amount of any assessment against completed apartments within the Regime which have not been sold and sponsor shall have all voting rights attendant to the ownership of said apartment until said units are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

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

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

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

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board of Administration shall take prompt action to collect any common charge due from any apartment owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any apartment owner in paying to the Board of Administration the common charges as determined by the Board of Administration, such apartment owner shall be obligated to pay interest at the rate of eight (8%) percent per annum on such common charges from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Administration in any proceeding brought to collect such unpaid common charges. The Board of Administration shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such apartment owner, or by foreclosure of the lien on such apartment granted by Sections 57-514, S.C. Code of Laws, Annotated, 1962, as amended.

Section 5. STATEMENT OF COMMON CHARGES. The Board of Administration shall, for a reasonable fee not to exceed Ten (\$10.00) Dollars, promptly provide any purchaser, unit owner, encumbrancer or prospective encumbrancer of an apartment so requesting the

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same in writing, with a written statement of all unpaid common charges due from the owner of that apartment and the purchaser's liability therefor shall be limited to the amount as set forth in the statement. Any encumbrancer holding a lien on a condominium apartment may pay any unpaid common charges payable with respect to such condominium apartment and upon such payment such encumbrance shall have a lien on such apartment for the amounts paid of the same rank as the lien of his encumbrance.

Section 6. MAINTENANCE AND REPAIR.

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

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

(c) All maintenance, repair and replacement to the common elements as defined in the Master Deed, the painting and decorating of the exterior doors and exterior window sash and the washing of exterior glass shall be made by the Board of Administration or its agent and shall be charged to all the apartment owners as a common expense, excepting to the extent that the same may be necessitated by the negligence, misuse or neglect of the apartment owner, in which such case the expense shall be charged to such apartment owner.

Section 7. WATER CHARGES AND SEWER RENTS. Water shall be supplied to all apartments and the common elements through one or more meters and the Board of Administration shall, if the co-owners so elect, pay as a common expense all charges for water consumed on the property, including the apartments, promptly after the bills for the same have been rendered. Sewer services shall be supplied by the utility company or district serving the area and shall likewise, if practicable, be paid by the Board of Administration as a common expense.

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

Section 9. USE OF APARTMENTS - INTERNAL OR EXTERNAL CHANGES

(a) All apartments shall be utilized for residential purposes only. This shall expressly include the right to rent said units for residential purposes.

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

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

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

Section 11. RIGHT OF WAY.

(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 or threatening his apartment, whether the co-owner is present at the time or not.

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

Section 12. RULES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the apartments and common elements of the Regime, the co-owners may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present in person or represented by proxy whose aggregate interest in the common element constitutes two-thirds of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules of Conduct, governing the conduct of persons on said property of the Regime as it may deem necessary. Such Rules of Conduct, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each owner and shall be binding upon all apartment owners and the occupants of apartments in the Regime. The following shall constitute the initial Rules of Conduct for the Regime:

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

(b) No residents of the Property shall:

- (1) Post any advertisements or posters of any kind in or on the Property except as authorized by the Regime;
- (2) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the property;
- (3) Dust mops, rugs or similar objects from the windows or balconies or clean rugs or similar objects by beat on the exterior part of the Property;
- (4) Throw trash or garbage outside the disposal installation provided for such purpose in the service areas;
- (5) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other apartments in the Property;

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

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

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

ARTICLE VIII

INSURANCE

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

All policies of physical damage insurance shall contain, if reasonably available, waivers of subrogation and waivers of any reduction of pro-rata liability of the insurer as a result of any insurance carried by apartment owners or of invalidity arising from any acts of the insured or any apartment owners.

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and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days' written notice to all of the insureds, including all mortgagees of apartments. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of apartments at least ten (10) days prior to the expiration of the then current policies.

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

ARTICLE IX

AMENDMENTS

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

ARTICLE X

MORTGAGES

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

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

- (a) Any change in the condominium documents;
- (b) Any unpaid assessments due the Regime from the co-owner(s) (mortgagor(s)) of the apartment;
- (c) Any default by the co-owner (mortgagor) of an apartment in the performance of such co-owners' obligations under the condominium documents when such default is not cured within thirty (30) days.

ARTICLE XI

COMPLIANCE

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

Report of Com. to Council
JUL 24 1974
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PAGE 137
HARVEY, DENTY,
MACLOSKIE & BETHRA,
P. A.,
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WKAUFORT, S. C.
LTON HEAD ISLAND, S. C.

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STATE OF SOUTH CAROLINA)
) DECLARATION OF AMENDMENT TO MASTER DEED
COUNTY OF BEAUFORT) QUEEN'S GRANT VILLA HORIZONTAL PROPERTY
) REGIME II

WHEREAS, on or about the 24th day of June in the year of our Lord One Thousand Nine Hundred and Seventy-Four, Palmetto Dunes Resort, Inc. did execute and record a certain Master Deed establishing Queen's Grant Villas Horizontal Property Regime II, which Master Deed, together with Exhibits thereto was recorded June 24, 1974 in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 221 at Page 1327 and in Plat Book 22 at Page 116; and

WHEREAS, immediately subsequent to the recording thereof Palmetto Dunes Resort, Inc. discovered several minor omissions from said Master Deed and it is the desire of Palmetto Dunes Resort, Inc. to correct said omissions prior to the conveyance of the effected units therein; and

WHEREAS, Article IX of the By-Laws of said Master Deed as contained in Exhibit F provide the procedure for the amendment of said By-Laws and Palmetto Dunes Resort, Inc. being the sole owner of said property within the said regime wishes to amend said By-Laws in the following particulars:

1. In Article VII, Section 5 - there is hereby added to the end of said Section as it now exists the following additional sentence: "Any encumbrancer holding mortgages on more than five (5) apartments within the regime shall be entitled to receive a statement of account on the units securing all of said Mortgages once each calendar year without any fee or charge".

2. Article X of said By-Laws, Section 2 is amended so as to add the following additional subparagraph:

(d) Any notice of special or annual meetings of the Regime."

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MACLOCKIE & BETHEN,
ATTORNEYS AT LAW
BEAUFORT, S. C.
HILTON HEAD ISLAND, S. C.

This deed was prepared in the Offices of Harvey, Battey, Maclockie & Bethen, P. O. Box 5010, Hilton Head Island, South Carolina

3. Article X is likewise further amended to add the following additional Section 3 after the addition of the above mentioned Section 2, subparagraph (d):

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

All other matters within said Master Deed and By-Laws shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Palmetto Dunes Resort, Inc. has caused this document to be executed in its name and its corporate seal affixed hereto this 25th day of June, 1974.

Paula M Harper
Miriam E. Kyzer

PALMETTO DUNES RESORT, INC.
By William T. Gregory
Attest [Signature]

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) PROBATE

PERSONALLY appeared before me Paula M. Harper who, on oath, says that she saw the within named Palmetto Dunes Resort, Inc. by William T. Gregory, its Vice President, and W. L. Bethea, Jr., its assistant Secretary, sign the within instrument, and the said corporation, by said officers, seal said instrument and as its act and deed, deliver the same and that She with Miriam E. Kyzer witnessed the execution thereof.

Paula M Harper
witness

SWORN to before me this 25th day of June, 1974.
Miriam E. Kyzer (L.S.)
Notary Public for South Carolina
My Commission Expires Feb. 6, 1983

HARVEY, HATTEY,
MACDOUGALL & BETHA,
ATTORNEYS AT LAW
BEAUFORT, S. C.
HILTON HEAD ISLAND, S. C.

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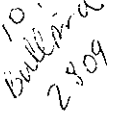
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Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board of Administration shall take prompt action to collect any common charge due from any apartment owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any apartment owner in paying to the Board of Administrators the common charges as determined by the Board of Administrators, such apartment owner shall be obligated to pay a late charge of \$25.00 which will be assessed on the last day of each month that a payment is due and the entire sum due is not paid in full. It shall be the responsibility of the apartment owner to determine the sum that must be paid to avoid further late charges. Additionally, in the event an account remains delinquent for sixty (60) days the apartment owner shall also be obligated to pay interest at the rate of eighteen (18%) percent per annum on such common charges from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Administration in any proceeding brought to collect such unpaid common charges. The Board of Administration shall have the right and duty to attempt to recover such common charges and late charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such apartment owner, or by foreclosure of the lien on such apartment granted by Section 27-31-210, S.C. Code of Laws, Annotated, 1976, as amended.

IN WITNESS WHEREOF, the Council of Co-owners of Queen's Grant Villas Horizontal Property Regime II, by its Board of Administration, has caused this Instrument to be executed on the day and year first above written.

Regina S. Dancy
Witness
Stacy Keding
Witness

Elvira H. Belamun
Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)

PERSONALLY appeared before me, Regina S. Dancy, who made oath that he/she saw the within named Elvira H. Belamun a member of the Board of Administration of Queen's Grant Villas Horizontal Property Regime II, sign, seal and as his/her act and deed deliver the within document for the uses and purposes therein stated, and that he/she, with STACY KEDING witnessed the execution thereof.

SWORN to before me this 13th day
of February, 2001.

Stacy Keding
Notary Public for SC
My Commission Expires: April 5, 2004