

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

1932

THE BARNETT GROUP, INC.)
)
) MASTER DEED
TO)
)
THE OAKS)
HORIZONTAL PROPERTY REGIME)

This Master Deed is made, published, and declared by THE BARNETT GROUP, INC., (hereinafter referred to as "Grantor"), a South Carolina Corporation with a principal office and place of business at Hilton Head Island, South Carolina, this 4th day of February, 1982.

ARTICLE I. ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME.

Section 1. General. The purpose of this Master Deed is to establish by way of conversion from rental, pursuant to the Horizontal Property Act of the State of South Carolina, a condominium horizontal property regime to be known as The Oaks, Horizontal Property Regime, (hereinafter referred to as the "Regime"). The land and improvements to be submitted to the provisions of the Horizontal Property Act and to the terms of this Master Deed are described in their totality in Article II as the Condominium Property. Grantor, by filing of record this Master Deed, publishes and declares that the Condominium Property, shall be owned, occupied, used, conveyed, encumbered and leased, in accordance with the provisions of the Horizontal Property Act of the State of South Carolina, and in accordance with the covenants, restrictions, encumbrances, and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the land.

So long as Grantor owns three or more villas, nothing herein shall prevent Grantor from conveying any of the villas hereby submitted to The Oaks Horizontal Property Regime on a "Vacation Time Sharing Plan" pursuant to and as defined by Title 27, Chapter 32, Code of Laws of South Carolina 1976 as amended to date.

In the event Grantor owns fewer than three or no villas, conveyance of the villas hereby submitted to The Oaks Horizontal Property Regime shall be permitted on such "Vacation Time Sharing Plan" as described above only upon the approval thereof by two-thirds (2/3) of the Villa Owners.

ARTICLE II. CONDOMINIUM PROPERTY.

Section 1. Land. Grantor owns in fee simple the tracts of land containing a total of 10.3 acres, more or less, which are described in Exhibit "A" of this Master Deed.

Section 2. Villas. There exists upon the land described in Exhibit "A" of this Master Deed building(s) enclosing one hundred fourteen (114) condominium units (hereinafter referred to as "Villas" or "Dwelling Units"). The site locations of the buildings and the Villas are shown on the Plat of the condominium Property contained in Exhibit "C" of this Master Deed. The Villas are of the general design as graphically depicted in the certified architect's plans which are compiled and annexed to this Master Deed in Exhibit "C". The Villas to be sold will be sold in their "as is" condition. The Villas are also described verbally in Article VI of this Master Deed. Each Villa is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building materials enclosed within the following boundaries:

BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	Submap	Parcel	Block
500	8		280	

2.1 The upper boundaries of the Villa shall extend to the inner surface of the ceiling or roof sheathing, as the case may be, over the Villa. The lower boundaries of the Villa shall extend to the bottom of the granular fill beneath the structural slab or the floor underlying the lowest level of the Villa as the case may be.

2.2 The perimetrical boundaries of the Villa shall extend to the rear surface of the wall sheathing to which the exterior siding of the Villa is attached and to the center-line of the frame party wall adjacent to the Villa.

2.3 The boundaries of each Villa shall extend also to include any area enclosed or bounded by the screens, partitions, railings, balustrades, or fences of any deck, terrace, balcony, stoop and steps, porch, courtyard, patio, or service area which is an integral and exclusive part of that particular Villa. If any such area is not thus bounded or enclosed, the boundaries of the Villa shall be extended to include the area defined or actually covered by any such deck, terrace, balcony, stoop and steps, porch, courtyard, patio, or service area.

2.4 Each Villa shall also encompass and include and each Villa Owner shall be responsible for maintenance and repair of the following: (i) the doorways, windows, vents, and other structural elements in the walls, floors, and ceilings, of the Villa which are regarded as enclosures of space; (ii) the doors opening into the Villa and into any mechanical area or courtyard integral to the Villa, including the frames, casings, hinges, handles, and other fixtures which are part of the doors; (iii) the window glasses, screens, frames, wells, and casings which are part of the windows opening from the Villa; (iv) the metal flue and the plumbing and mechanical vents which exclusively serve the Villa; (v) the appliances, air conditioning and heating units, carpeting, floor covering, flooring, trim, ceilings, walls, framing, floor joists, trusses, beams, insulation, structural slab and fill, and other fixtures, furnishings, and building materials which are part of the Villa when delivered to the initial Villa Owner; (vi) the screens, partitions, railings, balustrades, or fences bounding or enclosing any deck, terrace, balcony, courtyard, or service area that is integral and exclusive to the Villa, and the treated wood, pipes, wires, conduits, ducts, and other plumbing, mechanical, and electrical appurtenances which are integral and exclusive to the Villa, including lamps attached to the exterior of the Villa, and including water pipes serving the Villa extending to the meter, sewer pipes serving the Villa extending five (5) feet from the Villa, and the underground drainage system beneath the Villa.

Section 3. Common Elements. The Common Elements, either General or Limited, of the entire Condominium Property, are exclusive of the Villas, as shown on the Plat contained in Exhibit "C" of this Master Deed.

3.1 The General Common Elements shall include without limitation the following:

(a) The land upon which the buildings enclosing the Villas are situated; the paved parking areas; the walkways, the building area under roof except individual apartments; and the remaining common areas surrounding the Villas; and all easements, rights, and hereditaments appurtenant to the Land described in Exhibit "A" and shown on the Plat contained in Exhibit "C". Reference to said Plat is craved for details as to square footage, etc., exclusive of Limited Common Elements hereafter described.

(b) All improvements exclusive of the Villas and Limited Common Elements, erected, upon the Land described in Exhibit "A", including without limitation: (i) the roofs covering the Villas including shingles, roofing felt, sheathing, and flashing; (ii) the exterior siding, fascia, sheathing, and building paper on the buildings enclosing the Villas; (iii) the pipes, wires, conduits, pumps, motors, and other equipment installed to provide utility service to the Villas or to portions of the Common Elements, provided, however, that title to all water and sewer pipes, pumps, mains, and accessory equipment shall be, and hereby is reserved to Grantor, its successors and assigns; (iv) the roads, streets, parking spaces, parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens, and landscaping located upon the land; (v) any swimming pool, club house, tennis courts and other recreational facilities which may now or hereafter be located upon the Land; and (vi) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance, and safety.

ARTICLE III. DEFINITIONS.

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

(1) "The Property" means the total of 10.3 acres, more or less, of land ("Land") described in Exhibit "A"; the buildings constructed upon the Land, situated as shown on the Plat of the Condominium Property contained in Exhibit "C"; the Villas which are enclosed within such buildings which are described verbally in Articles II and VI of this Master Deed and which are portrayed graphically on the Plans contained in Exhibit "C"; and all other improvements and property, real, personal, and mixed, situated upon or appurtenant to the Land, which are part of The Oaks Horizontal Property Regime by this Master Deed.

(2) "Assessment" means that portion of the Common Expenses, as hereinafter defined, which is to be paid by each Villa Owner in proportion to his percentage interest in Common Elements as hereinafter described.

(3) "Council of Co-Owners" means the entity responsible for operation and management of the Condominium Property; and shall initially be an unincorporated association composed of all Villa Owners (hereinafter referred to as "Council").

(4) "By-Laws" means the rules and procedures prescribed for government of the Council which are attached to this Master Deed as Exhibit "D". All references to "By-Laws" shall be construed to include amendments to the By-Laws duly adopted from time to time.

(5) "Board of Administrators" means the body of persons elected, authorized, and directed to manage and operate the Condominium Property and the affairs of the Council, as provided by this Master Deed and the By-Laws (hereinafter referred to as "Board").

(6) "Common Elements" means all those portions of the Condominium Property not included within the Villas of common use or necessary to the existence, upkeep and safety of the property, including, but not limited to the land, the foundations, main walls, roofs, halls, lobbies, stairways, entrance and exit or communication ways, the basements, yards excepted as otherwise provided, premises for lodging of janitors, compartments or installations of central services, and, in general, all devices, installations and amenities existing for common use.

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

(8) "Common Surplus" means the excess of all receipts of the Council, including, but not limited to, assessments, rents, profits, and revenues from the Common Elements, over the amount of Common Expenses.

(9) "Condominium Property" means the Land described in Exhibit "A", the buildings, Villas and other improvements constructed upon the Land, real, personal, or mixed, intended for use in connection with this horizontal property regime, including an interest in the swimming pool site hereafter described.

(10) "Horizontal Property Act" or "Act" means the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as amended. All references to the "Horizontal Property Act" adopted and enacted from time to time.

(11) "Land" means the tract of land described by courses and distances in Exhibit "A", and also referred to as the "Property".

(12) "Plans" means the floor plans and elevations depicting the design, layout, and dimensions of the Villas, which have been prepared and certified by an architect duly authorized and licensed to practice in the State of South Carolina, and which are compiled and attached to this Master Deed in Exhibit "C".

(13) "Plat" means the physical survey of the completed improvements prepared by Stuckey and Kimmer, Inc. dated August 10, 1974 and finally revised on June 5, 1981, showing the dimensions and site locations of the buildings, villas, the parking areas, roads, walkways and other improvements of the Regime, and recorded in Plat Book 30 at Page 77, in the Office of the Clerk of Court for Beaufort County, South Carolina, a copy of which is contained in Exhibit "C".

(14) "Recreational Area" means the herein described area of the Property which contains tennis courts, swimming pool and club house, and some of the common amenities associated with Condominium Property as may be shown on the Plat or which may exist upon the property.

(15) "Villa" means one of the dwelling units enclosed within the boundaries defined in Article II, Section 2, which is subject to separate ownership.

(16) "Villa Owner" means the person or persons owning one or more of the Villas.

ARTICLE IV. THE OAKS VILLAS COUNCIL OF CO-OWNERS.

Section 1. Formation. Every Villa Owner shall be a member of the Council of The Oaks Horizontal Property Regime which initially shall be an unincorporated association, and which may, at the option of either the Grantor or the Board of Administrators, be incorporated as a not for profit Corporation. The Council shall be managed by a Board of Administrators elected by and from the Villa Owners, except that the initial Board of Administrators shall be comprised of five (5) members who shall be appointed by the Grantor herein, within sixty (60) days from the filing of this Master Deed. The terms of office of two (2) of the members appointed shall be designated to expire at the first annual meeting of the Council, after the 58th Villa has been conveyed, two shall be designated to expire at the second annual meeting, and the fifth at the third annual meeting after the 58th Villa has been conveyed. The replacements of the five (5) initial members of the Board shall be elected, and their terms shall commence, on the day of the expiration of each respective term. The terms of the replacement Directors, and the term of each Director thereafter, shall be three (3) years.

Section 2. By-Laws. The affairs of the Council and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and By-Laws of the Council, a copy of which is attached hereto as Exhibit 'D'. The By-Laws of the Council may be amended from time to time, but only in the manner expressly provided in the By-Laws.

Section 3. Voting. On all matters relating to the Council or to the Condominium Property upon which a vote of the Villa Owners is taken, the Villa Owners shall vote in proportion to their respective interest in Common Elements as set forth in Exhibit 'B'. Any motion shall carry if it received the affirmative vote of a simple majority of Villa Owners, unless a different majority is specified in this Master Deed, in the By-Laws, or required by South Carolina law. A simple majority of the Villa Owners shall consist of more than fifty (50%) percent of the total interest in Common Elements.

Section 4. Binding Effect. All agreements, decisions, and resolutions legally made by the Council in accordance with the provisions of this Master Deed and the By-Laws shall be binding upon all Villa Owners.

Section 5. Management Agent. The responsibility for administration of the Condominium Property may be delegated by the Council to a professional management agent. By proper resolution of the Council, such a management agent may be authorized to assume any of the functions, duties, and powers assigned to the Board of Administrators in the By-Laws or in this Master Deed. The initial managing agent shall be obtained by and placed under contracts for and on behalf of the Regime by the Grantor except that such Grantor's contract shall not exceed three (3) years from the date of recording of this Master Deed in the Office of the Clerk of Court for Beaufort County, South Carolina.

Section 6. Incorporation. Nothing in this Master Deed shall preclude the Council from incorporating under the laws of the State of South Carolina if a requisite majority of the Council duly resolves to incorporate.

ARTICLE V. VILLAS: OWNERSHIP AND USE.

Section 1. Ownership of Villas. Each Villa, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property; and each Villa Owner shall be entitled to exclusive ownership and possession of his/her Villa, subject to: (i) the provisions of this Master Deed and the easements, restrictions, covenants, and encumbrances, if any, set

forth herein or of record; (ii) the By-Laws of the Council, as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board pursuant to the By-Laws; (iii) the Horizontal Property Act of the State of South Carolina.

Section 2. Legal Description. Each Villa may be sufficiently described for purposes of deeds, mortgages, leases, and other conveyances by referring to its designated unit number and letter and by reciting that it is part of The Oaks Horizontal Property Regime to be established as provided for in this Master Deed. The conveyance of an individual Villa shall be deemed to convey the undivided interest in Common Elements appurtenant to that Villa. The ownership of an undivided interest in Common Elements appurtenant to a Villa shall be inseparable from the Villa, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Villa.

Section 3. Maintenance and Repair. Every Villa Owner shall be responsible at his own expense for maintaining, repairing, and decorating all walls, ceilings, floors, and other elements of his Villa as defined in Article II, Section 2, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lighting and other furnishings, and decorating. Drapes shall be lined to the satisfaction of the Board of Administrators. In the event any Villa Owner fails to maintain his deck, balcony, courtyard, patio or any portion of his villa affecting the external appearance thereof, the Board of Administrators shall have right of access for the purpose of undertaking such maintenance and shall have the right to undertake such maintenance, at the Villa Owner's expense, as it deems reasonably necessary for the general upkeep and appearance of the exterior of the said villa units and condominium property. The expenses attributable to the Board's undertaking such maintenance may be added to the regime fees payable by the Owner and treated as an amount to which the regime fee lien may be attached. No Villa Owner shall make structural modifications or alterations to his Villa, nor shall any Villa Owner alter any door, window, vent, flue, terrace, deck, balcony, or courtyard without obtaining prior written approval of the Board. Written notice of any intended modification shall be given to the Board, setting forth details and requesting approval. The Board shall consider the request and decide whether approval shall be granted. The Board shall advise the Villa Owner of its decision in writing within one hundred twenty (120) days from its receipt of the request. Nothing in this section shall relieve any Villa Owner from obtaining approval for alterations required by other applicable covenants or restrictions. No Villa Owner shall undertake to modify any portion of the Common Elements.

ARTICLE VI. VILLAS: LOCATION AND DESCRIPTION.

Section 1. Building and Villa Location. The Villas of this Horizontal Property Regime are enclosed within fourteen (14) buildings. The exact location of each building and villa unit is shown on a plat attached hereto as Exhibit C.

Section 2. Villa Description. The approximate dimensions of each type of villa are set forth below, and are more particularly shown on a plan of the villa units attached hereto as Exhibit C.

One (1) Bedroom Unit - 1st Floor Plan. Unit Numbers: 1,3,5,7,9,11,13,15,17,19,21,23,25,27,29,31. This unit measures 32.0 feet wide, 22.0 feet deep in the maximum interior dimensions and contains a net interior area of approximately 654.8 square feet. The unit includes a bedroom, living room, dining area, kitchen, bathroom, storage area, closets and patio.

One (1) Bedroom Unit - 2nd Floor Plan. Unit Numbers:
2,4,6,8,10,12,14,16,18,20,22,24,26,28,30,32. This unit measures 32.0 feet wide, 22.0 feet deep in the maximum interior dimensions and contains a net interior area of approximately 654.8 square feet. The unit includes a bedroom, living room, dining area, kitchen, bathroom, storage area, closets and a patio.

Two (2) Bedroom Unit - Unit Numbers:
33,34,35,36,37,38,39,40,41,42,43,44,45,46,47,48,49,50,57,58,59,
60,61,62,63,64,65,66,67,68,69,70,71,72,73,74,75,76,77,78,79,80,
81,82,83,84,85,86,87,88,89,90,91,92,93,94,95,96,97,98,99,100,101,
102,103,104,105,106,107,108,109,110,111,112,113,114.

On the first floor, this unit measures 18.0 feet wide, 34 feet 4 inches deep, in the maximum interior dimensions and contains a net interior area of approximately 584.5 square feet. On the second floor, this unit measures 18.0 feet wide, 32 feet deep in the maximum interior dimensions and contains a net interior area of approximately 576 square feet.

The first floor includes a family/dining room, living room, kitchen, courtyard, powder room, and closet.

The second floor includes 2 bedrooms, a bathroom, and closets.

Three (3) Bedroom Unit. Unit Numbers:
51,52,53,54,55,56.

On the first floor, this unit measures 19.0 feet wide, 34 feet 4 inches deep in the maximum interior dimensions and contains a net interior area of approximately 616.5 square feet. On the second floor, this unit measures 19.0 feet wide, 34 feet 4 inches deep in the maximum interior dimensions and contains a net interior area of approximately 652.4 square feet.

The first floor includes a family/dining room, living room, kitchen, courtyard, bathroom and closet.

The second floor includes 3 bedrooms, 2 bathrooms, and closets.

ARTICLE VII. COMMON ELEMENTS: OWNERSHIP AND USE.

Section 1. Ownership of Common Elements. Each Villa Owner shall own as an appurtenance to his Villa the undivided interest in the Common Elements specified in Exhibit "B". The percentage interest set out therein represent the values of each Villa in proportion to the total value of the Property, as well as the proportionate representation for voting purposes in the meeting of the Council of the Regime. The total value of the Property herein is Six Million Four Hundred Ninety One Thousand and No/100 (\$6,491,000.00) Dollars. The stated individual value for each Villa indicated in Exhibit "B" shall not be deemed to establish or limit the price for which the Property or any Dwelling Unit may be sold or exchanged.

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

Section 3. Use of Common Elements. Each Villa Owner shall have the non-exclusive right to use the Common Elements for their proper intended purposes in common with all other Villa Owners. Each Villa Owner shall have also a non-exclusive easement appurtenant to his Villa for ingress and egress over the Common Elements for access to and from his Villa, which shall extend to the family members, guests, agents, tenants, and servants of the Villa Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the Class "B" covenants, the By-Laws of the Council, and all rules and regulations adopted by the Council pursuant to the By-Laws.

Section 4. Parking Spaces. Parking spaces within the Condominium Property shall be part of the Common Elements, and may be allocated and reallocated, from time to time, to the respective Villa Owners, and shall be used by such Villa Owners in such manner subject to such rules and regulations as the Board of Administrators may prescribe, and parking spaces not so used by Villa Owners may be rented or otherwise used in such manner as the Board of Administrators may prescribe. Provided, however, that this allocation and reallocation of parking spaces may be exercised by the Grantor until the establishment of the Board of Administrators. Such allocation shall not, however, be deemed to make such allocated parking spaces limited common elements. The Board of Administrators may prescribe such rule and regulations as may be necessary to prevent or control the storage or parking, on the condominium property, of boats, trailers, trucks and any vehicles not in daily use by the Villa Owners. Provided, however, that this power may be exercised by the Grantor until the establishment of the Board of Administrators.

Section 5. Operation and Maintenance. The maintenance, repair, replacement, management, operation, and use of the Common Elements shall be the responsibility of the Board, and the expenses incurred for such purposes shall be assessed as Common Expenses. The Board may, however, delegate these duties to a management agent.

ARTICLE VIII. COMMON EXPENSES.

Section 1. Enumeration of Expenses. Each Villa Owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

1.1 Expenses incurred in operating, maintaining, improving, repairing, and replacing the Common Elements, both general and limited. 1940

1.2 Expenses incurred in operating, maintaining, improving, repairing, insuring, replacing, etc. the swimming pool, club house and office area, tennis courts, and other associated amenities, in common and in proportion of total unit value with other owners of The Oaks.

1.3 Expenses incurred in administering the affairs of the Council including salaries, wages, and any compensation paid to a managing agent for such purpose.

1.4 Expenses incurred in providing public liability insurance, flood insurance, and hazard insurance adequate to cover the Condominium Property, exclusive of Villa contents and furnishings, as provided in Article X of this Master Deed.

1.5 Contributions to provide sufficient reserves to make such general reserves to operate the Condominium Property and to administer the affairs of the Council.

1.6 Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.

1.7 Any other costs related to the operation of the Condominium Property or administration of the affairs of the Council which are declared by this Master Deed to be Common Elements, and any valid charge against the Condominium Property as a whole.

Section 2. Assessments. All assessments of Common Expenses shall be fixed by the Board and made payable at such times as the Board determines, or as the Grantor determines if prior to the establishment of the Board, but no less frequently than quarterly. The determination of further expenses as common expenses by the Council and/or the Board shall be controlling.

Section 3. Liability of Villa Owner. No Villa Owner may exempt himself from liability for Common Expenses by waiving the use or enjoyment of the Common Elements or by abandoning his Villa.

→ Section 4. Lien Upon Villa. All assessments of the Council for the share of Common Expenses chargeable to any Villa which are unpaid after becoming due shall, upon proper recording in the Office of the Clerk of Court, Beaufort County, South Carolina, constitute a lien against such Villa prior and superior to all other liens except: (i) liens for property taxes upon the Villa in favor of any taxing authority; and (ii) mortgage liens duly recorded prior to such delinquency. Interest on such unpaid assessments shall accrue at the rate of fifteen (15%) percent per annum or the maximum amount permissible and allowed by law if such fifteen (15%) percent is in excess of the maximum legal rate. The lien for such assessments, including interests, may be foreclosed by the Board acting in behalf of the Council in the same manner as a mortgage upon real property. In the event of foreclosure, the Villa Owner shall be required to pay a reasonable rental for the Villa during pendency of the foreclosure

action, and a receiver may be appointed to collect the rentals during such period. The Board, in behalf of the Council, may bring suit for judgments against the Villa Owner in the amount of delinquent assessments, including interest. In the event of foreclosure or suit for money judgment, a reasonable amount may be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall cover rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

Section 5. Sales of Villa. Upon the sale or conveyance of a Villa, all unpaid assessments against a Villa Owner for his pro-rata share of Common Expenses shall first be paid out of the sale price or by the purchaser or grantee in preference over any other assessments, charges, or liens, except the following:

5.1 Lien for taxes and special assessments upon the Villa which are unpaid.

5.2 Payment due under mortgages upon the Villa which are duly recorded prior to such sale or conveyance.

Section 6. Foreclosure Purchaser. If the mortgagee of a Villa acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a foreclosure sale, such purchaser shall not be liable for the share of Common Expenses assessed by the Council upon the Villa so acquired accruing after the date of recording of such mortgage but prior to the acquisition of title. The unpaid assessments occurring during such period shall be deemed Common Expenses collectible from all Villa Owners, including such purchaser, his successors, heirs, and assigns. The provisions of this Section, however, shall not release any Villa Owner from personal liability for unpaid assessments.

Section 7. Records. The Board, or a managing agent which it employs, shall keep accurate and detailed records, in chronological order, of receipts and disbursements connected with the operation, administration, maintenance, repair, and replacement of the Condominium Property. Such records, together with the vouchers authorizing payment, shall be available for examination by the Villa Owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

ARTICLE IX. RESTRICTIONS, COVENANTS, EASEMENTS.

Section 1. Covenant to Comply with Restrictions and Obligations. Each Villa Owner by acceptance of a deed to a Villa in this horizontal property regime ratifies and covenants to observe in behalf of himself, his heirs, successors, and assigns, the following:

1.1 Any Restrictions, Covenants or Easements applicable to the property recorded in the Office of the Clerk of Court for Beaufort County at Book 304 of Deeds, at Page 1948; Book 207 of Deeds at Page 1841; Book 248 of Deeds at Page 1215; Book 248 of Deeds at Page 1217, Plat Book 30 at Page 77, and any applicable recorded additions and amendments thereto, or any other Restrictions, Covenants or Easements of record.

1.2 This Master Deed, the Regime By-Laws, decisions and resolutions of the Council, Board, or their representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief.

Section 2. Utility Easements. Each Villa Owner shall have a non-exclusive easement appurtenant to his Villa for the use in common with other Villa Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in any other Villa or within the Common Elements and serving his Villa. Each Villa shall be subject to an easement in favor of the owners of all other Villas to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements serving other Villas which are located in such Villa.

Section 3. Encroachments. There shall be an easement in favor of the Council to the extent any portion of the Common Elements encroaches upon any Villa, and there shall be an easement appurtenant to any Villa to the extent any portion of the Villa encroaches upon the Common Elements or upon another Villa, whether such encroachment presently exists or occurs hereafter as a result of: (i) settling or shifting on any part of the Condominium Property; (ii) repair, alteration, or reconstruction of the Common Elements made by the Association or with its consent; (iii) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master Deed remains in effect and the Condominium Property remains subject to the Horizontal Property Act.

Section 4. Right of Access. The Council shall have the right of access to each Villa during reasonable hours and with reasonable notice for maintaining, repairing, or replacing any Common Elements located within or accessible through the Villa, or for making emergency repairs within the Villa necessary to prevent damage to the Common Elements or to another Villa. This easement and right of access may be exercised by the Board, by its agents and employees, or by a managing agent to whom the responsibility of maintaining has been delegated. Damages resulting to any Villa because of such maintenance repairs shall be corrected promptly at the expense of the Council.

Section 5. Public Utility Easements. The Condominium Property is subject to easements for access, ingress, and egress to adjacent utility owned property and to utility easements for installation, operation, and maintenance of electric and telephone distribution lines, and for installation, operation, and maintenance of water and sewer lines. The Board may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the operation of the Condominium Property. If the location or nature of any utility easement is adverse to the Condominium Property or of doubtful benefit, the Board may grant such easements only when authorized by a vote of the Council.

ARTICLE X. INSURANCE.

Section 1. Hazard Insurance. The Board shall insure, with single entity condominium coverage, the Condominium Property against loss or damage due to flood, fire and lightning, with extended coverage, in an amount equal to the maximum insurable replacement value of the Condominium Property as determined by its annual appraisal. The Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Condominium Property. All hazard insurance shall cover the entire Condominium Property, exclusive only of

the contents and furnishings of the individual Villas, except that any fixtures, equipment or other property within the Villas which are to be financed by a mortgage to be purchased by FNMA, VA, FHA, or any other mortgage lender shall be covered.

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

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

1.3 If obtainable, all hazard insurance policies upon the Condominium Property shall include provisions waiving: (i) any rights of the insurer to subrogation against the Council, its agents and employees, and against the individual Villa Owners and their servants agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Villa Owners upon the contents and furnishings of their Villas.

Section 2. Public Liability Insurance. The Board shall obtain comprehensive public liability insurance covering all of the common areas, public ways of the property, and commercial spaces owned by the Owners' Association, whether or not they are leased to some third party, with limits and provisions satisfying the legal minimum requirements necessary for obtaining an FNMA Conventional Home Mortgage. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Council to an individual Villa Owner and to liabilities of one Villa Owner to another Villa Owner.

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

Section 4. Premiums. All premiums upon insurance policies purchased by the Board shall be assessed as Common Expenses and paid by the Board.

Section 5. Insurance by Villa Owner. Each Villa Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, decorations, and furnishings within his own Villa, and the additions and improvements made by him to the Villa. Each Villa Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Villa. All such insurance policies shall include, however, provisions waiving: (i) any right of the insurer to subrogation to claims against the Council and against individual Villa Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-ratio because of the master hazard policy.

Section 6. Substitution of Insurance Trustee. The Board, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Beaufort County, South Carolina. Any substitute Insurance Trustee appointed by the Board shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

Section 7. Fidelity Bonds. Blanket fidelity bonds shall be maintained by the Board for all officers, directors, trustees and employees of the Owners Association and all other persons handling or responsible for funds of or administered by the Owners Association. Furthermore, where the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds shall be maintained for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association.

The total amount of fidelity bond coverage shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Owners Association or the management agent, as the case may be, at any given time during the term of each bond. In no event may the aggregate amount of such bonds be less than a sum equal to three months' aggregate assessments on all units plus reserve funds.

ARTICLE XI. RECONSTRUCTION AND REPAIR.

Section 1. Reconstruction. In the event of casualty, loss or damage to the Condominium Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in accordance with the provisions of this Article, and the Horizontal Property Act of South Carolina. In the event of conflict between this provision and the Act, the Act shall be controlling. Reconstruction or repair shall be mandatory unless more than two-thirds (2/3) of the Condominium Property is destroyed or substantially damaged. If more than two-thirds (2/3) of the Condominium Property is destroyed or substantially damaged, the insurance indemnity received by the Board shall be distributed pro-rata to the Villa Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. Nothing herein shall be deemed to diminish any provision of insurance policies covering the loss as pertains to payment of proceeds. The remaining portion of the Condominium Property shall be subject to an action for partition at the suit of any Villa Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro-rata among all Villa Owners and their mortgagees jointly in proportion to their respective interests in Common Elements if less than two-thirds (2/3) of the Condominium Property is destroyed or substantially repaired in the following manner:

1.1 Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Villa Owners holding seventy-five (75%) percent or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Villa Owners whose Villas are affected by the alterations un-animously consent.

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

1.3 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 Villa Owners whose units are directly affected by the damage in proportion to the damage done to their respective Villas.

1.4 The insurance proceeds received by the Board and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements from the construction fund are insurance proceeds and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Villa Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Council.

Section 2. Insurance Trust. In the event of a casualty loss to the Condominium Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board as Insurance Trustee. The Board, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of the Council, the Villa Owners, and their respective mortgagees in the following shares:

2.1 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 Villas.

2.2 Insurance proceeds paid on account of loss or damage to less than all of the Villas, when the damage is to be restored shall be held for the Villa Owners of the damaged Villas in proportion to the costs of repairing each damaged Villa.

2.3 Insurance proceeds paid when the Condominium Property is not to be restored shall be held for the benefit of all Villa Owners, the share of each being equal to the undivided share in Common Elements appurtenant to his Villa.

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

Section 3. Adjustment. Each Villa Owner shall be deemed to have delegated to the Board or any Insurance Trustee or substitute Insurance Trustee designated by the Board as attorney-in-fact, his right to adjust with insurance companies all losses under policies purchased by the Council, subject to the rights of mortgagees of such Villa Owners, and for the purpose of purchasing and maintaining the above-described insurance.

Section 4. South Carolina Law to Control. In the event the provisions of this Article are in conflict with the Act, then, in that event, the Act shall be deemed to control.

ARTICLE XII. AMENDMENTS.

Section 1. By Villa Owners. This Master Deed and the By-Laws of the Council may be amended from time to time at a duly held meeting of the Council by the affirmative vote of the Villa Owners holding two-thirds (2/3) or more of the total interest in Common Elements; provided, however, that no amendment shall alter the dimensions of a Villa or its appurtenant interest in Common Elements without the written consent of the Villa Owner and its mortgagees, if any, affected by the proposed alteration. Duly adopted amendments shall become effective when an instrument setting forth the amendment has been executed and filed of record by the officers of the Council.

ARTICLE XIII. TERMINATION.

Section 1. Casualty or Condemnation. If two-thirds (2/3) or more of the Condominium Property is substantially destroyed or taken by condemnation, the Condominium Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article XI or Article XII, as the case may be.

Section 2. Voluntary Termination. This horizontal property regime may also be terminated, removing the Condominium Property from the provisions of this Master Deed and the Horizontal Property Act, if the record owners of title to the Villas and the record owners of mortgages upon the Villas agree in a written instrument to termination unanimously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Villa Owners and mortgagees.

Section 3. Ownership After Termination. After termination of this horizontal property regime, the Villa Owners shall own the Condominium Property as tenants in common in undivided shares and the holders of mortgages and liens upon the Villas shall have mortgages and liens upon the respective undivided common interests of the Villa Owners. The undivided share of each tenant in common shall be the same as his undivided interest in Common Elements prior to termination. Any asset of the Council, any funds held by the Board, and any insurance proceeds shall also be the property of the former Villa Owners and tenants in common in the same undivided shares as their interests in Common Elements prior to termination. The costs incurred by the Board in connection with termination shall be considered a Common Expense.

Section 4. Partition. After termination, the Condominium Property shall be subject to an action for partition by any Villa Owner of any lienor in which event the net proceeds from the judicial sale shall be divided among all Villa Owners in proportion to their respective interests in Common Elements and paid to each Villa Owner and mortgagee.

ARTICLE XIV. MISCELLANEOUS PROVISIONS.

Section 1. Conflicts. This Master Deed is made and declared in compliance with the Horizontal Property Act of the State of South Carolina. In the event of any conflict between this Master Deed and the provisions of the Horizontal Property Act, the provisions of this statute shall control. In the event of any conflict between this Master Deed and the Regime By-Laws, the provisions of this Master Deed shall control.

Section 2. Applicable Law. The provisions of this Master Deed shall be construed under the laws of the State of South Carolina.

Section 3. Invalidity. The invalidity of any provisions of this Master Deed shall not impair the validity, enforceability, or effect of the remaining provisions; and in such event, all other provisions shall continue in full force as if the invalid provisions had not been included.

Section 4. Gender and Number. The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine and neuter gender, and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

Section 5. Exhibits. All exhibits to this Master Deed shall be an integral part of this instrument.

Section 6. Captions. Captions are inserted in this Master Deed for convenience only, and are not to be used to interpret the provisions of this instrument.

IN WITNESS WHEREOF, Grantor has executed this Master Deed in its name this day, month, and year first above written.

Signed, sealed and delivered in the presence of:

THE BARNETT GROUP, INC.

Sharon Clappitt

By: Frank Barnett

Arlene D. Gill

Attest: William C. [Signature]
Notary Public

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

P R O B A T E

PERSONALLY appeared before me Sharon Clappitt, who on oath says that (s)he saw the within named THE BARNETT GROUP, INC., by Frank Barnett its President, sign, seal and deliver the within instrument dated the 4th day of February, 1982, and that (s)he with Arlene D. Gill witnessed the execution.

Sharon Clappitt

SWORN TO before me this 4th day of February, 1982.

Arlene D. Gill (SEAL)
Notary Public for South Carolina
My Commission Expires: 2-13-91

EXHIBIT "A"

ALL that certain piece, parcel or lot of land situate, lying and being on Hilton Head Island, County of Beaufort, State of South Carolina, consisting of 10.31 acres, more or less, the same being more specifically described as follows: Commence at the point of beginning, said point of beginning being a point at which the southern right of way of U. S. Highway 278 intersects with the northwestern most corner of the property being conveyed herein and the northeastern most corner of the property now or formerly of Moore Homes; thence South $75^{\circ}26'20''$ East for a distance of 663.69 feet to a concrete monument; thence South $14^{\circ}33'40''$ West for a distance of 258.00 feet to a concrete monument; thence South $75^{\circ}26'20''$ East for a distance of 40.86 to a concrete monument; thence South $14^{\circ}33'40''$ West for a distance of 273.50 feet to an iron pin; thence North $75^{\circ}26'20''$ West for a distance of 112.55 feet to a concrete monument; thence South $14^{\circ}33'40''$ West for a distance of 70.00 feet to a concrete monument; thence North $75^{\circ}26'20''$ West for a distance of 376.00 feet to a concrete monument; thence $14^{\circ}33'40''$ West for a distance of 199.00 feet to a concrete monument; thence North $75^{\circ}26'20''$ West for a distance 100.00 feet to an iron pin; thence South $14^{\circ}33'40''$ West for a distance of 6.00 feet to an iron pin; thence North $75^{\circ}26'20''$ West for a distance of 116.00 to an iron pin; thence North $14^{\circ}33'40''$ East for a distance of 6.00 feet to a concrete monument; thence North $14^{\circ}33'40''$ East for a distance of 290.00 feet to a point; thence North $75^{\circ}26'20''$ West for a distance of 6.00 feet to a point; thence North $14^{\circ}33'40''$ East for a distance of 30.00 feet to a point; thence South $75^{\circ}26'20''$ East for a distance of 6.00 feet to a point; thence North $14^{\circ}33'40''$ East for a distance of 480.50 feet to the point of beginning, as shown on plat recorded in the Office of the Clerk of Court for Beaufort County, South Carolina on July 16, 1981 in Plat Book 30 at Page 77.

E X H I B I T "B" (continued)

<u>UNIT NUMBER</u>	<u>VALUE</u>	<u>PERCENTAGE OF UNDIVIDED INTEREST</u>
57	63,900.00	.9844
58	62,900.00	.9690
59	62,900.00	.9690
60	62,900.00	.9690
61	62,900.00	.9690
62	62,900.00	.9690
63	62,900.00	.9690
64	63,900.00	.9844
65	57,900.00	.8920
66	57,900.00	.8920
67	60,900.00	.9382
68	60,900.00	.9382
69	60,900.00	.9382
70	60,900.00	.9382
71	60,900.00	.9382
72	60,900.00	.9382
73	57,900.00	.8920
74	57,900.00	.8920
75	63,900.00	.9844
76	62,900.00	.9690
77	62,900.00	.9690
78	62,900.00	.9690
79	62,900.00	.9690
80	62,900.00	.9690
81	62,900.00	.9690
82	63,900.00	.9844
83	69,900.00	1.0769
84	68,900.00	1.0615
85	68,900.00	1.0615
86	68,900.00	1.0615
87	68,900.00	1.0615
88	69,900.00	1.0769
89	63,900.00	.9844
90	62,900.00	.9690
91	62,900.00	.9690
92	62,900.00	.9690
93	62,900.00	.9690
94	63,900.00	.9844
95	63,900.00	.9844
96	62,900.00	.9690
97	62,900.00	.9690
98	62,900.00	.9690
99	62,900.00	.9690
100	62,900.00	.9690
101	62,900.00	.9690
102	63,900.00	.9844
103	60,900.00	.9382
104	59,900.00	.9228
105	59,900.00	.9228
106	59,900.00	.9228
107	59,900.00	.9228
108	59,900.00	.9228
109	59,900.00	.9228
110	59,900.00	.9228
111	59,900.00	.9228
112	59,900.00	.9228
113	59,900.00	.9228
114	60,900.00	.9382
	<hr/>	<hr/>
	\$ 6,491,000.00	100

EXHIBIT "C"

Exhibit C is the Plat recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 30 at Page 77 and the Plans separately recorded.