

THIS MASTER DEED PROVIDES FOR MANDATORY, BINDING ARBITRATION PURSUANT TO SECTION 15-48-10. ET. SEQ., CODE OF LAWS OF SOUTH CAROLINA (1976), AS AMENDED.

AMENDED AND RESTATED MASTER DEED FOR
PALMETTO POINTE AT PEAS ISLAND
HORIZONTAL PROPERTY REGIME

WHEREAS, Palmetto Pointe at Peas Island Horizontal Property Regime (the “Regime”) was established pursuant to Master Deed dated January 6, 2006, and duly recorded at the Charleston County R.M.C. Office on January 10, 2006, in Book W-568, at Page 532; and

WHEREAS, Island Pointe, LLC, a South Carolina limited liability company (the “Developer”) is the Developer and Owner of all Units in the Regime and thus owns one hundred (100%) percent of the Units in the Regime, one hundred (100%) percent of the total interest in the common elements of the Regime and one hundred (100%) percent of the voting rights in the Regime; and

WHEREAS, pursuant to Section 16.2 (b) of the Master Deed, the Developer is entitled to amend the Master Deed; and

WHEREAS, Developer desires to amend the Master Deed in certain respects and re-state the entire Master Deed to include the amendments.

THEREFORE, the Master Deed is hereby amended and restated as follows:

WHEREAS, the Developer’s business address is Post Office Box 943, Folly Beach, S.C. 29439; and

WHEREAS, the Developer is the owner of that certain real property, with the building and other improvements situated thereon and to be constructed thereon, more fully described on Exhibit I attached hereto (the “Property”), located in the City of Folly Beach, County of Charleston, State of South Carolina; and

WHEREAS, the Developer desires to submit the Property described herein to a horizontal property regime by duly executing this Master Deed and recording it at the Charleston County, South Carolina, R.M.C. Office.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that Developer hereby submits the Property, together with all easements, rights and appurtenances thereunto belonging, to the provisions of the South Carolina Horizontal Property Regime Act, Section 27-31-10 et seq., South Carolina Code of Laws (1976), as may be amended from time to time (“the Act”), and hereby creates a horizontal property regime known as “Palmetto Pointe at Peas Island.”

1. Definitions. Unless otherwise defined herein or unless the context requires otherwise, the words and terms defined in the Act when used in this Master Deed or any amendment hereto, will have the meanings provided in the Act. The following words and terms, when used in this Master Deed or any amendment hereto, unless the context requires otherwise, will be deemed to include the singular and plural forms as the context requires and have the following meanings:

"Assessment" means the annual or special amounts assessed against an Owner and his Unit from time to time by the Association in the manner provided herein.

"Assigned Value" means the value assigned to each Unit in accordance with Exhibit II attached hereto and utilized for purposes of computing the Percentage Interest appurtenant to such Unit, which Assigned Value will not constitute the sales price of the Unit or be relied upon as a representation of the actual value of the Unit.

"Annual Assessment Period" means the fiscal year of the Association established by the Association's Board of Directors.

"Association" means Palmetto Pointe at Peas Island Property Owners Association, Inc., being an association of Owners of Units located in the Regime, in the form of a nonprofit, non-stock, membership association which will be incorporated in accordance with the Articles of Incorporation attached hereto as Exhibit III and the South Carolina Nonprofit Corporation Act.

"Board of Directors", or "Board" means the Board of Directors of the Association, and "Director" or "Directors" means a member or members of the Board.

"Building" or "Buildings," means any or all of the 21 structures constructed or to be constructed on the Property in Phase I which will contain forty (40) Units and a community clubhouse.

"Bylaws" means the Bylaws of the Association attached hereto as Exhibit IV, as amended from time to time in accordance with the terms of the Bylaws and this Master Deed.

"Common Area" means all of the Property after excluding the Units, including the following:

(a) Easements through Units for conduits, pipes, ducts, plumbing, chimneys, wiring, and other facilities for the furnishing of utility services to other Units and the Common Areas; provided, however, such easements through or into a Unit will be only as set forth in this Master Deed unless otherwise approved by the Unit Owner.

(b) An easement of support in every portion of a Unit that contributes to the support of a Building.

(c) Easements through the Units and Common Areas for maintenance, repair and replacement of the Units and Common Areas.

(d) Installations for the furnishing of utility services to more than one Unit or to the Common Areas or to a Unit other than the one containing the installation, which installation will include ducts, plumbing, wiring, and other facilities for the rendering of such services.

(e) The tangible personal property required for the maintenance and operation of the Unit, even though owned by the Association.

(f) Roads, walkways, parking areas and sidewalks.

(g) Outside lighting, storm drainage, water and sanitary sewer and irrigation system.

(h) Community clubhouse and pool.

(i) Four community docks.

(j) Two docks with boat lifts.

(k) Community boat ramp.

"Common Expenses" means (a) all expenses incident to the administration of the Association and maintenance, repair and replacement of the Common Areas and the Limited Common Areas, after excluding therefrom such expenses which are the responsibility of an Owner; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Owners; (c) expenses declared to be Common Expenses by the Act or the Regime Documents; and (d) reasonable reserves established for the payment of any of the foregoing.

"Developer" means Island Pointe, LLC, a South Carolina limited liability company, or its successors or assigns.

"Institutional Mortgage" means a first lien Mortgage (prior to all other Mortgage liens) held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or governmental insurer or purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation. Such term will also mean and refer to the holder of any Mortgage securing a loan made by the Developer, its affiliates, successors, or assigns.

"Limited Common Area" means any portion of the Common Area which is set aside and assigned in or pursuant to this Master Deed, including Exhibit III, for the exclusive use of the Owner or Owners of the Unit or Units to which they are attached or assigned, and includes that portion of the Common Area that is pierced by the Unit's interior stairs, if any; a Unit's chimney structure and flue, if any; stairs serving less than all of the Units, and the spaces occupied by same; assigned parking; and the porches and decks exclusive to a Unit. Any Limited Common Area may be assigned to one or more, but less than all, of the Units.

"Master Deed" means this document, as amended from time to time.

"Member" means each Owner who is a member of the Association.

"Mortgage" means a mortgage, security deed, deed of trust, installment land sales contract, or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Unit.

"Mortgagee" means the holder of a Mortgage.

"Nonprofit Corporation Act", or "the Act" means the South Carolina Nonprofit Corporation Act of 1994, Section 33-31-101, et. seq, South Carolina Code of laws (1976), as amended from time to time.

"Owner" means the record owner, whether one or more persons, of fee simple title in and to any Unit; excluding, however, those persons having such interest merely as security for the performance of an obligation.

"Percentage Interest" means the undivided percentage interest owned by each Owner as a tenant-in-common in the Common Areas. "Total Percentage Interest" means the aggregate of all Percentage Interests.

"Plans" mean and include the plat and drawings of the Property which are attached as to this Master Deed as Exhibit V and show the boundaries of the Property, the horizontal and vertical locations of the improvements, the floor plans of the Buildings, and the Common Areas of the Regime. The Plans are certified by a licensed architect or engineer and a Registered Land Surveyor as required by the Act.

"Property " means the property which is described in Exhibit I attached hereto.

"Regime" means the horizontal property regime established by this Master Deed, including all appurtenances and incidents of ownership attendant therewith.

"Regime Documents" mean and include this Master Deed, all Exhibits attached hereto, the Articles of Incorporation, Bylaws and the Rules and Regulations of the Association, all as amended from time to time in accordance with the provisions thereof or in accordance with the laws of the State of South Carolina.

"R.M.C." means the Charleston County, South Carolina, Register of Mesne Conveyances.

"Rules and Regulations" mean the rules and regulations governing the use of the Common Areas and Units promulgated by the Board of Directors from time to time.

"Transition Period" means the time period commencing on the date of recording of this Master Deed at the R.M.C. and ending on the earlier of:

1. December 31, 2011;

2. Three (3) months after the conveyance in the ordinary course of business of all Units to persons other than the Developer; or

3. Three (3) months following the date the Developer surrenders the authority reserved in this Master Deed to appoint and remove Directors and officers of the Association by an express amendment to the Master Deed executed and filed by the Developer at the R.M.C.

"Trustee" means the Board of Directors acting as a fiduciary for the benefit of the Association and the Owners in holding certain funds and providing services as provided herein, or such bank or trust company authorized to do trust business in the State of South Carolina and appointed therefor by the Board of Directors.

"Unit" means that part of the Regime intended principally for residential use by an Owner, situate within the Unit boundaries described in this Master Deed, including Exhibit III, as amended from time to time in accordance with the provisions of this Master Deed, and constitutes an "apartment" as defined in the Act. Each Unit will be identified in the floor plans incorporated in and made a part of Exhibit V attached hereto, by a specific letter, number or combination thereof, which identification will be sufficient to identify the Unit for all purposes. "Unit" will also mean all the components of ownership held by an Owner, including not only the rights and interests of the Owner in and to the Unit, but also the rights of use of the undivided interest in the Common Area.

2. Administration

2.1 The Association. The administration of the Regime will be the responsibility of the Association, which will be made up of all the Owners of Units in the Regime. The Regime Documents, as the same may be amended from time to time, will govern the Association and the Owners.

2.2 Membership. Each Owner of a Unit, including the Developer, will be a Member of the Association. Membership will be appurtenant to and may not be separated from ownership of a Unit and ownership of a Unit will be the sole qualification for such membership. In the event that fee title to a Unit is transferred or otherwise conveyed, the membership in the Association that is appurtenant thereto will automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidence of such membership. The foregoing is not intended to include any Mortgagee or any other person who holds an interest merely as security for the performance of an obligation, and the giving of a security interest will not terminate or otherwise affect an Owner's membership in the Association.

2.3 Agreements. The Association will be and hereby is authorized to enter into such contractual arrangements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the Regime; provided, however, that after the Transition Period, the Association will not enter into any contractual arrangement with a term of longer than two (2) years without Member approval therefor by a majority of the votes cast by written ballot, or in person or by proxy at a meeting at which a quorum is present. Anything contained herein to the contrary notwithstanding, the following contracts will be exceptions to this provision:

(i) Any contract with a utility company if the rates charged for the materials or services are subject to regulation by the South Carolina Public Service Commission; provided, however, that the term of the contract will not exceed the shortest term for which the utility will contract at the regulated rate in effect at the contract date;

(ii) Any prepaid casualty or liability insurance policy with a term not to exceed three (3) years, provided that the policy permits short rate cancellation by the insured;

(iii) Any contract for cable television services or equipment, Internet service or equipment, or satellite dish television or telecommunications services or equipment; and

(iv) Any contract for the purchase or lease of burglar or fire alarm equipment, installation or services.

(v) Any contract for waste collection or disposal services.

Each Owner by acquiring or holding an interest in a Unit hereby ratifies and agrees to be bound by the terms and conditions of all such contractual arrangements entered into by the Board of Directors on behalf of the Association prior to the conveyance of the Unit to the Owner.

2.4 Books and Records. The Association will keep full and accurate books of account and financial records showing all receipts and disbursements. In particular, the books will be maintained with a detailed account, in chronological order, of the receipts and expenditures affecting the Regime and its administration, and specifying the maintenance and repair expenses of the Common Area as well as other expenditures incurred. Vouchers accrediting the entries made thereupon will also be maintained in chronological order.

2.5 Financial Statements. No later than 120 days after the close of each fiscal year of the Association, the Association will cause financial statements for such fiscal year to be prepared (but not necessarily certified) by a certified public accountant licensed in the State of South Carolina. Copies of the financial statements will be available to any Owner or Mortgagee upon written request to the Association. The Association may charge a reasonable fee for copying the statements.

2.6 Access to Information. The Association will make available to Owners and Mortgagees current copies of the Regime Documents and the books, records, vouchers, contractual arrangements and financial statements of the Association. "Available" means available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association may charge reasonable copying costs for any requested copies or extracts. Any party entitled to the benefits of this Section 2.6 is permitted to designate one or more agents to represent said party in connection with any and all reviews of the Regime Documents and books, records, contractual arrangements and financial statements of the Association.

2.7 Rules and Regulations. The Board of Directors is entitled to promulgate reasonable Rules and Regulations from time to time regarding the use and enjoyment of Units and Common Areas, which will be binding on the Association and all Owners and lessees of Owners, their families, invitees and guests. Any fine which may be imposed against the Association by any governmental

agency for any violation of law or as a result of damage to any property of the Regime by an Owner or by the Owner's tenants, licensees or invitees shall be added to such Owner's Assessments and shall become a lien upon the Owner's Unit. Copies of the current Rules and Regulations will be furnished to Owners and lessees of Owners upon request, at the expense of the requesting party.

2.8 Collections and Remission of Optional Cable Television, Telephone and Other Charges; Master Utility Charges. In the event the Association at any time secures any cable, telephone or other service, including broadband communications access, the Association will be entitled to collect fees charged to those Unit Owners who elect to receive such service made available to the Unit Owners through the Regime and remit the same to the provider thereof on behalf of such Unit Owners. Such elective costs and expenses will not be deemed a Common Expense hereunder, but will be charged to the Units Owners separately from their Assessment. Furthermore, the Board of Directors will pay any master utility meter charge or other blanket utility fee for services to all Units not otherwise separately metered or charged to individual Units. Such master cost and expense will be a Common Expense hereunder; provided, however, in the event actual costs exceed the budgeted costs therefor, such unbudgeted excess may be prorated and charged to the Units' Owners separately from their Assessment, and will not require payment thereof from any other budget line item surplus or a Special Assessment or other extraordinary measure of collection.

3. Property Rights

3.1 Units. Each Unit will for all purposes constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Act and this Master Deed, will be entitled to the exclusive ownership, use and possession of his Unit.

3.2 Description of Units. The dimensions, areas, locations and descriptions of the Units are as set forth on Exhibit V and are generally intended to include the following:

(a) Horizontal (Upper and Lower).

(i) The upper horizontal boundary of each Unit is the plane formed by the uppermost, exposed surface of the wallboard or other material comprising a part of the ceiling in the uppermost story of the Unit.

(ii) The lower horizontal boundary of each Unit is the plane formed by the finished surface of the concrete slab or uppermost surface of the sub-flooring on which the lowermost story of the Unit is constructed.

(b) Vertical (Perimetric or Lateral). The vertical boundaries of each Unit are the planes formed by the outermost, exposed surface of the wallboard or other surface comprising the perimeter walls enclosing the Unit.

(c) Units Deemed to Include. Notwithstanding the description of the boundaries set forth above, a Unit shall be deemed to include the following: all portions of the heating, electrical, and air conditioning systems (including furnaces, compressors, air handlers, components, pipes, wires, conduits, ducts, and the like) serving only that Unit even if located wholly or partially outside of the

boundaries of the Unit; all plumbing and associated installations serving only one Unit and located entirely within that Unit; all windows, glass surfaces, and doors (including window and door frames and the hardware thereof) serving the Unit; the parking surface located directly under a Unit; all window screens and screens on any porch or balcony; and any fireplace or stove heater, facing brick, tile or firebox; provided, however, that a Unit shall not include any of the structural components of the Building or utility or service lines or installations within the Unit but serving more than one Unit. In interpreting deeds and plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or plan, regardless of settling or lateral movement of the Buildings and regardless of minor variances between the boundaries shown on the plans or in a deed and those of the Unit. Also, the ownership of each Unit shall include, and there shall pass with the title to each Unit as an appurtenance thereto whether or not separately described in the conveyance thereof, that percentage of the right, title and interest in the Common Areas attributable to such Unit, together with membership in the Association and an undivided interest in the funds and assets held by the Association. Every portion of a Unit and all Limited Common Areas contributing to the support of an abutting Unit or Common Area shall be burdened with an easement of support for the benefit of such abutting Unit or Common Area.

3.3 Modification of Units. The Developer, on behalf of itself and its successors and assigns, hereby reserves the right to modify or reconstitute, at any time and from time to time, one or more Units owned by Developer or its affiliates without the consent of the Association or any Owner other than those who may be directly affected; provided, however, that the aggregate Percentage Interest assigned to the Units so affected will not change even though the same may be reallocated among such changed Units. If Developer makes any changes in Units pursuant to this Section 3.3, such changes will be reflected by an amendment to this Master Deed, signed by the Developer, which will be duly recorded at the R.M.C. Such amendment will not require the consent of Owners other than the Developer.

3.4 Common Area and Limited Common Area.

(a) Percentage Interest. The Owners will own the Common Area as tenants-in-common, with each Unit having, appurtenant thereto, the Percentage Interest in the Common Area set forth in Exhibit II attached hereto; provided, however, that the use of the Limited Common Area will be restricted as set forth in Section 3.4(e). The Percentage Interest appurtenant to each Unit has been determined by dividing the Assigned Value of the respective Unit as shown on Exhibit II by the aggregate Assigned Value of all Units as shown on Exhibit II. The value assigned to any Unit in Exhibit II does not represent the sales price or market value of the Unit and will only be utilized for purposes of computing the Percentage Interest appurtenant to the respective Unit.

(b) Inseparability of Percentage Interests. The Percentage Interest in the Common Area cannot be separated from the Unit to which it appertains and will automatically be conveyed or encumbered with the Unit even though such Percentage Interest is not expressly mentioned or described in a deed or other instruments relating to the Unit.

(c) No Partition. The Common Area will remain undivided and no right to partition the same or any part thereof will exist except as provided in the Act, the Bylaws or this Master Deed.

(d) Use of Common Area. The Common Area will be used in accordance with the intended purposes without hindering the exercise of or encroaching upon the rights of other Owners. If any use issue arises, the Board of Directors will determine the purpose for which a part of the Common Area is intended to be used. By accepting title or possession to a Unit, each Owner and lessee of an Owner, their families, invitees and guests agree to abide by all Rules and Regulations promulgated by the Board from time to time governing the use of the Common Area.

(e) Use of Limited Common Area. Notwithstanding any other provision contained in this Master Deed to the contrary, the use of Limited Common Areas is limited to the Owner or Owners of Units assigned the use thereof by this Master Deed, but which use may be delegated by such Owner or Owners to persons who reside in such Owners' Units. All Owners and lessees of Owners, their families, invitees and guests agree to abide by all Rules and Regulations promulgated by the Board from time to time governing the use of the Limited Common Areas. Responsibility for maintenance, repairs and replacements of all Limited Common Areas shall be as set forth in Section 8 below.

(f) Reservation of Easements and Other Rights by Developer. The Common Area will be subject to all easements and other rights reserved by the Developer hereunder.

3.5 Status of Title of Property. The Developer represents to the Association and all the Owners that as of the effective date hereof, the Developer has title insurable, fee simple title to all highland comprising any portion of the Property unless otherwise stated in this Master Deed. The rights and interests of all Owners in and to the Regime will be subject only to (a) liens for real estate taxes for the current year and subsequent years; (b) existing or recorded easements, conditions, covenants, declarations, reservations and restrictions including, without limitation, those set forth in this Master Deed; (c) easements and use rights reserved by the Developer hereunder; and (d) applicable government regulations, including zoning laws, which may be imposed upon the Regime from time to time.

3.6 Docks and Boat Lifts.

3.6.1 The Developer has constructed two docks which contain four boat lifts each. The Developer hereby assigns each boat lift to the following Units as a Limited Common Area reserved to such Unit:

| <u>Unit Number</u> | <u>Boat Lift Number</u> |
|--------------------|-------------------------|
| C-5 | 2-D |
| D-1 | 2-A |
| D-2 | 2-B |
| D-4 | 2-C |
| E-5 | 1-A |
| E-7 | 1-B |
| E-10 | 1-C |
| E-11 | 1-D |

Subject to the limitations contained in the applicable OCRM Permit number, the two docks which contain the boat lifts are General Common Areas. All costs of maintenance, repair, replacement and liability coverage regarding the boat lifts and their mechanical, structural and electrical components, excluding wood, will be paid equally by the Units to which they are assigned, through annual and special assessments made by the Association, which may include assessments for reserves. These assessments shall be in addition to the regular and special assessments applicable to all Units in the Regime. Any hazard or flood insurance coverage on the boat lifts shall be obtained by the Unit Owners who are assigned the boat lifts, at their expense. An Owner may assign his Unit's rights to a boat lift to another Owner; provided, however, that: (i) such rights may only be assigned to a single Unit; and (ii) no assignment shall be valid unless all annual and special assessments assessed against the assigning Owner are current. Upon receipt of a certified copy of an executed assignment of such rights made in compliance with this Section, the Board shall record an amendment to this Master Deed evidencing the assignment. The assignee of such rights shall reimburse the Board for its legal fees and costs incurred in effecting the amendment to the Master Deed. Any such assignee shall be liable for the payment of all annual and special assessments made against the boat lift and dock in the same manner and to the same extent as was the original holder of such rights.

3.6.2 Subject to the limitations set forth in the applicable OCRM Permit Number, the four docks labeled on the Site Plan as "Dock" are General Common Areas for the use and enjoyment of all Unit Owners, their guests and tenants. These docks are also subject to such rules and regulations as the Board may adopt. However, in no event shall boats or other water vessels be allowed to dock or otherwise moor at these docks at any time.

3.7. Limited Warranty From Developer. FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF COMPLETION OF CONSTRUCTION (BEING THE LATER OF SUBSTANTIAL COMPLETION UNDER THE CONSTRUCTION CONTRACT, OR THE DATE A CERTIFICATE OF OCCUPANCY IS ISSUED THERE FOR), THE DEVELOPER SHALL AT NO COST TO THE ASSOCIATION REPAIR OR REPLACE (IN THE DEVELOPER'S DISCRETION) ANY PORTIONS OF THE COMMON AREA (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP. THIS LIMITED WARRANTY IS IN LIEU OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DEVELOPER DISCLAIMS ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE FULLEST EXTENT PERMITTED BY LAW, THE LIABILITY OF THE DEVELOPER SHALL BE LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DEVELOPER SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR OTHERWISE, PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION. Each Owner, in accepting a deed from the Developer or any other party to a Unit, expressly acknowledges and agrees that this Section 3.6 establishes the sole liability of the Developer to the Association and the Owners related to defects in the Common Area and the

remedies available with regard thereto. At the end of the one (1) year warranty period referred to hereinabove in this Section 3.6, the Developer will assign to the Association in writing all of its rights, claims, causes of action and demands which it has or which may thereafter accrue against all other people who may be responsible for the design or construction of the Common Area.

4. Assessments

4.1 Creation of Lien and Personal Obligation for Assessments. Each Unit is and will be subject to a lien and permanent charge in favor of the Association for the Assessments set forth in this Master Deed. Each Assessment, together with interest thereon and cost of collection thereof as hereinafter provided, will be a permanent charge and continuing lien upon the Unit against which it relates, and will also be the joint and several personal obligation of each Owner of such Unit at the time the Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such Unit, and each and every Owner by acquiring or holding an interest in any Unit thereby covenants to pay such amounts to the Association when the same will become due; provided, however, that no Owner acquiring title to any Unit at a foreclosure sale of any Institutional Mortgage, his successors and assigns, will have any personal obligation with respect to the portion of any Assessments (together with late charges, interest, fees and costs of collection) related to such Unit, the lien for which is subordinate to the lien of the Institutional Mortgage being foreclosed as provided in Section 4.8.

4.2 Annual Assessments. At least thirty (30) days prior to the Association's next succeeding Annual Assessment Period the Board will adopt a budget for such Period by estimating the Common Expenses to be incurred during such Period, including a reasonable allowance for contingencies and operating and replacement reserves, such budget to take into account the projected anticipated income which is to be applied in reduction of the amount to be collected as an assessment. Upon adoption of the budget, a copy thereof will be delivered to each Owner. Subject to the provisions of Section 3.6, the annual Assessment fixed against each Unit will be based upon the budget and in proportion to the respective Percentage Interests of each Unit subject to assessments, and the Board will give written notice to each Owner of the Annual Assessment fixed against his Unit for such next succeeding Annual Assessment Period; provided, however, the delivery of a copy of said budget will not be a condition precedent to an Owner's liability for payment of such Annual Assessment.

The annual Assessment will not be used to pay for the following:

(a) Casualty insurance of individual Owners on their possessions and improvements made by Owners within the Units, and liability insurance of such Owners insuring themselves and their families individually, which will be the sole responsibility of such Owners;

(b) Ad valorem taxes assessed against Units;

(c) Other charges or expenses related solely to a Unit which are not related to Limited Common Areas; or

(d) Amounts charged directly to Owners pursuant to any amendment to this Master Deed providing for the collection of assessments.

(e) Builder's risk insurance coverage on any Building to be construed pursuant to this Master Deed.

It is anticipated that ad valorem taxes and other governmental assessments, if any, upon the Property will be assessed by the taxing authority upon the Unit, and that each assessment will include the assessed value of the Unit and of the undivided interest of the Owner in the Common Area. When current ad valorem taxes are due and payable, the remainder of the ad valorem taxes for the current calendar year will be prorated between the Developer and each Owner based upon the Owner's Percentage Interest and based upon the number of days each owned the Unit as evidenced by the date of the Unit Deed. Any such taxes and governmental assessments upon the Property, which are not so assessed, will be included in the Association's budget as a recurring expense and will be paid by the Association as a Common Expense. Except as otherwise provided herein, each Owner is responsible for making his own return of taxes and such return will include such Owner's undivided interest in the Common Area as such undivided interest is determined by law for purposes of returning taxes.

4.3 Rounding. Annual Assessments charged by the Association will be rounded up to the nearest dollar.

4.4 Special Assessments. In addition to the annual Assessments, the Board of Directors may levy against the Units, in any calendar year, special Assessments for the purpose (i) of supplementing the annual Assessments if the same are inadequate to pay the Common Expenses and (ii) of defraying, in whole or in part, the cost of any reconstruction, repair, or replacement of the Common Area; provided, however, that any such special Assessment which in the aggregate exceeds twenty-five percent (25%) of the total annual Assessments for such year must have the approval of Members therefor by a majority of the votes cast by written ballot or in person or by proxy at a meeting at which a quorum is present, duly called for the express purpose of approving such special Assessment, or in the case of the Limited Common Area boat lifts, by a majority vote of the Owners of the boat lifts against which the special assessment is proposed.

4.5 Date of Commencement of Annual Assessments; Due Dates. Although the annual Assessment is calculated on a yearly basis for the Annual Assessment Period, each Owner of a Unit will be obligated to pay to the Association or its designated agent such Assessment in advance in monthly, quarterly, semi-annual or annual installments as established by the Board. An installment shall be due and payable on the due date established by the Board, but in the absence of any such specific due date, the installment shall be due and payable in full on or before the last day of the month in which the Assessment is billed.

The obligations of Owners regarding the payment of monthly portions of the Annual Assessment provided for in this Section 4.5 will, as to each Unit, commence upon the recording of this Master Deed. The first monthly payment of the Annual Assessment for each such Unit will be an amount equal to the monthly payment for the Annual Assessment Period in progress on such commencement date, divided by the number of days in the month of conveyance, and multiplied by the number of days then remaining in such month.

The Association will, upon demand at any time, furnish any Owner liable for any such Assessment a certificate in writing signed by an Officer of the Association or the property manager of the Association, setting forth whether the same has been paid. A reasonable charge to the Owner, as determined by the Board, may be made for the issuance of the certificate. Such

certificate will be conclusive evidence of payment of any Assessment stated to have been paid as to any person who has relied on the certificate to his detriment.

4.6 Effect of Non-Payment of Assessment; the Personal Obligation of the Owner for the Lien; Remedies of Association.

(a) If an Assessment is not paid on the date when due, as hereinabove provided in Section 4.5, then such Assessment together with such late charges and interest thereon and any costs of collection thereof as hereafter provided, will be a charge and continuing lien on the Unit to which it relates, and will bind such property in the hands of the Owner, his heirs, legal representatives, successors, and assigns. For purposes of this Section 4, any other charges due from an Owner to the Association hereunder shall be deemed to be an Assessment for purposes of collection of all such charges. The personal obligation of the then Owner to pay such Assessment, however, will remain his personal obligation, and if his successors in title assume his personal obligation, such prior Owner will nevertheless remain fully obligated to pay to the Association any and all amounts which he was obligated to pay immediately preceding the transfer. Furthermore, such prior Owner and his successor in title who assumes such liabilities will be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Owner and his successor in title creating the relationship of principal and surety as between themselves, other than one by virtue of which such prior Owner and his successor in title would be jointly and severally liable to pay such amounts.

(b) Any Assessment shall be due in full not later than the date hereinabove provided in Section 4.5, and any Assessment or portion thereof which is not paid when so due will be delinquent. Any delinquent Assessment will incur a late charge in an amount as may be determined by the Board from time to time and, upon adoption of a policy therefor by the Board of Directors, will also commence to accrue simple interest at the rate set by the Board of Directors from time to time. A lien and equitable charge as herein provided for each Assessment installment shall attach simultaneously as the same becomes due and payable, and if an Assessment installment has not been paid as aforesaid, the entire unpaid balance of the Assessment installments for the Annual Assessment Period then in effect remaining to be paid during the fiscal year may be accelerated at the option of the Board and be declared due and payable in full.

(c) The Association may bring a legal action against the Owner personally obligated to pay the same or foreclose its lien against the Unit to which it relates or pursue both such courses at the same time or successively. In any event, the Association will be entitled also to recover reasonable attorney's fees incurred and all other costs of collection. Each Owner, by his acceptance of a deed or other transfer of a Unit, vests in the Association or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity. All Owners, to the fullest extent permitted by law, waive the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained by the Association against any Owner in the event of such foreclosure and further, waive all benefits that might accrue to any Owner by virtue of any present or future homestead exemption or law exempting any Unit or portion thereof from sale. If the Association commences to foreclose its lien, the Owner may be required to pay a reasonable rental

for the Unit after the commencement of the action and at its option the Association will be entitled to the appointment of a receiver to collect such rents. The Association will have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may be relieved from liability from the Assessment provided for herein by abandonment of his Unit or otherwise.

(d) During any period in which an Owner is in default in the payment of any Annual or Special Assessment levied by the Association, the voting rights of the Owner and the rights of the Owner and lessees of the Owner, their families, invitees and guests, to use the recreational areas of the Common Area may be suspended by the Board of Directors until such time as the Assessment has been paid.

4.7 Developer's Unsold Units. Notwithstanding any other provision contained in this Master Deed to the contrary, so long as the Developer owns any Unit for sale, the Developer, on an annual basis, may elect either to pay the regular Assessment of each such Unit or to pay the difference between the amount of Assessments collected on all Units not owned by Developer and the amount of actual expenditures by the Association during the fiscal year, but not in a sum greater than its regular Assessment. Unless the Developer otherwise notifies the Board in writing a least sixty (60) days prior to the beginning of each fiscal year, the Developer will be deemed to have elected to continue paying on the same basis as during the preceding year.

4.8 Subordination of the Charges and Liens to Institutional Mortgages.

(a) The lien and permanent charge for the Assessments (together with late charges, interest, fees and cost of collection) authorized herein with respect to any Apartment is hereby made subordinate to the lien of any holder of Mortgage placed on such Apartment, excluding all Assessments with respect to such Apartment having a due date on or prior to the date such Mortgage is filed for record. The lien and permanent charge hereby subordinated is only such lien and charge as relates to Assessments authorized hereunder having a due date subsequent to the date such Mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such Mortgage.

(b) Such subordination is merely a subordination and will not relieve the Owner of the mortgaged Unit of his personal obligation to pay all Assessments coming due at a time when he is the Owner; will not relieve such Unit from the lien and permanent charge provided for herein (except as to the extent the subordinated lien and permanent charge is extinguished against a Mortgagee or such Mortgagee's assignee or transferee by foreclosure); and no sale or transfer of such Unit to the Mortgagee or to any other person pursuant to a foreclosure sale will relieve any previous Owner from liability for any Assessment coming due before such sale or transfer.

(c) to the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Institutional Mortgage, then the amount or amounts otherwise secured thereby which cannot otherwise be collected will be deemed a Common Expense collectible as a special Assessment from the Owners of all Units subject to annual or special Assessments, including the person who acquires title through the foreclosure sale.

4.9 Reserves. The Board of Directors may establish and maintain an adequate reserve fund

for the periodic repair and replacement of the Common Area. The Board of Directors may include amounts needed to maintain an adequate reserve fund in its estimation of the Common Expenses for each fiscal year and will cause deposits to the reserve fund to be made in connection with the collection of the Annual Assessment.

4.10 Working Capital and Insurance Reimbursement Collected at Initial Closing.

Notwithstanding any other provision contained in this Master Deed to the contrary, a working capital fund will be established for the Association by collecting from each Owner who acquires title to his Unit from the Developer a working capital amount equal to 2/12ths of the Annual Assessment then in effect, which Assessment will be due and payable at the time of transfer of each Unit by the Developer to any other Owner. Each such Owner's share of working capital, as aforesaid, will be transferred to the Association at the time of closing the conveyance from the Developer to the Owner. Such sum is and will remain separate and distinct from the Annual Assessment and will not be considered advance payment of the Annual Assessment. The working capital receipts may be used by the Association in covering operating expenses as well as any other expense incurred by the Association pursuant to this Master Deed and the Bylaws. At the time of transfer, each such purchaser also shall reimburse the Developer for his Unit's prorata share of all pre-paid insurance on the Property paid by Developer.

5. Insurance and Casualty Losses

5.1 Hazard and Flood Insurance.

(a) The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a "master" or "blanket" type policy or policies of property insurance covering the entire Property, except (i) land, foundation, excavation, or other items normally excluded from coverage; (ii) docks, boat lifts and piers, (iii) all improvements and betterments made to Units by Owners at their expense; (iv) Limited Common Areas whose maintenance, repair and replacement obligations are assigned to less than all of the Units, and (iv) personal property of Owners and lessees of Owners, their families, invitees and guests. Such coverage will also insure supplies, equipment and other personal property of the Association. All policies of property insurance will be single entity condominium insurance coverage. The master insurance policies will afford, at a minimum, protection against loss or damage by fire, flood and other perils normally covered by flood and standard extended coverage endorsements, excluding earthquake coverage; and all other perils which are customarily covered with respect to condominium projects similar in construction, location and use, including all perils normally covered by a standard "special coverage" endorsement, where such is available. The policies will be in an amount equal to one hundred (100%) percent of the current replacement cost of the insured portion of the Property, exclusive of land, foundations, excavation, and other items normally excluded from coverage. Policies shall be subject to such deductible amounts as the Board of Directors shall determine to be reasonable in the exercise of its business judgment, any such deductible amount will be considered a Common Expense and borne by the Association regardless of the number of Owners directly affected by the loss, and reserves may be established therefor.

(b) The name of the insured under the master policies will be substantially as follows: "Palmetto Pointe at Peas Island Condominium Property Owners Association for the use

and benefit of the Individual Owners of Units in Palmetto Pointe at Peas Island Horizontal Property Regime." Loss payable provisions will be in favor of the Association and the Trustee, as trustee for each Owner and each such Owner's Mortgagee as the interests of such parties may appear. Each Owner and his respective Mortgagee, if any, will be beneficiaries of the policy in a percentage equal to the Percentage Interest attributable to the Unit owned by such Owner. All policies will contain a standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by Institutional Mortgage investors in the area in which the Property is located, and which appropriately names all Mortgagees or their servicers in such form as requested by such Mortgagees or their servicers.

(c) All policies will be written with a company holding a general policyholder rating of "A" or better by Best's Insurance Reports and in a financial category of Class VI or better in Best's Key Rating Guide. Policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, Owners, Mortgagees or the designees of Mortgagees; (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members; or (iii) the policy includes any limiting clause (other than insurance provisions) which could prevent Mortgagees or Owners from collecting insurance proceeds. Policies may not be cancelable or substantially modified by any party without at least ten (10) days prior written notice to the Association and each Mortgagee, which is listed as a scheduled holder of a first Mortgage in the insurance policy. Policies should also contain a "special condominium endorsement" or its equivalent which provides for the following: recognition of any insurance trust agreement; a waiver of the rights of subrogation against Owners individually; the insurance is not prejudiced by any act or negligence of individual Owners which is not under the control of the Association or such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(d) The Association will provide to Owners or Mortgagees requesting the same in writing a certificate of insurance, or a copy of the certificate of insurance, for the Regime, for which the Association may charge reasonable copying costs.

(e) Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner will be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all of the Owners and their Mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any particular time. Any diminution in insurance proceeds otherwise payable under the Association's policies that results from the existence of any Owner's policy will be chargeable to the Owner who acquired such other insurance. Any Owner who obtains an individual insurance policy covering any portion of the Property, other than the personal property belonging to such Owner, will file a copy of such policy with the Association within thirty (30) days after purchasing such insurance. Each Owner, at his own expense, may obtain on his Unit or the contents thereof, title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterment and personal property damaged and lost. In addition, risk of loss with respect to any improvements made by an Owner within his Unit shall be that of the Owner. Betterments coverage or "improvements insurance" shall be secured solely by an Owner wishing such coverage of his risk of loss, and the Association shall have no liability therefor.

5.2 Liability Insurance. The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a policy of comprehensive general liability insurance coverage covering at a minimum all of the Common Area. Coverage limits will be in amounts generally required by private Institutional Mortgage holders for projects similar in construction, location and use to the Property; provided, however, that such coverage will be for at least \$2,000,000 combined single limits for bodily injury, including death of persons, and property damage arising out of a single occurrence. Coverage under this policy will include, without limitation, legal liability to the insured for properly damage, bodily injury and death of persons in connection with the operation, maintenance and use of the Common Area and legal liability arising out of law suits related to employment contracts in which the Association is a party. If the policy does not include "severability of interest" in its terms, an endorsement will be included which precludes the insurer's denial of the claims of an Owner because of the negligent acts of the Association or another Owner. Such policy must provide that it cannot be canceled or substantially modified, by any party, without at least thirty (30) days prior written notice to the Association and each Mortgagee listed as a scheduled holder of a first Mortgage in the insurance policy.

5.3 Fidelity Bonds and Other Insurance. The Association may obtain, maintain and pay the premiums, as a Common Expense, a blanket fidelity bond for all officers, directors, managers, trustees, or employees of the Association and all other persons handling or responsible for funds belonging to or administered by the Association, including any professional management company assisting with the administration of the Regime. The total amount of the fidelity bond coverage required will be based upon the best business judgment of the Board of Directors and will not be less than the estimated maximum funds, including reserve funds, in the custody of the Association or a professional management company, as the case may be, at any given time during the term of each bond; provided, however, that in no event will the aggregate amount of such bonds be less than a sum equal to 2/12ths of the total Annual Assessments plus reserve funds. Fidelity bonds will meet the following requirements: the Association will be named as an obligee; the bonds will contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and the bond will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of a premium) without at least ten (10) days prior written notice to the Association and each Mortgagee listed as a scheduled holder of a first Mortgage in the fidelity bond.

The Association will obtain, maintain and pay the premiums, as a Common Expense, on a policy of directors and officers liability insurance in such amounts as determined by the Board of Directors.

The Board of Directors is authorized on behalf of the Association to obtain and maintain such other and further insurance as the Board of Directors may determine from time to time.

5.4 Authority to Adjust Loss. The exclusive authority to negotiate, settle and otherwise deal in all respects with insurers and adjust all losses under policies provided for herein will be vested in the Board of Directors or its duly authorized agent for the benefit of all Owners and Mortgagees; provided, however, that all Owners and Mortgagees having an interest in such loss will be advised in advance of all actions anticipated to be taken of a material nature related to the adjustment of the loss. Each Owner, in accepting a deed to a Unit, expressly appoints the

directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person on all matters related to the authority granted in this Section 5.4, including executing all documents required in connection therewith on behalf of the Owner.

5.5 Trustee.

(a) The Board of Directors may, from time to time, designate itself or a third party as Trustee hereunder. The Trustee, whether the Board of Directors acting in said capacity, or a third-party designated by the Board, will serve the Association and the Owners and their Mortgagee (as their interests may appear) as provided herein. Any third-party Trustee, but not the Board of Directors acting in such capacity, will be entitled to receive reasonable compensation for services rendered which will be a Common Expense of the Association.

(b) All insurance policies obtained by the Association will name the Association and the Trustee as loss payees. Immediately upon the receipt by the Association of any insurance proceeds, the Association will endorse the instrument by means of which such proceeds are paid and deliver the instrument to the Trustee. The Trustee will not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor will the Trustee have any obligation to inspect the Property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(c) Among other things, the duties of the Trustee will be to receive proceeds delivered to it, hold such proceeds in trust for the benefit of the Owners and their Mortgagees, and disburse the proceeds as hereinafter provided.

(d) Proceeds of insurance policies received by the Trustee will be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purposes, will be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs will be paid to the Association for the benefit of all Owners and their Mortgagees, if any;

(ii) If it is determined, as provided in Section 5.6, that the damage or destruction for which the proceeds are paid will not be repaired or reconstructed, such proceeds will be disbursed to such persons as therein provided;

(iii) Any and all disbursements of funds by the Trustee for any purpose whatsoever will be made pursuant to and in accordance with a certificate of the Association signed by the President and attested by the Secretary directing the Trustee to make the disbursements;

(iv) If the damage or destruction is to the Common Area and is to be repaired or reconstructed, two days prior written notice of each disbursement will be given to the

Mortgagee known by the Trustee from the records of the Association to have the largest interest in or lien upon such Common Area; and if the damage or destruction is to one or more Units and is to be repaired or reconstructed, said notice will also be given to the Mortgagee or Mortgagees known to the Trustee from the records of the Association to have an interest in or lien upon such Unit or Units.

(e) The Trustee will not incur liability to any Owner, Mortgagee or other person for any disbursements made by it in good faith pursuant to and in accordance with the foregoing requirements.

5.6 Damage and Destruction.

(a) Immediately after all or any part of the Property covered by insurance is damaged or destroyed by fire or other casualty, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 5.6 (a), means repairing or restoring the damaged property to substantially the same conditions in which it existed prior to the fire or other casualty, with each Unit and the Common Area having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to the Property will be repaired; provided, however, that any such damage which requires the reconstruction of two-thirds or more of the Property will not be undertaken unless sixty-seven (67%) percent of the Members agree, voting in person or by proxy at a meeting at which a quorum is present, duly called, in whole or in part, for the purpose of disapproving such repair or reconstruction. If the Property is not reconstructed, all insurance proceeds will be delivered in accordance with the provisions of Section 5.6 (c) below. Except as otherwise provided, any such damage or destruction which renders any Unit untenable or uninhabitable, or any such damage or destruction to the Common Area, will be repaired and reconstructed as promptly as practicable. No Mortgagee will have any right to restrict the use of insurance proceeds otherwise available for repair, reconstruction or rebuilding.

(c) In the event that it is determined by the Association in the manner prescribed above that the damage or destruction will not be repaired, reconstructed or rebuilt, then and in that event:

(i) The Property will be owned by the Owners as tenants-in-common;

(ii) The undivided interest in the Property of each Owner will be a percentage equal to the Percentage Interest appurtenant to the Unit theretofore owned by the Owner;

(iii) All liens affecting any of the Units will be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owners of the respective Units;

(iv) The Property will be subject to an action for partition at the instance of any Owner, in which event the net proceeds of the sale will be deposited with the Trustee;

(v) The Association will proceed to satisfy all of its liabilities and convert all of its assets to cash, which will be deposited with the Trustee;

(vi) The proceeds from the sale of the Property, the liquidation of the assets of the Association and the insurance proceeds related to the damage or destruction to the Property will be considered one fund which, after paying the reasonable expenses of the Trustee, will be distributed to all the Owners and their respective Mortgagees as their interests may appear in percentages equal to the Percentage Interests of said Owners. Distributions to such Owners and their Mortgagees will be made pursuant to certificates provided for in Section 5.5.

5.7 Insufficient Proceeds to Repair.

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, or if no insurance proceeds exist with respect to such damage or destruction, the Board of Directors will levy a special Assessment against the Owners of damaged or affected Units in sufficient amounts to provide funds to pay costs in excess of insurance proceeds for repair or reconstruction. Additional Assessments may be made at any time during or following the completion of any repair or reconstruction. That portion of such Assessments levied against each Owner will be equal to that percentage computed by dividing the Percentage Interest appurtenant to such Owner's Unit by the aggregate Percentage Interests appurtenant to all Units damaged or affected.

(b) Any and all sums paid to the Association under and by virtue of those Assessments provided for in subsection (a) of this Section 5.7 will be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee will be disbursed as provided in Section 5.5.

6. Condemnation

6.1 General. Whenever all or any part of the Property will be taken by any authority having the power of condemnation or eminent domain, each Owner will be entitled to notice thereof; provided, however, that the exclusive right to negotiate, settle and otherwise deal in all respects with the condemning authority as to the taking of the Common Area will be vested in the Board of Directors or its duly authorized agent on behalf of the Association. Each Owner, in accepting a deed to a Unit, expressly appoints the directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person in all matters related to the authority granted in this Section 6.1, including executing all documents required in connection therewith on behalf of the Owner. The award made for such taking will be payable to the Trustee. Unless otherwise required by law at the time of such taking, any award made therefor will be disbursed by the Trustee, as hereinafter provided in this Section 6.

6.2 Non-Essential Areas. If the taking does not include any portion of any Unit or any portion of the Common Area essential to the continued occupancy of any Unit, then the Board of Directors will be permitted to replace any nonessential improvements to the extent deemed appropriate and the Trustee will disburse the proceeds of such awards in the same manner as

hereinabove provided for and in connection with the repair, reconstruction or rebuilding of improvements after damage or destruction, with all excess proceeds to be distributed to the Association.

6.3 Essential Areas. If the taking includes any portion of a Unit or the Common Area essential to the use of any Unit, then the award will be disbursed, and all related matters, including, without limitation, alteration of the Percentage Interests appurtenant to each Unit, will be handled, by (a) the Developer during the Transition Period, and (b) thereafter, the Board of Directors, in a just and equitable manner to all Owners; provided, however, that all action of the Board of Directors will be pursuant to and in accordance with a plan approved by Members representing at least sixty-seven (67%) percent of the total votes of the Association voting in person or by proxy, at a meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving such in a duly recorded amendment to this Master Deed. In the event that such an amendment will not be recorded within ninety (90) days after the taking, then such taking will be deemed to be and will be treated as damage or destruction which will not be repaired or reconstructed as provided for in Section 5.6, whereupon the Regime will be terminated in the manner therein prescribed.

7. Architectural Control

7.1 Approval Required for Unit Changes and Viewable Interior Features.

To preserve the original architectural appearance of the Property, the structural integrity thereof and the Unit designs, including architectural and engineering aspects therein, no construction, reconstruction or Unit modification of any nature whatsoever, except as specified in the Regime Documents, will be commenced or maintained upon or within the Buildings, including without limitation within a Unit or a Limited Common Area, nor will there be any change, modification or alteration of any nature whatsoever of the design and appearance of any surfaces or facades, nor will any Owner paint any gate, fence or roof, nor will any Owner change the design or color of the exterior lights, nor will any Owner install, erect or attach to any part of the exterior any addition or change until after the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same will have been submitted to and approved in writing by the Board of Directors as to harmony of design, color and location in relation to the surrounding features, and pursuant to original plans and specifications or Design Guidelines adopted therefor. Furthermore, such required approval by the Board of Directors shall extend to any interior features or aesthetic elements that are proposed to be changed. The failure of an Owner to secure the required approval of the Board of Directors as aforesaid, or to take such action, remedial or otherwise, as the Board of Directors shall at any time determine to be required hereunder shall be subject to the authority and enforcement powers of the Board of Directors as set forth Section 17.5 below.

8. Maintenance

8.1 Responsibility of Association.

Except as specifically provided to the contrary in this Master Deed, the Association will maintain the Common Area, including all Limited Common Areas, in good condition in

accordance with proper maintenance procedures applicable thereto and will enforce any warranties with respect to the Common Area. In addition, the Association will repair or replace all parts of the Common Area as necessary. Except as otherwise provided in this Master Deed, the cost of same will be charged to the Owners as a Common Expense.

8.2 Access to Units. The Association has the irrevocable right, to be exercised by the Board of Directors or its agents, which term includes the Association manager, of reasonable access to each Unit from time to time as the Board determines may be necessary for the periodic inspection of Units and the application of termite and other bug control treatment for which the Association may contract, from time to time; to undertake such action as it may determine to prepare and secure the Buildings and the Units in anticipation of severe weather or hurricane, provided the Association shall be under no obligation to an Owner to do so; and for the inspection, maintenance, repair or replacement of any of the Common Area accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to other Units.

8.3 Responsibility of Owners. In the event that the Board of Directors determines that the need for maintenance or repairs by the Association as provided for in this Section 8 is caused through the willful or negligent act of an Owner or the lessee of an Owner, their families, invitees or guests, or their pets, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs will be added to and become a part of the Assessment to which such Owner and his Unit are subject. Each Owner will maintain, repair or replace at his own expense all portions of his Unit, including property described in Section 3.2 © which may become in need thereof, including: the heating and air-conditioning system for such Unit, whether located within or outside of the Unit; all bathroom and kitchen fixtures and appliances; light fixtures; interior non-load-bearing walls; carpeting, drapes, doors, windows, screens window and door hardware; and other items within the Unit. If an Owner does not make any repairs or replacements required to be made by him within thirty (30) days from the date of receipt of written demand from the Association, the same may be repaired or replaced by the Association and the cost thereof will be added to and become a part of the Assessment to which such Owner and his Unit are subject.

9. Access, Ingress and Egress. All Owners, by accepting title to a Unit, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from the Unit and acknowledge and agree that such access, ingress, and egress will be limited to roadways, sidewalks and walkways located within the Property from time to time, provided that pedestrian and vehicular access to and from all such property will be provided at all times. There is reserved unto Developer, the Association, and their respective successors and assigns the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Property, provided that access may be granted to any person who gives reasonable evidence satisfactory to entry guards, if there are any, that entry is with the specific permission of the Owner, or his duly authorized agent. Neither the Developer nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Property in accordance with the foregoing.

NEITHER THE DEVELOPER NOR THE ASSOCIATION SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF ANY GATE OR CONTROLLED

ACCESS TO THE PROPERTY OR SAFETY MEASURES UNDERTAKEN WITH RESPECT THERETO BY EITHER OR BOTH OF THEM AND WHETHER OR NOT SUCH ACTIVITIES OR UNDERTAKINGS ARE REFERRED TO AS "SECURITY" MEASURES, NOR SHALL EITHER OR BOTH BE LIABLE FOR ANY LOSS OR DAMAGE RESULTING FROM ANY FAILURE TO PROVIDE CONTROLLED ACCESS OR SAFETY MEASURES, OR FROM A FAILURE OR INEFFECTIVENESS OF ANY SUCH CONTROLLED ACCESS OR SAFETY MEASURES UNDERTAKEN BY EITHER OR BOTH OF THEM. NO REPRESENTATION, WARRANTY OR COVENANT IS GIVEN TO ANY OWNER OR OCCUPANT BY EITHER OR BOTH OF THE DEVELOPER AND THE ASSOCIATION THAT ANY CONTROLLED ACCESS OR SAFETY MEASURES INSTALLED OR UNDERTAKEN CANNOT BE BYPASSED OR COMPROMISED, OR THAT THEY WOULD, IN FACT, AVERT DAMAGE OR LOSS RESULTING FROM THAT WHICH THEY ARE DESIGNED TO PREVENT, AND EACH OWNER BY ACCEPTANCE OF A DEED TO A UNIT AND EACH OCCUPANT THEREOF SHALL INDEMNIFY AND HOLD THE DEVELOPER AND ASSOCIATION HARMLESS FROM ANY DAMAGE AND COSTS AND EXPENSES, INCLUDING ATTORNEY FEES, INCURRED BY EITHER OR BOTH OF THEM AS A RESULT OF ANY SUCH ASSERTION OR DETERMINATION.

10. Unit Restrictions

10.1 Use of Units. All Units are hereby restricted exclusively for residential use; provided, however, that any Unit may be used as a combined residence and executive or professional office by the Owner or tenant thereof so long as such use does not interfere with the quiet enjoyment of the other Owners or occupants and does not include visitation by customers or clients, or unreasonable levels of mail, shipping, storage or trash requirements. No immoral, improper, offensive or unlawful use will be made of any Unit and no use or condition will be permitted which is a source of unreasonable noise or interference with the peaceful possession and quiet enjoyment of any other portion of the Property or other Owners or lessees of Owners, their families, invitees and guests. All Units will be kept in a clean and sanitary condition and no rubbish, refuse or garbage will be allowed to accumulate. No fire hazard will be allowed to exist and no use or condition will be permitted which will increase any rate of insurance related to the Property. In addition, all Owners and lessees of Owners, their families, invitees and guests will abide by all Rules and Regulations in effect from time to time governing the use of Units.

10.2 Animals and Pets. No animals, livestock or poultry of any kind will be raised, bred or kept on any part of the Property, except that dogs, cats or other normal household pets may be kept by the respective Owners inside their respective Units provided that: (i) the Board of Directors may, in its sole discretion, limit the number of pets and establish by rule that dogs of certain breeds are potential hazards to the Regime and its occupants, such as those known as Pit Bulls, Rotweillers, Dobermans, Chows and German Shepards, and are deemed not to be normal household pets; (ii) the Board of Directors may establish reasonable rules and regulations to insure that all permitted pets are properly licensed and inoculated for rabies and such other disease for which inoculation is customary for that breed of pet; (iii) an Owner provides the Association with proof of and maintains liability insurance coverage for such pet and executes a written indemnification and hold harmless agreement in favor of the Association and the Association's management company, in form and content satisfactory to legal counsel for the Board, prior to bringing the Owner's pet upon the Property; and (iv) permitted pets are not kept, bred or maintained for any commercial purpose and do not create any health hazard or, in the

sole discretion of the Board of Directors, unreasonably disturb the peaceful possession and quiet enjoyment of any other portion of the Property by other Owners and lessees of Owners, their families, invitees and guests. Pets shall be kept on a leash at all times when outside of a Unit, and the Owner shall immediately clean up and properly dispose of his pet's excrement.

10.3 Antennas. No television antenna, radio receiver, or other similar device will be attached to or installed on any portion of the Property by an Owner, except as required by the Telecommunications Act of 1996 and implementing rules therefor issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission; provided, however, that neither the Developer nor the Association, and their successors and assigns, will be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, satellite connections, or other similar systems within the Regime. One satellite dish per Unit may be installed in compliance with rules and regulations promulgated by the Board regarding the location, size and color of the dish.

10.4 Leasing of Units. Subject to the provisions of this Section, any Owner has the right to lease or rent his Unit; provided, however, that all leases and rental contracts will be in writing and will require the lessee to abide by all conditions and restrictions placed on the use and occupancy of the Unit and the Common Area by the Regime Documents. Only long-term rentals are allowed. For purposes of this Section, long-term is defined as 90 days or longer. Short-term vacation rentals are strictly prohibited. The Board of Directors will have the right to approve the form of all such leases and rental contracts at any time if it elects to do so. Occupancy by a tenant or renter under any such approved form of lease or rental contract is subject to continuing approval of the Board thereunder, which may be revoked at any time by the Board for any violation by any such tenant or renter of the Rules and Regulations of the Association.

10.5 Motor Homes, Trailers, Boats, Etc. All vehicles shall be parked in the Units or on Limited Common Areas assigned to the Units for parking. There will be no exterior storage or parking upon any portion of the Property of any mobile homes, trailers (either with or without wheels), motor homes, tractors, trucks (other than pickup trucks), commercial vehicles of any type, campers, motorized campers or trailers, boats or other watercraft, boat trailers, motorized go-carts, or any other related forms of transportation devices. Any interior storage of such equipment must be screened from view.

10.6 Signs. No signs or advertising posters of any kind, including, but not limited to, "For Rent," "For Sale," and other similar signs, shall be erected by an Owner, the Association, or any agent, broker, contractor or subcontractor thereof, nor shall any sign or poster be maintained or permitted on any window, or within a Unit and viewable through any window, or on the exterior of any improvements or on any unimproved portion of property located within the Property, without the express written permission of the Developer during the Transition Period, and thereafter without the written permission of the Board of Directors. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by party entitled to approve the same and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Section 10.6 shall not apply to the Developer or to any person having the prior written approval of the Developer. In addition, the Association shall have the right to erect reasonable and appropriate signs on any

portion of the Common Areas in accordance with architectural design standards adopted therefor and approved by a governmental authority with jurisdiction thereof.

11. Easements

11.1 Encroachments. If any portion of the Common Area encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area as a result of settling or shifting of the Buildings or variances from the Plans, an easement exists for the encroachment and for the maintenance of the same so long as the Buildings stand. If the Buildings, any Unit, or any adjoining part of the Common Area are partially or totally destroyed as a result of fire or other casualty or a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area due to such rebuilding, will be permitted, and valid easements for such encroachments and the maintenance thereof will exist so long as the Buildings will stand.

11.2 Easement for Air Space. The Owner of each Unit will have an exclusive easement for the use of the air space occupied by said Unit as it exists at any particular time and as said Unit may be altered or reconstructed from time pursuant to this Master Deed.

11.3 Utilities, etc. A blanket easement is hereby granted upon, across, over and under the Property for ingress, egress, installation, replacing, repairing and maintaining a master television antenna or CATV system and all utilities, including, but not limited to water, gas, sewers, telephones and electricity, and other forms of telecommunication and technology cabling, now existing or developed in the future. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the Property and to affix and maintain utility wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Units. In addition, the Board of Directors will be entitled to grant additional permits, licenses and easements over the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Property.

11.4 Easement for Construction. Notwithstanding anything herein to the contrary, Developer and persons designated by the Developer will have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress to all portions of the Property; to use portions of the Common Areas and any Units owned by the Developer for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Property; and to maintain and correct drainage of surface, roof or storm water.

11.5 Easement for Inspection by Developer. Notwithstanding anything herein to the contrary, Developer and persons designated by the Developer have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress to all portions of the Property; as well as an easement for reasonable access to each Unit as the Developer may find desirable, for the inspection of the whole or any portion of the Property, its Units and Common Areas, the components and structural parts thereof, as well as the their maintenance requirements and the maintenance performed thereon to the date of any such inspection. Nothing herein shall

require the Developer to perform any such inspection, but if the Developer does undertake any such inspection, Developer shall provide to the Board of Directors a copy of its findings or the inspection report produced therefrom. Nothing herein shall relieve the Board from engaging a professional inspector to perform an annual maintenance audit as part of the Board's annual budgeting process under Section 4.2 above.

11.6 Easement for Sales Purposes. Developer and persons designated by the Developer will have an easement to maintain one or more sales offices, management offices and models throughout the Property and to maintain one or more advertising signs on the Common Areas while the Developer is selling Units in the Property or any contemplated expansion thereof. Developer reserves the right to place models, management offices and sales offices in any Units owned by Developer and on any portion of the Common Area in such number, of such size and in such locations as Developer deems appropriate. So long as Developer will be selling Units in the Property or any contemplated expansion thereof, Developer will have the right to restrict the use of a reasonable number of parking spaces, for purposes including, but not limited to, the providing of spaces for use by prospective Unit purchasers, Developer's employees and others engaged in sales, maintenance, construction or management activities.

11.7 No View Easements. No view easements, express or implied, will be granted to any Owner in connection with the conveyance of a Unit to such Owner.

11.8 Easements for Inspections, Repairs and Maintenance. There is hereby granted to all Owners and their agents and contractors an easement to enter a Unit of another Owner where necessary to perform inspections, maintenance, repairs and replacements to property servicing such Owner's Unit or any Limited Common Area assigned to such Owner. Except in the event of an emergency, the rights under this Section 11.8 will be exercised only during reasonable daylight hours, and then only after advance notice to the Owner or Owners affected thereby.

11.9 Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any manager employed by the Association and to all policemen, firemen, ambulance personnel, and all similar emergency personnel, an easement to enter upon the Property or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 11.9 will be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

12. Assigned Value and Voting Rights

12.1 Units, Assigned Values, and Percentage Interests. The Schedule of Percentage Interests contained in Exhibit II attached hereto shows the Assigned Value of each Unit as of the date of this Master Deed and the Percentage Interest appurtenant to such Unit for all purposes. These percentage interests shall be amended pursuant to the terms of Exhibit II in the event of expansion by Developer as set forth in Section 13.

12.2 Voting Rights. Members and the Developer will be entitled to a vote in the Association and for all other purposes herein in accordance with the provisions of the Association's Articles of Incorporation attached hereto as Exhibit III and the Bylaws of the

Association attached as Exhibit IV and as the same may be hereafter amended.

(a) Voting by Multiple Owners. When any Unit is owned in the name of two or more persons, other than husband and wife, or entities, whether fiduciaries, or in any manner of joint or common ownership, the vote for such Unit will be exercised as such Co-Owner determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such Co-Owner, or his duly appointed proxy, as will be designated in a writing by all Co-Owners recorded in the R.M.C., a copy of which will be delivered to the Secretary of the Association and will remain effective for all meeting until revoked by the Co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

13. The Development Plan For The Property.

13.1 Phase I. The Regime as currently constituted includes 21 Buildings as shown on the Exhibits, which contain forty (40) Units and a community clubhouse, and other Common Areas.

13.2. Reservation of Expansion Rights. Notwithstanding any other provision contained in this Master Deed to the contrary, the Developer reserves the right, but not the obligation, to expand the Regime by adding Common Area and two more buildings containing four (4) additional Units, for a total of forty-four (44) Units, in the area marked "Reserved" on the site plan attached hereto. Any such expansion shall be evidenced by an amendment to this Master Deed signed by the Developer and recorded at the R.M.C. The Developer will elect by January 1, 2017, whether it will proceed with this expansion.

13.2 Assignability of Rights. The Developer is entitled to assign all or any portion of the rights reserved by Developer in this Master Deed to any person or entity by an instrument recorded at the R.M.C.

13.3 Multiple Ownership. No Unit in the Regime will be used for or subject to any type of Vacation Time Sharing Plan or Vacation Multiple Ownership Plan as defined by the 1976 Code of Laws for the State of South Carolina, as amended, Section 27-32-10, et. seq., or any subsequent laws of this State dealing with that or similar type of ownership by a Unit Owner, or which is used for, in conjunction with or as an advertised part of any time share exchange program which makes available as accommodations the Unit and which is not otherwise registered as a Vacation Time Sharing Plan or Vacation Multiple Ownership Plan or which utilizes the Unit as accommodations for time share sale prospects of any Person, without the prior written consent of the Developer during the Developer's Transition period and thereafter by the Board of Directors of the Association.

14. Transition Provisions

14.1 Appointment of Directors and Officers.

At all times during the Transition Period, the Developer will have the sole and exclusive right to appoint the Board of Directors and officers of the Association, fill any vacancy of the Board or officers caused by the withdrawal of any director or officer appointed by the Developer

and veto the removal of any director or officer appointed by the Developer. Upon the expiration of the Transition Period, the Developer will retain the right to elect at least one (1) director for so long as the Developer holds for sale in the ordinary course of business one or more Units.

14.2 Special Meeting to Elect Board. Within sixty (60) days after the date on which Owners other than the Developer become entitled pursuant to Section 14.1 above to elect members of the Board of Directors of the Association, the Association will call, and give not less than thirty (30) days, and not more than sixty (60) days, notice of a special meeting of the Members to elect the Board of Directors.

14.3 Cooperation. The Association will cooperate with the Developer to the extent reasonably requested by the Developer during and after the Transition Period to promote the orderly development and marketing of the Units.

14.4 Controlling Provisions. In the event of any inconsistency between this Section 14 and the other provisions of the Regime Documents, this Section 14 will be controlling and binding on all parties having an interest in the Regime.

15. Alternative Dispute Resolution.

15.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes.

The Developer, Association, Owners, and any Persons not otherwise subject to the Regime who agree to submit to this Section 15 (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between themselves involving the Regime or the Property, and to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances and disputes (including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Regime or the Property, including without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for "Exempt Claims" under Section 15.2, are subject to the procedures set forth in Section 15.3.

15.2 Exempt Claims.

The following Claims ("Exempt Claims") are exempt from the provisions of Section 15.3:

(a) any suit by the Association against a Bound Party to enforce any Assessments or other charges hereunder; and

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association hereunder until the matter may be resolved on the merits pursuant to Section 15.3 below; or

(c) any suit between Owners which does not include the Developer or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Regime and the Property; or

(d) any suit in which an indispensable party is not a Bound Party; or

(e) any suit which otherwise would be barred by any applicable statute of limitation; or

(f) any suit involving a matter which is not an Exempt Claim under (a) through (e) above, but as to which matter the Bound Party against whom the Claim is made waives the mandatory provisions of Section 15.3 below.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 15.3, but there is no obligation to do so.

15.3 Mandatory Procedures for Non-Exempt Claims.

Any Bound Party having a Claim ("Claimant") against a Bound Party involving the Regime Documents or the Regime, or all or any combination of them ("Respondent"), other than an Exempt Claim under Section 15.2, will not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of the Claim until the party has complied with the procedures set forth in this Section 15.3, and then only to enforce the results hereof:

Any non-exempt claim, dispute or controversy arising under or in connection with this Master Deed or the Property shall be submitted to binding arbitration in accordance with the requirements of the South Carolina Uniform Arbitration Act as then in effect ("SCUAA"). All arbitration proceedings shall be conducted in Charleston County, South Carolina. The arbitrators shall be selected as provided in the SCUAA, and the arbitrators shall render a decision on any dispute within ninety (90) days after the last of the arbitrators has been selected. If any party to this Agreement fails to select an arbitrator with regard to any dispute submitted to arbitration under this Section within thirty (30) days after receiving notice of the submission to arbitration of such dispute, then the other party or parties shall select an arbitrator for such non-selecting party, and the decision of the arbitrators shall be final and binding upon all the parties to the dispute, their personal representatives, legal representatives, heirs, successors and assigns. The prevailing party in any such proceeding shall be entitled to reimbursement by the losing party, in addition to any damages awarded, for all reasonable costs and expenses, including reasonable attorney's fees, incurred in any such proceeding, including any trial court and appellate levels.

15.4 TIME IS OF ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this Section 15 will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

16. General Provisions

16.1 Adherence to Provisions of Master Deed, Bylaws and Rules and Regulations. Every Owner who rents his Unit must post inside his Unit a list of the Rules and Regulations of the Association. Any rental agency handling an Owner's rental must further agree to abide by the Rules and Regulations and will be responsible for informing persons renting through its agency

of any breaches of the Rules and Regulations by said persons and for taking any and all necessary corrective action. Should a particular agency or person continue not to take corrective action against the renters it has contracted with, or refuse to cooperate with the Association in the enforcement of its Rules and Regulations or other provisions of the Regime Documents, the Association may require the Owner to cease using the services of that particular rental agency. Refusal to do so may result in fines against the Owner in an amount to be determined by the Board of Directors. Any fines will be added to and become a part of the Assessment against the Unit and Owner.

16.2 Amendments. Amendments to this Master Deed, except as herein expressly provided to the contrary which may be made without the consent or approval of either the Board or the Members, will be made in accordance with the following procedure:

(a) Notice. Notice of the subject matter of the proposed amendment or amendments will be included in the notice of the meeting of the Association at which such proposed amendment or amendments are to be considered. The Board or Owners of at least three (3) Units may submit any proposed amendment, the substance of which the Board shall include in the notice of such meeting.

(b) Amendment. The Master Deed may be amended at any time and from time to time at a meeting of the Association called in accordance with the Bylaws and this Master Deed upon the vote of Members holding sixty-seven (67%) percent or more of the total vote in the Association; provided, however, that if the Members vote to amend the Bylaws in any respect, such amendment shall be set forth in an amendment to this Master Deed and will be valid only when signed by Members holding more than fifty (50%) percent of the total vote in the Association.

(c) Nondiscrimination. Irrespective of the foregoing, no amendment will (i) alter the Percentage Interest applicable to each Unit (except as permitted in accordance with Sections 3.3 or 6 hereof); or (ii) discriminate against any Owner or against any Unit or class or group of Units, unless in each instance all Owners adversely affected thereby expressly consent thereto in writing. Notwithstanding any Rule or Regulation or other restriction, the Board of Directors of the Association will make reasonable accommodations in its Rules and Regulations or other restrictions as may be necessary to afford a handicapped person equal opportunity to use and enjoy his Unit and the Common Area, and in furtherance thereof is authorized and empowered to assign Common Area parking spaces for handicap parking generally or to assign same for exclusive use of a person as handicap parking.

(d) Necessary Amendments. Notwithstanding any other provisions of this Master Deed to the contrary, if any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provisions of the Regime Documents that are defective, missing or inconsistent with any other provisions thereof, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other secondary Mortgage market lenders, guarantors or insurers with respect to condominium projects, then at any time and from time to time the Board may effect an

appropriate corrective amendment so long as written objection to such amendment is not received from Members representing at least fifty-one (51%) percent of the total votes of the Association within twenty (20) days after written notice of the proposed amendment is given to all Members.

(e) Recording. A copy of each amendment provided for in this Section 16.2 will be certified by the Association as having been duly adopted and will be effective when recorded. In recognition of the fact that certain provisions of this Master Deed are for the benefit of the Developer, no amendment in derogation of any right reserved or granted to the Developer by provisions of this Master deed may be made without the written approval of the Developer.

16.3 Termination.

The Regime may be terminated and the Property removed from the provisions of the Act in the following manner:

(a) Agreement. All of the Owners, with the consent of all Mortgagees, may remove the Property from the provisions of the Act by an instrument to that effect, duly recorded at the R.M.C.

(b) Destruction. In the event it is determined in the manner provided in Section 5.6 that the Property will not be repaired or reconstructed after casualty, the Regime will be terminated and the Regime Documents revoked. The determination not to repair or reconstruct after casualty will be evidenced by a certificate of the Association certifying as to the facts effecting the termination.

(c) Condemnation. In the event that any part of a Unit, or the Common Area essential to the use of any Unit is taken by an authority having the power of eminent domain and the consent of Members representing at least sixty-seven (67%) percent of the total votes of the Association as provided in Section 6.3 to a plan for continuation of the Regime is not expressed in an amendment to this Master Deed duly recorded within ninety (90) days after such taking, the Regime will be terminated and the Regime Documents revoked. A certificate of the Association certifying as to the facts effecting the termination will evidence such taking.

16.4 Covenants Running With the Land. All provisions of this Master Deed will be construed to be covenants running with the land, and with every part thereof and interest therein, including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of this Master Deed will bind and inure to the benefit of the Developer and all Owners and claimants of the Regime or any part thereof or interest therein, and their heirs, executors, administrators, successors and assigns.

16.5 Enforcement. Each Owner will comply strictly with the Bylaws and with the Rules and Regulations of the Association, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed and in the deed to his Unit. Failure to comply with any of the same will be grounds for an action to recover sums due, for damages or injunctive relief, or for all three, maintainable by the Board of Directors on behalf of the Association or by any aggrieved Owner. In addition, the rights of any

Owner or lessee of an Owner, their families, invitees or guests to use and to enjoy the Common Area may be suspended by the Board of Directors for continued violation of the Rules and Regulations. Failure by the Association or any Owner to enforce any of the foregoing will in no event be deemed a waiver of the right to do so thereafter.

(a) Authority and Enforcement. Subject to the provisions of Section 16.5 (b) hereof, upon the violation of this Master Deed, the Bylaws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any Assessments, the Board has the power (i) to impose reasonable monetary fines which will constitute an equitable charge and a continuing lien as a specific Assessment, (ii) to suspend an Owner-Member's right to vote in the Association, or (iii) to suspend an Owner's or Occupant's right to use any of the Common Areas. The Board will have the power to impose all or any combination of these sanctions, and may establish each day a violation remains uncured as a separate violation for which a fine is due; provided, however, an Owner's access to his Unit over the private roads and streets constituting Common Areas will not be terminated hereunder. An Owner or Occupant will be subject to the foregoing sanctions in the event of such a violation by such Owner or Occupant. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

(b) Procedure. Except with respect to the failure to pay Assessments, the Board will not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other Occupant of the Property for violations of the Master Deed, By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

(i) Demand to Cease and Desist. Written demand to cease and desist from an alleged violation will be served upon the Owner responsible for such violation specifying:

(A) The alleged violation;

(B) The action required to abate the violation; and

(C) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Master Deed, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(ii) Notice of Hearing. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice will contain:

(A) The nature of the alleged violation;

(B) The time and place of the hearing, which time will be not less than ten (10) days from the giving of the notice;

(C) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and

(D) The proposed sanction to be imposed.

(iii) Hearing. The hearing will be held in executive session of the Board of Directors pursuant to the notice and will afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice together with a statement of the date and matter of delivery is entered by the officer, director, or other individual who delivered such notice. The notice requirement will be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction imposed, if any.

16.6 Severability. All provisions of this Master Deed and all of the Regime Documents will be construed in a manner that complies with the Act and other applicable South Carolina law to the fullest extent possible. If all or any portion of any provision of this Master Deed or any other Regime Documents will be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability will not affect any other provision hereof or thereof, and such provision will be limited and construed as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein or therein.

16.7 Gender or Grammar. The singular whenever used herein will be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, will in all cases be assumed as though in each case fully expressed. In addition, the use of the terms "herein" or "hereof" will mean this Master Deed and not merely the Section or paragraph in which such term is utilized.

16.8 Headings. All Section headings are utilized merely for convenience and will not restrict or limit the application of the respective Sections.

16.9 Powers of Attorney. By acceptance of a deed or other conveyance of an interest in a Unit, all Members do hereby grant, and if further required, do agree to vote in a manner to provide to, and to ratify and confirm retention by Developer of Developer's rights under this Master Deed, including, without limitation, the right to amend this Master Deed in accordance with the provisions hereof. In connection with this voting agreement, each member appoints Developer as proxy for such member with full power of substitution to vote for the member on all such matters on which the member may be entitled to vote, and with respect to which there is a reservation or designation of voting rights in Developer under this Master Deed, and with all powers which the member would possess if personally present at any meeting of members. Such appointment will be, upon acceptance of a deed or other conveyance by the member and without the necessity of further action by the Developer or the member, a power coupled with an interest and will be irrevocable. Such appointment will be effective as of the date on which a deed or other conveyance of an interest to the Member is recorded in the R.M.C. This irrevocable proxy will automatically terminate thirty (30) days after the conveyance by Developer of all Seven original Units. The within voting agreement and proxy are in addition to, and not in substitution of, all rights of Developer herein provided, which will run with the land.

16.10 Unit Deeds. In accepting a deed to any Unit, the grantee will be deemed to have accepted and agreed to all terms and conditions contained in this Master Deed and the Exhibits, as amended, and further agrees to execute any and all documents reasonably requested by the Developer or the Association from time to time to expressly evidence the foregoing.

16.11 Counterpart Execution. This Master Deed and any amendments hereto may be executed in any number of counterparts, each of which shall be an original, and all of which taken together shall constitute a single agreement, with the same effect as if the signatures thereto and hereto were upon the same instrument.

17. Exhibits Attached The following Exhibits are attached hereto and incorporated verbatim in this Master Deed by reference as fully as if set forth herein.

| <u>Description</u> | <u>Exhibit Number</u> |
|------------------------------------------------------|-----------------------|
| Legal Description of the Property | I |
| Schedule of Assigned Values and Percentage Interests | II |
| Articles of Incorporation of the Association | III |
| Bylaws of the Association | IV |
| Site Plan and Floor Plans | V |

EXHIBIT I

Legal Description of The Property

ALL those certain pieces, parcels, or tracts of land, together with any improvements thereon, situate, lying and being on Peas Island, in the City of Folly Beach, County of Charleston, State of South Carolina, shown and designated as Parcel 1 and Parcel 2 on a plat prepared by Covert Boyd Nelson, R.L.S, dated March 1, 2006, entitled " PLAT TO SUBDIVIDE PEAS ISLAND, T.M.S. 331-00-00-013, Town of Folly Beach, Charleston County, S.C., and recorded at the Charleston County R.M.C. Office on September 6, 2006, in Plat Book EK, at Page 048; said Parcels having such actual sizes, shapes, dimensions, buttings, and boundings as are shown on said plat, reference to which is hereby craved for a more full and complete description thereof. SAVING AND EXCEPTING THEREFROM, HOWEVER, the area marked "Reserved" on the Site Plan attache to Exhibit V hereof.

T.M.S. No. 331-00-00-013

-ALSO-

All of the Grantor's right, title and interest in and to that certain marshland abutting the eastern boundary of Peas Island extending eastwardly to the mean low water mark of the abutting Creek as shown on said plat by Nelson.

TMS no. 331-00-00-014

BEING a portion of the same property conveyed to the Developer by deeds of Peas Island, LLC, Delorce A. Bennett, Henry Walker and Linda Walker dated September 8, 2005, and recorded at the Charleston County R.M.C. Office on September 9, 2005, in Book Z-552, at Page 219, Book Y-552, at Page 819, Book Y-552, at Page 824, Book Y-552, at Page 839, Book Z-552, at Page 362, Book Z-552, at Page 367, and Book Z-552, at Page 372, respectively.

Title to the Property is subject to all interests created by, or limitations on use imposed by, The Federal Coastal Zone Management Act or other Federal Law or regulation, or by S.C. Code, Section 48-39-10 through 48-39-360, as amended, or any regulations promulgated pursuant to said State or Federal Laws.

Pursuant to Section 27-31-100, South Carolina Code of Laws (1976), as amended, notice is hereby given that all activities on or over and all uses of any submerged land and other critical areas are subject to the jurisdiction of the Office of Ocean and Coastal Resource Management ("OCRM") of the South Carolina Department of Health and Environmental Control (formerly known as "The South Carolina Coastal Council"), including, but not limited to, the requirements that any activity or use must be authorized by OCRM. Any owner to the extent of his ownership is liable for any damages to, any inappropriate or unpermitted uses of, and any duties or responsibilities concerning, any submerged land, coastal waters, or any other critical area.

EXHIBIT II

PHASE I SCHEDULE OF ASSIGNED VALUES AND PERCENTAGE INTERESTS

This is the schedule of Assigned Values and Percentage Interests in the Common Areas attributable to the forty Units in Palmetto Pointe at Peas Island Horizontal Property Regime, Phase I.

| Unit | Statutory Value | Statutory Percentage |
|------|-----------------|----------------------|
| A3 | \$100,000 | 2.5% |
| A4 | \$100,000 | 2.5% |
| A5 | \$100,000 | 2.5% |
| A6 | \$100,000 | 2.5% |
| B1 | \$100,000 | 2.5% |
| B2 | \$100,000 | 2.5% |
| B3 | \$100,000 | 2.5% |
| B4 | \$100,000 | 2.5% |
| B5 | \$100,000 | 2.5% |
| B6 | \$100,000 | 2.5% |
| B7 | \$100,000 | 2.5% |
| B8 | \$100,000 | 2.5% |
| C1 | \$100,000 | 2.5% |
| C2 | \$100,000 | 2.5% |
| C3 | \$100,000 | 2.5% |
| C4 | \$100,000 | 2.5% |
| C5 | \$100,000 | 2.5% |
| C6 | \$100,000 | 2.5% |
| C7 | \$100,000 | 2.5% |
| C8 | \$100,000 | 2.5% |
| D1 | \$100,000 | 2.5% |
| D2 | \$100,000 | 2.5% |
| D3 | \$100,000 | 2.5% |
| D4 | \$100,000 | 2.5% |
| D5 | \$100,000 | 2.5% |
| D6 | \$100,000 | 2.5% |
| D7 | \$100,000 | 2.5% |
| D8 | \$100,000 | 2.5% |
| D9 | \$100,000 | 2.5% |
| D10 | \$100,000 | 2.5% |
| E3 | \$100,000 | 2.5% |
| E4 | \$100,000 | 2.5% |
| E5 | \$100,000 | 2.5% |
| E6 | \$100,000 | 2.5% |
| E7 | \$100,000 | 2.5% |
| E8 | \$100,000 | 2.5% |
| E9 | \$100,000 | 2.5% |
| E10 | \$100,000 | 2.5% |

| | | |
|-----|------------------|-------------|
| E11 | \$100,000 | 2.5% |
| E12 | <u>\$100,000</u> | <u>2.5%</u> |
| | \$4,000,000 | 100.0% |

SCHEDULE OF ASSIGNED VALUES AND PERCENTAGE INTERESTS
AFTER EXPANSION

| Unit | Statutory Value | Statutory Percentage |
|------|-----------------|----------------------|
| A1 | \$100,000 | 2.273% |
| A2 | \$100,000 | 2.273% |
| A3 | \$100,000 | 2.273% |
| A4 | \$100,000 | 2.273% |
| A5 | \$100,000 | 2.273% |
| A6 | \$100,000 | 2.273% |
| B1 | \$100,000 | 2.273% |
| B2 | \$100,000 | 2.273% |
| B3 | \$100,000 | 2.273% |
| B4 | \$100,000 | 2.273% |
| B5 | \$100,000 | 2.273% |
| B6 | \$100,000 | 2.273% |
| B7 | \$100,000 | 2.273% |
| B8 | \$100,000 | 2.273% |
| C1 | \$100,000 | 2.273% |
| C2 | \$100,000 | 2.273% |
| C3 | \$100,000 | 2.273% |
| C4 | \$100,000 | 2.273% |
| C5 | \$100,000 | 2.273% |
| C6 | \$100,000 | 2.273% |
| C7 | \$100,000 | 2.273% |
| C8 | \$100,000 | 2.273% |
| D1 | \$100,000 | 2.273% |
| D2 | \$100,000 | 2.273% |
| D3 | \$100,000 | 2.273% |
| D4 | \$100,000 | 2.273% |
| D5 | \$100,000 | 2.273% |
| D6 | \$100,000 | 2.273% |
| D7 | \$100,000 | 2.273% |
| D8 | \$100,000 | 2.273% |
| D9 | \$100,000 | 2.273% |
| D10 | \$100,000 | 2.273% |
| E1 | \$100,000 | 2.273% |
| E2 | \$100,000 | 2.273% |
| E3 | \$100,000 | 2.273% |

| | | |
|-----|------------------|---------------|
| E4 | \$100,000 | 2.273% |
| E5 | \$100,000 | 2.273% |
| E6 | \$100,000 | 2.273% |
| E7 | \$100,000 | 2.273% |
| E8 | \$100,000 | 2.273% |
| E9 | \$100,000 | 2.273% |
| E10 | \$100,000 | 2.273% |
| E11 | \$100,000 | 2.273% |
| E12 | <u>\$100,000</u> | <u>2.273%</u> |
| | \$4,400,000 | 100.000% |

EXHIBIT III

**STATE OF SOUTH CAROLINA
SECRETARY OF STATE
NONPROFIT CORPORATION
ARTICLES OF INCORPORATION**

1. The name of the nonprofit corporation is:

Palmetto Pointe at Peas Island Condominium Property Owners Association, Inc.

2. The initial registered office of the nonprofit corporation is:

216 West Arctic Ave. (Mailing purposes: Post Office Box 943)

Street & Number

| | | | |
|--------------------|---------------------|-----------------------|--------------|
| <u>Folly Beach</u> | <u>(Charleston)</u> | <u>South Carolina</u> | <u>29439</u> |
| City | County | State | Zip Code |

The name of the registered agent of the nonprofit corporation at that office is :

Leonard T. Browne

3. Check (a), (b), or (c) whichever is applicable. Check only one box.

- a. The nonprofit corporation is a public benefit corporation.
- b. The nonprofit corporation is a religious corporation.
- c. The nonprofit corporation is a mutual benefit corporation.

4. Check (a) or (b), whichever is applicable:

- a. This corporation will have members.
- b. This corporation will not have members.

5. The address of the principal office of the nonprofit corporation is:

216 West Arctic Ave. (Mailing purposes: Post Office Box 943)

Street & Number

| | | | |
|--------------------|---------------------|-----------------------|--------------|
| <u>Folly Beach</u> | <u>(Charleston)</u> | <u>South Carolina</u> | <u>29439</u> |
| City | County | State | Zip Code |

6. If this nonprofit corporation is either a public benefit or religious corporation (box a, or b, of Item 3, is checked), complete either (a) or (b), whichever is applicable, to describe

how the remaining assets of the corporation will be distributed upon dissolution of the corporation.

a. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the court of common pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

b. Upon dissolution of the corporation, consistent with law, the remaining assets of the corporation shall be distributed to:

7. If the corporation is a mutual benefit corporation (box "c" of Item 3, is checked), complete either (a) or (b), whichever is applicable, to describe how the [remaining] assets of the corporation will be distributed upon dissolution of the corporation.

a. Upon dissolution of the mutual benefit corporation the [remaining] assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefitting or serving.

b. Upon dissolution of the mutual benefit corporation the [remaining] assets, consistent with law, shall be distributed to:

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See §33-31-202(c) of the 1976 South Carolina Code, the applicable comments thereto, and the instructions to this form):

No optional provisions are included

9. The name and address (with zip code) of each incorporator is as follows (only one is

required):

Name:

Address (with zip code):

10. Each original director of the nonprofit corporation must sign the articles but only if the directors are named in these articles:

Signature of Director

Signature of Director

Signature of Director

11. Each incorporator must sign the articles.

Leonard T. Browne, Incorporator

Dated _____, 2007

EXHIBIT IV

**BYLAWS
OF
PALMETTO POINTE AT PEAS ISLAND CONDOMINIUM
PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE I
ORGANIZATION**

1.1 Name. The name of the corporation is Palmetto Pointe at Peas Island Condominium Property Owners Association, Inc.(the “Association”). It is organized and existing under the laws of the State of South Carolina as a nonprofit corporation, operating pursuant to the South Carolina Nonprofit Corporation Act of 1994 (Section 33-31-101, et. seq., Code of Laws of South Carolina (1976), as amended) (“the Act”).

1.2 Principal Office. The principal office of the Association shall be located in the County of Charleston, State of South Carolina, as selected by the Board of Directors (the “Board”) from time to time, but meetings of Members or Directors may be held at such place within the County of Charleston as is designated by the Board.

1.3 Fiscal Year. The fiscal year of the Association shall be on a calendar year basis.

1.4 Members. The Members of the Association are as set forth in the Master Deed of Island Pointe at Peas Island Property Regime recorded at the Charleston County R.M.C. Office (the “Master Deed”).

1.5 Definitions. All words and phrases used herein shall have the same meaning as defined in the Master Deed

1.6 Purpose. The purpose of the Association is administer Palmetto Pointe at Peas Island Horizontal Property Regime as set forth in the Master Deed.

**ARTICLE II
MEETINGS OF MEMBERS AND VOTING**

2.1 Annual Meeting. The first meeting of the Members, whether an annual or a special meeting shall be held on such day and at such time as is set by the Board and which shall occur not more than twelve (12) months following the date of the close of the sale of the first Unit in the Regime. Subsequent annual meetings of the Members shall be held thereafter at an hour and place within thirty (30) days of the same month and day of such first meeting, as set by the Board.

2.2 Special Meetings. Special meetings of the Members shall be promptly scheduled at any time by the Board upon vote of a majority of the Board of Directors or upon written request of the President of the Association. A special meeting of the Members also shall be called upon written demand delivered to the Secretary by the Members representing five percent

(5%) of the total voting power of the Association, notice of which shall be delivered in writing to all Members within thirty (30) days of the Secretary's receipt of the demand. For purposes of determining the five percent (5%), the record date shall be thirty (30) days before delivery of the written demand. Upon the failure of the Association to send notice of a special meeting within thirty (30) days following delivery of written demand as aforesaid, any Member signing the demand may set the time and place of the special meeting and give notice thereof to all Members in accordance with the Act.

2.3 Notice and Place of Meetings. Unless otherwise provided in the Master Deed, the Articles of Incorporation, these Bylaws, or the Act, written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, first class mail, postage prepaid, at least thirty (30) but not more than sixty (60) days before such meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. In the case of written demand of Members representing five (5%) percent of the total voting power of the Association, written notice of such meeting shall be given not more than thirty (30) days after written demand is delivered to the Association. Such notice shall specify the place, day and time of the meeting, and, in the case of a special meeting, the purpose of the meeting, and shall provide for voting by proxy. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (a) removing a Director without cause; (b) filling vacancies in the Board by the Members; or (c) amending the Articles of Incorporation. Meetings shall be held within the Property or at a meeting place within the same county, as close to the Property as is practicable.

Notice of a meeting of the Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute waiver of notice, except when the Member attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

2.4 Quorum. Unless otherwise provided in these Bylaws, the Master Deed, the Articles of Incorporation, or the Act, the presence of Members representing one-third (1/3) of the votes of all Members, in person or by proxy, shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum of one-third (1/3) of the votes of all Members is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Members to leave less than such required quorum, provided that Members representing at least twenty (20%) percent of the total votes of all of the Members remain present in person or by proxy, and provided further that any action taken shall be approved by a majority of the Members required to constitute such quorum. If the required quorum is not present, another meeting may be called, not less than ten (10) nor more than sixty (60) days following the first meeting and the required quorum at the subsequent meeting shall be the Members present, in person or by proxy, and entitled to vote. Unless

otherwise provided, any reference hereafter to “votes cast” at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 3.4. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 2.3.

2.5 Ballots and Representative Voting.

(a) Written Ballots. Upon the determination of the Board, any vote of Members on a matter that could be cast at an annual, regular or special meeting may be taken, without a meeting, by written ballot delivered to every Member by the Association. The ballot shall set forth the matter to be voted upon and provide thereon a place to vote for or against such matter. Approval by written ballot without a meeting shall be effective only when the number of votes cast by ballot equals or exceeds the quorum required to be present had the matter been considered at a meeting, and the number voting for the matter equals or exceeds the number of votes required to approve it had the matter been considered at a meeting at which the requisite quorum was present. A solicitation of votes by ballot shall (1) indicate the record date for Members eligible to vote; (2) indicate the number of returned ballots voting for or against the matter that is required to satisfy the quorum requirement; (3) state the required number of votes or percentage voting in favor of the matter required to approve it (except in the case of election of directors, which shall be by plurality); and (4) state the date and time by which a Member’s completed ballot must be received by the Secretary in order to be counted in the vote to be taken. A ballot, once delivered to the Secretary, may not be revoked. A Member’s signed ballot shall be delivered to the Secretary by hand delivery, by U.S. mail, or by such other means as shall be permitted under South Carolina law, including, but not limited to and if allowed by the Board, overnight courier service, facsimile and e-mail transmission, Internet form submission, or by any other technology or medium now existing or hereafter created.

(b) Proxies. All of the provisions of this Section 3.5(b) are subject to the Master Deed. To the extent that a provision set forth in this Section is inconsistent with the Master Deed, the provisions of the Master Deed shall control. At all meetings of Members, each Member may vote in person or by proxy. The appointment of proxy shall be in writing and must be received by the Secretary before the appointed time of the meeting. Every proxy appointment shall automatically cease upon conveyance by the Member of his Unit, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, upon revocation of the appointment of the proxy in accordance with the Act, or upon the expiration of eleven (11) months from the date of the proxy. Unless the proxy appointment otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. Any proxy appointment distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon set forth in the notice of the meeting. The appointment shall provide that, where the Member specifies a choice, the vote shall be cast by the proxy in accordance with that choice. The proxy form shall also identify the person or persons acting as the proxy and the length of time it will be valid. In addition, voting by a proxy shall comply with any other applicable requirements of the Act. The Member’s signed proxy shall be delivered to the

Secretary by hand delivery, by U.S. mail, and by such other means as shall be permitted under South Carolina law, including, but not limited to and if allowed by the Board, overnight courier service, facsimile and e-mail transmission, Internet form submission, or by any other technology or medium, now existing or hereafter created.

2.6 Membership and Voting. The Association shall have the following two (2) classes of voting membership:

Type A: The Type A Members shall be all Owners, including the Developer (as defined in the Master Deed) and shall be entitled to one (1) vote for each Unit owned. When more than one (1) person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine as provided in the Master Deed, but in no event shall more than one (1) vote be cast with respect to any Unit.

Type B: The Type B Member shall be the Developer whose voting rights shall be three (3) votes for each vote held by Type A Members, plus one (1) vote. The Type B membership shall cease upon the first of the following dates:

1. December 31, 2011;
2. three (3) months following the date on which the Developer has conveyed all of the Units to Owners; or
3. three (3) months following the date the Developer surrenders the authority to appoint and remove Directors and officers of the Association by an express amendment to the Master Deed executed and filed in the Charleston County, S.C. R.M.C. Office by the Developer.

Except as otherwise provided in the Master Deed, the Articles of Incorporation, these By-Laws, or the Act, any action by the Association which must have the approval of the Members before being undertaken shall require voting approval by a majority of the votes cast by Members at which the required quorum is present. An abstention shall be counted as a negative vote in calculating the majority. Members are divided into Type A and Type B Members for the sole purpose of computing voting rights and shall not vote as a class. Owners of Units in both classes shall have all voting rights assigned to each Class.

2.7 Eligibility to Vote: Voting rights attributable to Units shall not vest until the Association has levied Assessments against those Units. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all Assessments levied against the Member's Unit and not subject to any suspension of voting privileges as a result of disciplinary proceeding conducted in accordance with the Master Deed. A Member's good standing shall be determined as of the record date established in accordance with section 2.8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing.

2.8 Record Dates:

A. Record Dates Established by the Board: for the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a “record date” and only Members of record on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the Act. The record dates established by the Board pursuant to this section shall be as follows:

(1) Record Date for Notice of Meetings: In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting;

(2) Record Date for Voting: In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than sixty (60) days before the date of the meeting;

(3) Record Date for Action by Written Ballot Without Meeting: In the case of determining Members entitled to cast written ballots, the record date shall be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

(4) Record Date for Other Lawful Action: In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

(5) “Record Date” Means as of the Close of Business: For purposes of this sub-section A, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

B. Failure of Board to Fix a Record Date: If the Board, for any reason, fails to establish a record date, rules set forth in the Nonprofit Corporation Act shall apply:

2.9 Action Without Meeting: Any action that may be taken at any annual or special meeting of Members may be taken without a meeting in accordance with the provisions of the Act. Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.

2.10 Conduct of Meetings: Meetings of the membership of the Association shall be conducted in accordance with a recognized systems of parliamentary procedure or such parliamentary procedures as the Board may adopt. Notwithstanding any other provision of law, notice of meetings of the Members shall specify those matters the Board intends to present for action by the Members, but except as otherwise provided by law, any proper matter may be

presented at the meeting for action. Members of the Association shall have access to Association records in accordance with the Act.

ARTICLE III
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

3.1 Number. A Board of Directors, of which all directors must be Members of the Association, or an officer, director, employee, or agent of a Member, including Developer, shall manage the affairs of the Association. The initial Board of Directors shall consist of five (5) Directors who shall be appointed by the Developer. The Developer shall have the sole right to appoint and remove any member or members of the Board of Directors of the Association pursuant to the Master Deed until the expiration of the Transition Period. Within sixty (60) days after the expiration of the Transition Period, the Members shall elect five (5) Directors. The Association shall either call, and give not less than thirty (30) days and not more than sixty (60) days notice of, such special meeting of the Members to elect the new Board of Directors, or the date of which the Association shall count the written ballots distributed to the Members with such notice or the election of the Board of Directors. Each year thereafter, the Members shall elect such number of Directors as shall exist whose terms are expiring.

3.2 Term of Office. The election of Directors shall be by plurality, the number of nominees equal to the number of vacancies to be filled receiving the greatest number of votes being elected. However, at the meeting of the Association following expiration of the Transition Period held to elect the new Directors or the date following expiration of the Transition Period when written ballots are to be counted for the election of such Directors pursuant to Section 3.1, the two nominees receiving the highest number of votes shall be elected for terms of three (3) years, the two nominees receiving the next highest number of votes shall be elected for a terms of two (2) years, and the nominee receiving the next highest number of votes shall be elected for a term of one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve for a term of three (3) years. Unless vacated sooner, each Director shall hold office until the Director's term expires and a successor is elected.

3.3 Removal; Vacancies. A Director appointed by the Developer may only be removed by the Developer, otherwise, a Director may be removed from office, with or without cause, at any regular or special meeting of the Members by sixty-seven percent (67%) of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any removed Director may be elected at the same meeting at which the vacancy is created by the removal of the Director. A Director whose removal is proposed to be voted upon at any meeting shall be given notice of the proposed removal not less than 10 days prior to the date of the meeting and shall be given an opportunity to be heard at the meeting. In the event of death or resignation of a Director, the vacancy shall be filled by majority vote of the Board at a duly held meeting, or by the sole remaining Director. A successor Director shall serve for the unexpired term of his or her predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

3.4 Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for his actual, reasonable expenses that are incurred in the performance of his or her duties and which are approved by the Board in advance.

3.5 Indemnification of Corporate Agents. The Association shall indemnify any present or former Director, officer, employee or other agent of the Association to the fullest extent authorized under the Act, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was not entitled to indemnification under this Section.

ARTICLE IV NOMINATION AND ELECTION OF DIRECTORS

4.1 Nomination. The Board shall make nominations for election to the Board of Directors from the membership, and if the election is to take place at a meeting and not solely by written ballot, nominations may also be made from the floor at the meeting. The Board shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

4.2 Election. The first election of the Board shall be conducted as set forth in Section 3.1. At such election the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Master Deed. The persons receiving the largest number of votes shall be elected. No cumulative voting shall be permitted. Voting for Directors at a meeting shall be by secret written ballot. Voting for Directors may also be conducted by written ballot pursuant to Section 2.5 (a).

ARTICLE V MEETINGS OF DIRECTORS

5.1 Regular Meetings. Regular meetings of the Board shall be held at least annually at such place within the Property, and at such time as may be fixed from time to time by resolution of the Board. If a larger meeting room is required than exists with the Property, the Board shall select a location as close as practical to the Property. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday.

5.2 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Directors. Notice of the special meeting shall specify the time and place of the meeting and the nature of the special business to be considered.

5.3 Quorum. A majority of the Directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decisions made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.

5.4 Executive Session. Any Member of the Association may attend meetings of the Board, except when the Board, by majority vote, adjourns a meeting and reconvenes in executive session to consider litigation, receive legal advice, discuss matters that relate to contract negotiations with third parties, or personnel matters. In any matter relating to the discipline of an Association Member, the Board shall meet in executive session only if requested by the Member, and the Member shall be entitled to attend the executive session. The nature of any and all business to be considered in executive session shall first be announced in open session. Any matter discussed in executive session shall be generally noted in the minutes of the Board.

5.5 Electronic Meetings. Any meeting, regular or special, of the Board may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear each another, and all such Directors so participating shall be deemed to be present in person at such meeting. And explanation of the action shall be filed with the minutes of the proceedings of the Board.

5.6 Waiver of Notice. The transaction of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

5.7 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

5.8 Action Without Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

5.9 Notices Generally. Notice of any meeting of the Board, whether regular or special, shall be given to each Director by one of the following methods; (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; (d) by telegram, charges prepaid; or (e) by facsimile transmission to the fax number of the Director or to e-mail address of the Director, with proof of transmission and receipt thereof being retained in the minutes of the meeting. All such notices shall be given or sent to the Director's address, telephone number, fax number or e-mail address as shown on the records of the Association. Such notice shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, telegraph, facsimile transmission or e-mail shall be delivered, telephoned,

given to the telegraph company, faxed or e-mailed, as the case may be, at least seventy-two (72) hours before the time set for the meeting. Notice of any meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting.

**ARTICLE VI
POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

6.1 Duties. It shall be the duty of the Board of Directors to:

A. Maintenance: Perform the maintenance described in the Master Deed;

B. Insurance: Maintain insurance as required by the Master Deed;

C. Discharge of Liens: Discharge by payment, if necessary, any lien against the Common Area and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws);

D. Assessments: Fix, levy, collect and enforce Assessments as set forth in the Master Deed;

E. Expenses and Obligations: Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the property of the Association;

F. Records: Cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class "A" Members; keep adequate and correct books and records of account, minutes of proceedings of its Members, Board and committees, and a record of its Members containing their names, addresses and class of membership;

G. Supervision: Supervise all officers, agents and employees of the Association to insure that their duties are properly performed;

H. Enforcement: Enforce these Bylaws and the Master Deed;

I. Review of Financial Records: Review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, these major components that the Association is obligated to maintain;

J. Reserve Account Withdrawal Restrictions: Require that at least two (2)

signatures are needed for the withdrawal of monies for the Association's reserve accounts, at least one (1) of whom shall be a member of the Board. One (1) signature may be that of the Association's officers, manager or such person's designee;

K. Reserve Account Fund Management: The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement or maintenance of, major components which the Association is obligated to repair, replace, or maintain and for which the reserve fund was established;

6.2 Powers. The Board of Directors shall have power to:

A. Manager: Employ a manager as provided in the Master Deed;

B. Adoption of Rules; Set Aside Common Area Parking for Handicapped: Adopt rules in accordance with the Master Deed, including rules designating Common Area parking spaces, including handicapped parking, and adopt rules limiting the number of cars which will be permitted to be parked in the Common Area parking spaces;

C. Assessments, Liens and Fines: Levy and collect Assessments and impose fines as provided in the Master Deed;

D. Enforcement (Notice and Hearing): Enforce these Bylaws or the Master Deed, provided that at least fifteen (15) days' prior notice of any charges (other than Assessments) or potential discipline or fine and the reasons therefor are given to the Member affected, and that an opportunity is provided for the Member to be heard, orally or in writing not less than five (5) days before the effective date of the discipline or fine, said hearing to be before the Board. Any notice required herein shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be given by first class or registered mail sent to the last address of the Member as shown on the Association's records;

E. Contracts: Contract for goods or services in accordance with the Master Deed;

F. Delegation. Delegate its authority and powers to committees, officers or employees of the Association or to a manager employed by the Board. The Board may not delegate the authority to procure insurance, make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearing concerning compliance by an Owner or his tenant, lessee, guest or invitee with the Master Deed or rules and regulations promulgated by the Board, or to make a decision to levy monetary fines, impose special Assessments against individual Units, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy Annual or Special Assessments; or to make a decision to bring a lawsuit, file a claim of lien, or institute foreclosure proceedings for default in payment of Assessments. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise of any such duty, power or function properly delegated by written instrument executed by a majority of the Board;

G. Appointment of Trustee: Appoint a trustee as provided in the Master Deed;

H. Loans. Borrow money (i) for the purpose of improving the Regime, or any portion thereof, (ii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Regime, (iii) for providing services authorized herein, and (iv) to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options licenses, easements, and privileges herein reserved or established for the benefit of Developer, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given;

I. Other Powers. In addition, to any other powers contained herein or in the Master Deed, the Board may exercise the powers granted to a nonprofit mutual benefit corporation board of directors as enumerated in the Act;

6.3 Prohibited Acts. The Board shall not take any actions prohibited of it under the Master Deed.

ARTICLE VII OFFICERS AND THEIR DUTIES

7.1 Enumeration of Officers. The officers of the Association shall be a President, a Vice-President, a Secretary/Treasurer, and such other officers as the Board may time to time create by resolution. The President, Vice-President, and Secretary/Treasurer must be Directors of the Association and any other officers must be Members of the Association.

7.2 Election of Officers. The Developer shall have the sole right to appoint and remove officers, with or without cause, at any time during the Transition Period. Thereafter, all officers shall be appointed by the Board.

7.3 Term. The Board shall elect the officers of the Association annually and each shall hold office for a term of one year unless he or she shall sooner resign, be removed, or otherwise become disqualified to serve.

7.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

7.5 Resignation and Removal. Any officer may be removed from office (but not from the Board, if the officer is also a Board member) by the Board with or without cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any late time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

7.6 Vacancies. A vacancy in any office shall be filled by the Board. The officer

appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

7.7 Duties. The duties of the officers are as follows:

A. President. The President shall preside at all meetings of the Board of Directors; shall see that order and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a South Carolina nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

B. Vice President. The Vice-President shall act in the place of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

C. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board. The ministerial functions of the Secretary in recording votes, keeping minutes, sending notices, and keeping the records of names and addresses of Members may be delegated to an Association manager.

D. Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budgets and statements. The ministerial functions of the Treasurer in sending Assessment notices, receiving and depositing Assessments, keeping books and ledgers of account, and preparing and distributing budgets and statements may be delegated to an Association manager or bookkeeper.

ARTICLE VIII COMMITTEES

8.1 Appointment. The Board of Directors may appoint committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the ct also requires Members' approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the members of those committees; (f) approve any transaction to which the Association is a party and in which one (1) or more Directors have a material financial interest.

ARTICLES IX BOOKS AND RECORDS

9.1 Inspection by Members. The Membership register (including names, mailing addresses, telephone numbers and voting rights), books of account and minutes of meetings of

the Members, of the Board and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, as any reasonable time and for a purpose reasonably related to his interest as a Member, at the office of the Association or at such other place within the Property as the Board shall prescribe. Board minutes shall be available to Members within thirty (30) days of the meeting, and shall be distributed to any Member upon request and upon reimbursement of the costs in making that distribution.

9.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

A. Notice to be given to the custodian of the records by the Member desiring to make the inspection;

B. Hours and days of the week when such an inspection may be made;

C. Payment of the cost of reproducing copies of documents requested by a Member.

9.3 Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and copies of documents, at the expense of the Association.

9.4 Documents Provided by Board. Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide an Owner with a copy of the governing documents of the Regime, a copy of the most recent budget and statements of the Association, and a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Annual and Special Assessments and fees, as well as any Assessments levied upon the Owner's interest which, as of the date of the statement, are or may be made a lien upon the Owner's Unit. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

ARTICLE X MISCELLANEOUS

10.1 Amendments. Prior to close of the sale of the first Unit, Developer may amend the Bylaws. After the sale of the first Unit, these Bylaws may be amended only as provided in the Master Deed or in the Act.

10.2 Conflicts. In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Master Deed and these Bylaws, the Master Deed shall control.

EXHIBIT V

Site Plan and Floor Plans

Exhibit V consists of the attached plat showing the horizontal and vertical locations of

the Buildings constructed or to be constructed on the Property, and other improvements, the attached set of floor plans of the Buildings which show graphically the dimensions, area and location of each Unit therein, and the dimensions, area and location affording access to each Unit, and further includes the matters set forth below.

One Building houses the community clubhouse. Twenty-one Buildings consist of two (2) Units each, located in two (2) story structures over enclosed parking areas. Each Unit in each Building is individually numbered and described on the Site Plan and in the Floor Plans.

Each Unit has direct access to the Common Area as shown on the Site Plan, and consists of one of eight styles shown and designated as The Palmetto, The Holly, The Cypress, The Magnolia, The Dogwood, The River Birch, The Oak, and The Willow. Typical floor plans and elevations for each style are attached to this Exhibit.

The Unit type, the number of bedrooms and baths each of the Unit types has, and the approximate square footage calculations of each of them is as follows:

| Unit Type | Bedrooms and Baths | Heated Sq. Ft. | Gross Sq. Ft. |
|-----------------|--------------------|----------------|---------------|
| The Palmetto | 3 | 1742 | 3299 |
| The Holly | 3 | 1738 | 3282 |
| The Cypress | 3 | 1745 | 3346 |
| The Magnolia | 3 | 1738 | 3355 |
| The Dogwood | 3 | 1737 | 3350 |
| The River Birch | 3 | 1801 | 3463 |
| The Oak | 3 | 1742 | 3307 |
| The Willow | 3 | 1801 | 3405 |

Each Unit is accessed by a driveway which is a Limited Common Area assigned to that Unit.

The floor plans for the Units prepared by SGM Architecture, Inc. show the typical layout of each style of Unit and the General Common Areas and the Limited Common Areas identified on said plans. The Site Plan shows the location of each Building and the style and location of each Unit.

As to each Unit: All built-in kitchen appliances, refrigerators, air conditioner units and condensers and hot water heaters located in or servicing a single Unit are part of the Unit in which they are located or serve and are not Common Areas. Each deck or porch adjoining and

accessible solely through a Unit, including the railings thereof, is a Limited Common Area assigned to that Unit and is subject to restrictions, rules and regulations as set forth elsewhere in this Master Deed.

Reference to areas as Common Areas and Limited Common Areas in this Exhibit V will be in addition to and read in conjunction with the further designations to Common Areas and Limited Common Areas set out in other provisions of this Master Deed and the site plan and floor plans which are part of this Exhibit V.

Exhibit V also includes the attached certificate from Thomas N. Smith, Licensed Architect.

Square footage calculations are approximate. The actual square footage calculation for heated area and gross area for each Unit is controlled by actual, on-site dimensions.

SITE PLAN