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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

MASTER DEED OF
HAMILTON AT SHIPYARD
HORIZONTAL PROPERTY REGIME

THIS Master Deed is made by HAMILTON AT SHIPYARD, L.L.C. (hereinafter referred to as "Declarant"), a limited liability company duly organized and existing under the laws of the State of South Carolina with its principal offices and place of business at Columbia, South Carolina, this 4th day of March, 1996.

WITNESSETH

ARTICLE 1

Establishment of Horizontal Property Regime

1.1 The purpose of this Master Deed is to establish, pursuant to the Horizontal Property Act of the State of South Carolina, a horizontal property regime to be known as HAMILTON AT SHIPYARD HORIZONTAL PROPERTY REGIME (hereinafter referred to as "Regime"). The land and improvements to be submitted to the provisions of the Horizontal Property Act and to the terms of this Master Deed are described in their totality in Article 3 as to the Condominium Property. Declarant, by filing of record this Master Deed, publishes and declares that the Condominium Property shall be owned, occupied, used, conveyed, encumbered, leased and improved in accordance with the provisions of the Horizontal Property Act of the State of South Carolina and in accordance with the covenants, restrictions, encumbrances and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the Land.

1.2 The buildings and improvements constituting the Regime have been constructed in one stage which is referred to and described in this Master Deed as Regime.

ARTICLE 2
Definitions

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

2.1 "Assessments" means that portion of the common expenses which is to be paid by each Villa Owner in proportion to his percentage interest in Common Elements.

2.2 "Association" means and refers to Hamilton At Shipyard Owners Association, Inc., a South Carolina Non-Profit corporation (hereinafter referred to as

Dist.	Map	Submap	Parcel	Block
540	15		339	

"Association"), and shall be the incorporated entity responsible for operation and management of the Common Elements reserved unto the Council of Co-Owners as same is defined in the Horizontal Property Act.

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

2.4 "Board of Directors" means the body of Persons selected, authorized and directed to manage and operate the Common Elements and the affairs of the Association as provided by this Master Deed and the By-Laws (hereinafter referred to as "Board").

2.5 "Common Elements" means all those portions of the Condominium Property not included within the Villas.

2.6 "Common Expenses" means the actual and estimated expenses of operating and managing the Common Elements, including reasonable reserves as determined by the Board.

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

2.8 "Condominium Property" means the Land described in "Exhibit A", the buildings, Villas and other improvements constructed on the Land, real, personal or mixed, intended for use in connection with the Regime.

2.9 "Horizontal Property Act" means the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as amended. All references to the "Horizontal Property Act" shall be construed to include any amendments to the Horizontal Property Act adopted and enacted from time to time.

2.10 "Land" means the tract of land designated as the Regime and described by courses and distances in "Exhibit A".

2.11 "Plans" means the floor plans and elevations depicting the design, layout and dimensions of the Villas, which have been prepared and certified by an architect duly authorized and licensed to practice in the State of South Carolina and which are attached hereto and made a part hereof as Exhibit "C".

2.12 "Plat" means the physical survey of the completed improvements of which

2582

the Regime is composed, prepared by Michael R. Dunigan R.L.S., S. C. No. 11905 showing the dimensions and site locations of the buildings, the twenty-four Villas, the parking areas, roads, walkways and other improvements in the Regime as reflected on Exhibit "B" attached hereto and made a part hereof.

2.13 "Person" means a natural person, a corporation, partnership, trustee or other legal entity.

2.14 "Regime" means the Land; the twelve (12) buildings constructed upon the Land covering a ground area of 30,444 square feet, situated as shown on the Plat; the twenty-four (24) Villas enclosed within such buildings which are described verbally in this Master Deed and which are portrayed graphically on the Plans; and all other elements of the Condominium Property constructed or to be constructed on the Condominium Property, rationally of common use or necessary to the existence, upkeep and safety of the Condominium Property and in general all other devices or installations existing for common use, which are made part of Regime by this Master Deed.

2.15 "Villa" means one of the condominium units enclosed within the boundaries defined in Article 3, Paragraph 3.2, which is subject to separate ownership.

2.16 "Villa Owner" means the Person or Persons owning one or more of the Villas.

ARTICLE 3 The Condominium Property

3.1 Land. Declarant owns in fee simple the Land subject to various covenants, restrictions, and easements as recorded in the RMC Office for Beaufort County, South Carolina.

3.2 Villas. Declarant has constructed upon the Land twelve (12) buildings containing twenty-four (24) condominium units (the "Villas"). The site locations of the buildings and Villas are shown on the Plat and the Villas also are described verbally in Article 6 of this Master Deed. Each Villa is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings and building materials enclosed within the following boundaries:

(i) The horizontal (upper and lower) boundaries of each Villa shall extend to the interior unfinished surfaces of the floors and ceilings of each Villa.

(ii) The vertical or perimeter boundaries of each Villa, extended to an intersection with the upper and lower boundaries, are as follows: (a) as to all Villa exterior walls which physically divide the Villa from Common Elements of

the building, it shall be the vertical plane of the interior surface of the exterior sheathing and the vertical plane of the centerline of all insulated glass windows and all doors; (b) as to all Villa exterior walls which physically divide one Villa from another Villa, it shall be the vertical plane of the centerline of said partition walls; (c) all vertical planes of each Villa shall extend to intersections with each other.

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

(iv) Each Villa shall also encompass and include and each Villa Owner shall be responsible for maintenance and repair of the following: (a) the doorways, windows, vents and other structural elements in walls, floors and ceilings of the Villa which are regarded as enclosures of space; (b) the doors opening into the Villa and into any mechanical area or courtyard integral to the Villa, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (c) the window glasses, screens, frames, wells and casings which are part of the windows opening from the Villa; (d) the metal flue and plumbing and mechanical vents which exclusively serve the Villa; (e) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath trim, ceilings, nonperimeter walls, and other fixtures, furnishings and building materials which are part of the Villa when delivered to the initial Villa Owner; (f) the screens, partitions, railings, balustrades or fences bounding or enclosing any deck, terrace, balcony, courtyard or service area that is integral and exclusive to the Villa, and the treated wood decking or concrete surface within any such area; (g) all pipes, wires, electrical appurtenances which are integral and exclusive to the Villa, including lamps attached to the exterior of the Villa, and including water pipes serving the Villa extending to the meter, sewer pipes serving the Villa extending five feet from the Villa and the underground drainage system beneath the Villa; and (h) the garage door and any door open mechanism and the storage area and doors located within the garage located beneath each Villa.

3.3 Common Elements. The Common Elements, either general or limited, of the entire Condominium Property, exclusive of the Villas, are shown on the Plat.

3.3.1 The general Common Elements shall include, without limitation, the following:

(i) The Land upon which the buildings enclosing the Villas are situated containing approximately 30,444 square feet; the paved parking area containing 30,545 square feet; the walkways; the remaining common areas surrounding the Villas containing 170,698 square feet; all easements, rights and hereditaments appurtenant to the Land and shown on the Plat.

(ii) All improvements, exclusive of the Villas and limited Common Elements, erected upon the Land including without limitation: (a) the roofs covering the Villas, including shingles, roofing felt, sheathing and flashing; (b) the exterior siding, fascia, sheathing and building paper on the buildings enclosing the Villas; (c) the framing, floor joists, trusses, beams, insulation, structural slab and fill, pipes, wires, conduits, pumps, motors and other equipment installed to provide utility service to the Villas or to portions of the Common Elements; (d) the roads, streets, parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens and landscaping located upon the Land; (e) any swimming pool, bath house and other recreational facilities which may now or hereafter be located upon the Land; (f) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance and safety.

(iii) All those certain areas as shown on the Plat as roads, parking areas, and recreation areas shall be for the use and enjoyment of all the Villas as may be developed on the entire site.

3.3.2 The limited Common Elements shall include the rear and front yards and service areas shown on the Plat if any, adjacent to each Villa, the storage cabinets, if any, located in the service areas and the fences screening the service areas and the storage and garage area located immediately beneath each Villa.

ARTICLE 4

Hamilton At Shipyard Owners Association, Inc.

4.1 Formation. Every Villa Owner shall be a member of the Association. The Association shall be managed by a Board of Directors elected by and from the Villa Owners.

4.2 By-Laws. The affairs of the Association and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and the By-Laws. The By-Laws may be amended from time to time, but only in the manner expressly provided in the By-Laws and Article 12 of this Master Deed.

4.3 Voting. On all matters relating to the Association or to the Condominium Property upon which a vote of the Villa Owners is taken, the Villa Owners shall vote in proportion to their respective interests in the Common Elements as set forth in "Exhibit

E". Any motion shall carry if it receives the affirmative vote of a simple majority of Villa Owners, unless a different majority is specified in this Master Deed or in the By-Laws. A simple majority of the Villa Owners shall consist of fifty-one per cent or more of the total interest in Common Elements.

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

4.5 Management Agent. The responsibility for administration of the Condominium Property may be delegated by the Association to a professional management agent. By proper resolution of the Association, such a management agent may be authorized to assume any of the functions, duties and powers assigned to the Board in the By-Laws or in this Master Deed.

ARTICLE 5 Ownership and Use

5.1 Ownership of Villas. Each Villa, together with its undivided interest in the Common Elements, shall constitute a separate parcel of real property, and each Villa Owner shall be entitled to exclusive ownership and possession of his Villa, subject to (a) the provisions of this Master Deed and the easements, restrictions, covenants and encumbrances set forth herein or as may be recorded in the RMC Office for Beaufort County, South Carolina; (b) by By-Laws of the Association as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board pursuant to the By-Laws; and (c) the Horizontal Property Act.

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

5.3 Maintenance and Repair. Each Villa Owner shall be responsible at his own expense for maintaining, repairing and decorating all walls, ceilings, floors and other elements of his Villa as defined in Article 3, Section 3.2. However, no Villa Owner shall make structural modifications or alterations to his Villa nor shall any Villa Owner alter any door, window, vent, flue, terrace, deck, balcony, garage, or courtyard without obtaining the prior written approval of the Board. Written notice of any intended modification shall be given to the Board setting forth details and requesting approval.

The Board shall consider the request and decide whether approval shall be granted. The Board shall advise the Villa Owner of its decision in writing within thirty (30) days from its receipt of the request. Nothing in this section shall relieve any Villa Owner from obtaining approval for alterations required by other applicable covenants, restrictions or easements. No Villa Owner shall undertake to modify any portion of the Common Elements, save and except as may be provided for hereinelsewhere.

ARTICLE 6
Location and Description

6.1 Villa Location. The Villas in the Regime are enclosed within the following buildings, to wit: In building 1, there are two Villas numbered consecutively 1AE and 1BE; in building 2, there are two Villas numbered consecutively 2AE and 2B; in building 3, there are two Villas numbered consecutively 3A and 3BE; in building 4, there are two Villas numbered consecutively 4AE and 4BE; in building 5, there are two Villas numbered consecutively 5AE and 5B; in building 6, there are two Villas numbered consecutively 6AE and 6BE; in building 7, there are two Villas numbered consecutively 7AE and 7BE; in building 8, there are two Villas numbered consecutively 8AE and 8BE; in building 9, there are two Villas numbered consecutively 9AE and 9BE; in building 10, there are two Villas numbered consecutively 10A and 10BE; in building 11, there are two Villas numbered consecutively 11AE and 11BE; and in building 12, there are two Villas numbered consecutively 12A and 12BE.

6.2 Villa Description. Each Villa is described as follows:

"A" Villa:

The entry door opens to a foyer 4 feet by 11 feet 10 inches. Opening to the foyer to the left is a doorway to bath number one, a washer/dryer closet 5 feet by 5 feet with shelves above and a pantry closet 3 feet by 4 feet with 6 shelves. To the right is a kitchen 11 feet by 9 feet which is equipped with a sink, dishwasher, range, disposal and refrigerator. The entry foyer leads to the living/dining room combination 13 feet 6 inches by 18 feet with a "trey" ceiling and a 9 foot sliding glass door assembly which opens to a screened porch 8 feet by 14 feet 6 inches. To the left of the living/dining room is a doorway leading to a bedroom 11 feet by 12 feet 6 inches from which a corridor 3 feet 6 inches by 6 feet leads to bath number one with a clothes closet to the right of 29 square feet. In bath number one there is a linen closet to the right with 5 shelves 2 feet by 2 feet, a toilet, single vanity and a tub/shower combination with a "garden tub" shelf on two sides. Bath number one has 63 square feet and a doorway leading back to the entry foyer. To the right of the living/dining room is a doorway leading to a bedroom 11 feet by 15 feet 9 inches. To the right is a corridor 3 feet 6 inches by 4 feet off which to the right is a closet of 10 square feet and to the left a closet of 23 square feet. The corridor leads to a doorway into bath number two. Bath number two includes 5 shelves 12 inches by 12 inches, a single vanity, a toilet and a

2587

shower/tub combination with a "garden tub" shelf on two sides.

"AE" Villa:

The entry door opens to a foyer 4 feet by 11 feet 10 inches. Opening to foyer to the left is a doorway to bath number one, a washer/dryer closet 5 feet by 5 feet with shelves above and a pantry closet 3 feet by 4 feet with 6 shelves. To the right is a kitchen 11 feet by 9 feet which is equipped with a sink, dishwasher, range, disposal and refrigerator. The entry foyer leads to the living/dining room combination 13 feet 6 inches by 18 feet with a "trey" ceiling and a 9 foot sliding glass door assembly which opens to a "Carolina Room" 8 feet by 14 feet 6 inches. The Carolina Room contains 7 windows on 3 sides of the room. To the left of the living/dining room is a doorway leading to a bedroom 11 feet by 12 feet 6 inches from which a corridor 3 feet 6 inches by 6 feet leads to bath number one with a clothes closet to the right of 29 square feet. In bath number one there is a linen closet to the right with 5 shelves 2 feet by 2 feet, a toilet, single vanity and a tub/shower combination with a "garden tub" shelf on two sides. Bath number one has 63 square feet and a doorway leading back to the entry foyer. To the right of the living/dining room is a doorway leading to a bedroom 11 feet by 15 feet 9 inches. To the right is a corridor 3 feet 6 inches by 4 feet off which to the right is a closet of 10 square feet and to the left a closet of 23 square feet. The corridor leads to a doorway into bath number two. Bath number two includes 5 shelves 12 inches by 12 inches, a single vanity, a toilet and a shower/tub combination with a "garden tub" shelf on two sides.

"B" Villa:

The entry door opens to a foyer 4 feet by 11 feet 10 inches. Opening to the foyer to the right is a doorway to bath number one, a washer/dryer closet 5 feet by 5 feet with shelves above and a pantry closet 3 feet by 4 feet with 6 shelves. To the left is a kitchen 11 feet by 9 feet which is equipped with a sink, dishwasher, range, disposal and refrigerator. The entry foyer leads to the living/dining room combination 13 feet 6 inches by 18 feet with a "trey" ceiling and a 9 foot sliding glass door assembly which opens to a screened porch 8 feet by 14 feet 6 inches. To the right of the living/dining room is a doorway leading to a bedroom 11 feet by 12 feet 6 inches from which a corridor 3 feet 6 inches by 6 feet leads to bath number one with a clothes closet to the left of 29 square feet. In bath number one there is a linen closet to the left with 5 shelves 2 feet by 2 feet, a toilet, single vanity and a tub/shower combination with a "garden tub" shelf on two sides. Bath number one has 63 square feet and a doorway leading back to the entry foyer. To the left of the living/dining room is a doorway leading to a bedroom 11 feet by 15 feet 9 inches. To the left is a corridor 3 feet 6 inches by 4 feet off which to the left is a closet of 10 square feet and to the right a closet of 23 square feet. The corridor leads to a doorway into bath number two. Bath number two includes 5 shelves 12 inches by 12 inches, a single vanity, a toilet and a shower/tub combination with a "garden tub" shelf on two sides.

"BE" Villa:

The entry door opens to a foyer 4 feet by 11 feet 10 inches. Opening to foyer to the right is a doorway to bath number one, a washer/dryer closet 5 feet by 5 feet with shelves above and a pantry closet 3 feet by 4 feet with 6 shelves. To the left is a kitchen 11 feet by 9 feet which is equipped with a sink, dishwasher, range, disposal and refrigerator. The entry foyer leads to the living/dining room combination 13 feet 6 inches by 18 feet with a "trey" ceiling and a 9 foot sliding glass door assembly which opens to a "Carolina Room" 8 feet by 14 feet 6 inches. The Carolina Room contains 7 windows on 3 sides of the room. To the right of the living/dining room is a doorway leading to a bedroom 11 feet by 12 feet 6 inches from which a corridor 3 feet 6 inches by 6 feet leads to bath number one with a clothes closet to the left of 29 square feet. In bath number one there is a linen closet to the left with 5 shelves 2 feet by 2 feet, a toilet, single vanity and a tub/shower combination with a "garden tub" shelf on two sides. Bath number one has 63 square feet and a doorway leading back to the entry foyer. To the left of the living/dining room is a doorway leading to a bedroom 11 feet by 15 feet 9 inches. To the left is a corridor 3 feet 6 inches by 4 feet off which to the left is a closet of 10 square feet and to the right a closet of 23 square feet. The corridor leads to a doorway into bath number two. Bath number two includes 5 shelves 12 inches by 12 inches, a single vanity, a toilet and a shower/tub combination with a "garden tub" shelf on two sides.

ARTICLE 7**Common Elements: Ownership and Use**

7.1 Ownership of Common Elements. Each Villa Owner shall own as an appurtenance to his Villa the undivided interest in Common Elements specified in "Exhibit E". The percentage interests set out in this Exhibit represent the values of each Villa in proportion to the total value of all Villas in the Regime.

7.2 No Partition. So long as this Master Deed has not been terminated in accordance with the provisions of Article 13 and so long as two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meaning of Article 11, the Common Elements shall remain undivided; and no Villa Owner shall have the right to bring any action for partition or division of the Common Elements.

7.3 Use of Common Elements. Each Villa Owner shall have the right to use the Common Elements for their intended purposes in common with all other Villa Owners. Each Villa Owner shall have also a non-exclusive easement appurtenant to his Villa for ingress and egress over the Common Elements for access to and from his Villa, which shall extend to the family members, agents, servants, and guests of the Villa Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the easements, restrictions, covenants and encumbrances described in Article 5, Section I, the

By-Laws of the Association, and all rules and regulations adopted by the Association pursuant to the By-Laws.

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

ARTICLE 8 COMMON EXPENSES

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

- (i) Expenses incurred in operating, maintaining, improving, repairing, and replacing the Common Elements.
- (ii) Expenses incurred in administering the affairs of the Association including salaries, wages, and any compensation paid to a managing agent for such purpose.
- (iii) Expenses incurred in providing public liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of Villa contents and furnishings, as provided in Article 10 of this Master Deed.
- (iv) Contributions to provide sufficient working capital and general reserves to operate the Common Elements and to administer the affairs of the Association.
- (v) Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.
- (vi) Any other costs related to the operation of the Common Elements or the administration of the affairs of the Association which are declared by this Master Deed to be Common Expenses, and any valid charge against the Common Elements as a whole.

8.2 Assessments. All Assessments of Common Expenses shall be fixed by the Board and made payable at such times as the Board determines, but not less frequently than quarterly.

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

8.4 Liability of Declarant. For all Villas owned by Declarant, the assessment owed for each such Villa shall be the lesser of the cumulative total of all assessments on all unsold and un conveyed Villas or the sum equal to the operating deficit experienced by the Association during the applicable calendar year, including, however, no amount held in reserve for the replacement of Common Elements shall be included in the above referenced sum. The above referenced sum which is equal to the above described operating deficit shall be determined at the end of annual accounting period adopted by the Association, and the amount of any deficit shall be determined by subtracting the cash expenses of the operations of the Association from the total revenues received by the Association from the payment of any and all assessments. The assessments as may be owed on any Villas owned by the Declarant shall be due and payable on the last day of each year.

8.5 Lien Upon Villa. All Assessments of the Association which are unpaid after becoming due shall thereupon constitute a lien against such Villa prior and superior to all other liens except (i) liens for property taxes upon the Villa in favor of any taxing authority, and (ii) mortgage liens duly recorded prior to such delinquency. The lien for such Assessments may be foreclosed by the Board acting in behalf of the Association in the same manner as a mortgage upon real property. In the event of foreclosure, the Villa Owner shall be required to pay a reasonable rental for the Villa during pendency of the foreclosure action, and a receiver may be appointed to collect the rentals during such period. The Board in behalf of the Association may bring suit for judgment against the Villa Owner in the amount of delinquent Assessments. In the event of foreclosure or suit for money judgment, a reasonable amount shall be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall include rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

8.6 Sale of Villa. Upon the sale or conveyance of a Villa, all unpaid Assessments against a Villa Owner shall first be paid out of the sales price or by the purchaser or grantee in preference over any other assessments, charges, or liens, except the following:

- (i) Lien for taxes and special assessments upon the Villa which are unpaid.
- (ii) Payments due under mortgages upon the Villa which are duly recorded prior to such sale or conveyance.

8.7 Foreclosure Purchaser. If the mortgagee of a Villa acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a foreclosure sale, such purchaser shall not be liable for the share of Common Expenses assessed by the Association upon the Villa so acquired accruing after the date of recording of such mortgage but prior to the acquisition of title. The unpaid Assessments occurring during such period shall be deemed Common

Expenses collectible from all Villa Owners, including such purchaser, his successors, heirs and assigns. The provisions of this section, however, shall not release any Villa Owner from personal liability for unpaid Assessments together with reasonable attorneys' fees for the collection thereof.

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

ARTICLE 9 Restrictions, Covenants, Easements

9.1 Covenant to Comply with Restrictions and Obligations. Each Villa Owner by acceptance of a deed to a Villa in the Regime ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns, this Master Deed, the By-Laws, decisions and resolutions of the Association, the Board, or their representatives, as lawfully amended from time to time, and the easements, covenants and restrictions, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief; provided that nothing contained herein shall limit the rights of Declarant as set forth in any of these documents.

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

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

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

9.5 Public Utility Easements. The Condominium Property is subject to utility easements for installation, operation and maintenance of electric, cablevision and telephone distribution lines, and for installation, operation, and maintenance of water and sewer lines. The Board may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the operation of the Condominium Property. If the location or nature of any utility easement is adverse to the Condominium Property or of doubtful benefit, the Board may grant such easements only when authorized by a majority vote of the Villa Owners.

ARTICLE 10 Insurance

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

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

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

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

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

10.3 Worker's Compensation Insurance. The Board shall obtain Worker's Compensation Insurance to meet the requirements of law.

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

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

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

ARTICLE 11 Reconstruction and Repair

11.1 Reconstruction. In the event of casualty loss or damage to the Condominium Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in

accordance with the provisions of this Article. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged. If two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged, unless the Villa Owners unanimously agree to reconstruction, the insurance indemnity received by the Board shall be distributed pro rata to the Villa Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. The remaining portion of the Condominium Property shall be subject to an action for partition at the suit of any Villa Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro rata among all Villa Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. If less than two-thirds (2/3) of the Condominium Property is destroyed or substantially damaged, the Condominium Property shall be reconstructed or repaired in the following manner:

- (i) Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Villa Owners holding seventy-five percent (75%) or more of the total interest in the Common Elements vote to adopt different plans and specifications and all Villa Owners whose Villas are affected by the alterations unanimously consent.
- (ii) The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include professional fees and premiums for bonds as the Board deems necessary.
- (iii) If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency as to each Villa shall be paid as a special assessment by the Villa Owners whose units are directly affected by the damage in proportion to the damage done to their respective Villas, and as to the Common Elements, the deficiency shall be paid as a special assessment by all Villa Owners.
- (iv) The insurance proceeds received by the Board and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements from the construction fund are insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repairs, it shall be distributed to the Villa Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Association.

11.2 Insurance Trust. In the event of casualty loss to the Condominium

2595

Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board as insurance trustee. The Board, acting as insurance trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of the Association, the Villa Owners, and their respective mortgagees in the following shares:

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

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

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

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

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

ARTICLE 12 **Amendments**

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

and filed of record by the officers of the Association.

ARTICLE 13
Termination

13.1 Casualty or Condemnation. If two-thirds (2/3) or more of the Condominium Property is substantially destroyed or taken by condemnation, the Condominium Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article 11 or Article 12, as the case may be.

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

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

13.4 Partition. After termination, the Condominium Property shall be subject to an action for partition by any Villa Owner or any mortgagee, in which event the net proceeds from the judicial sale shall be divided among all Villa Owners in proportion to their respective undivided interests in the Common Elements had no such termination occurred and paid to each Villa Owner and mortgagee.

ARTICLE 14
Miscellaneous Provisions

14.1 Conflicts. This Master Deed is made and declared in compliance with the Horizontal Property Act. In the event of any conflict between this Master Deed and

2597

the provisions of the Horizontal Property Act, the provisions of the statute shall control.

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

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

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

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

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

WITNESS our hands and seals the date first above written.

Signed, sealed and delivered in the presence of:

Frances P. Sampson
[Signature]

HAMILTON AT SHIPYARD, L.L.C.


BY: [Signature]
its managing agent

2598

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) **ACKNOWLEDGEMENT**
) under S.C. Code § 30-5-30(C)

I the undersigned notary public, do hereby certify that the within named, Robert Hancock, Managing Agent of Declarant, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness to before me, this 4th day of March, 1996.


_____(L.S.)
Notary Public for South Carolina
My Commission Expires: 02/06/01

(SEAL)

EXHIBIT "A"

All that certain, piece, parcel or tract of land located in Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina containing 5.319 acres, more or less, and designated as "A Portion of Parcel B Shipyard Plantation, Hilton Head Island, Beaufort County, South Carolina" on a Plat thereof prepared by Terry G. Hatchell, S.C.R.L.S. #11059, which said Plat had been recorded in the RMC Office for Beaufort County, South Carolina in Plat Book 53 at Page 120.

According to said Plat, said property bounded on the north by Windward Village, on the east by Regime 3 Phase Four of The Cottages, on the South by lands now or formerly of Ralph C. and Susan Tomanelli and Sands Village Horizontal Property Regime, and on the west by the eastern right of way of Avocet Street. Said property commences at a point N 113971.6073, E 2077663.8265 in the South Carolina Coordinate System; thence S 49 degrees 04 minutes 06 seconds E for a distance of 117.00 ft., thence S 63 degrees 39 minutes 32 seconds W for a distance of 200.79 ft.; thence S 63 degrees 36 minutes 15 seconds W for a distance of 433.34 ft.; thence N 35 degrees 37 minutes 52 seconds W for a distance of 360.00 ft.; thence N 51 degrees 37 minutes 08 seconds E for a distance of 253.00 ft.; thence N 85 degrees 45 minutes 49 seconds E for a distance of 121.25 ft.; thence N 56 degrees 47 minutes 35 seconds E for a distance of 240.00 ft.; thence S 36 degrees 10 minutes 11 seconds E for a distance of 287.00 ft. to the point of beginning.

Together with ingress and egress from the above described property to Valencia Road, Shipyard Plantation, Hilton Head Island, South Carolina.

2600

EXHIBIT "B"

**Plat of Condominium Property
Hamilton At Shipyard Horizontal Property Regime**

EXHIBIT "C"

Jenkins Hancock & Sides

Architecture
Interiors
Engineering

February 29, 1996

To Whom It May Concern:

Re: The Hamilton at Shipyard
Hilton Head Island, SC

Dear Sirs,

To the best of our knowledge based upon periodic visits to the site during the construction phase of work, the above named project has been built in accordance with the architectural plans and specifications prepared by our firm.

Sincerely,

JENKINS HANCOCK AND SIDES
ARCHITECTURE, INTERIORS, ENGINEERING


Ed Hancock
Principal

EH:ms
cc: Bob Hancock

1812 Lincoln Street
Columbia, SC 29201
803 • 252 • 2400
Fax 803 • 252 • 1630

Wm. Barry Jenkins, NCARB/AIA
Principal

Edwin A. Hancock
Principal

Randy L. Sides, NCARB/AIA
Principal

Theodore M. Talmage, NCARB
Principal

Douglas Fraser, NCARB
Associate
Dir. of Health Facilities Design

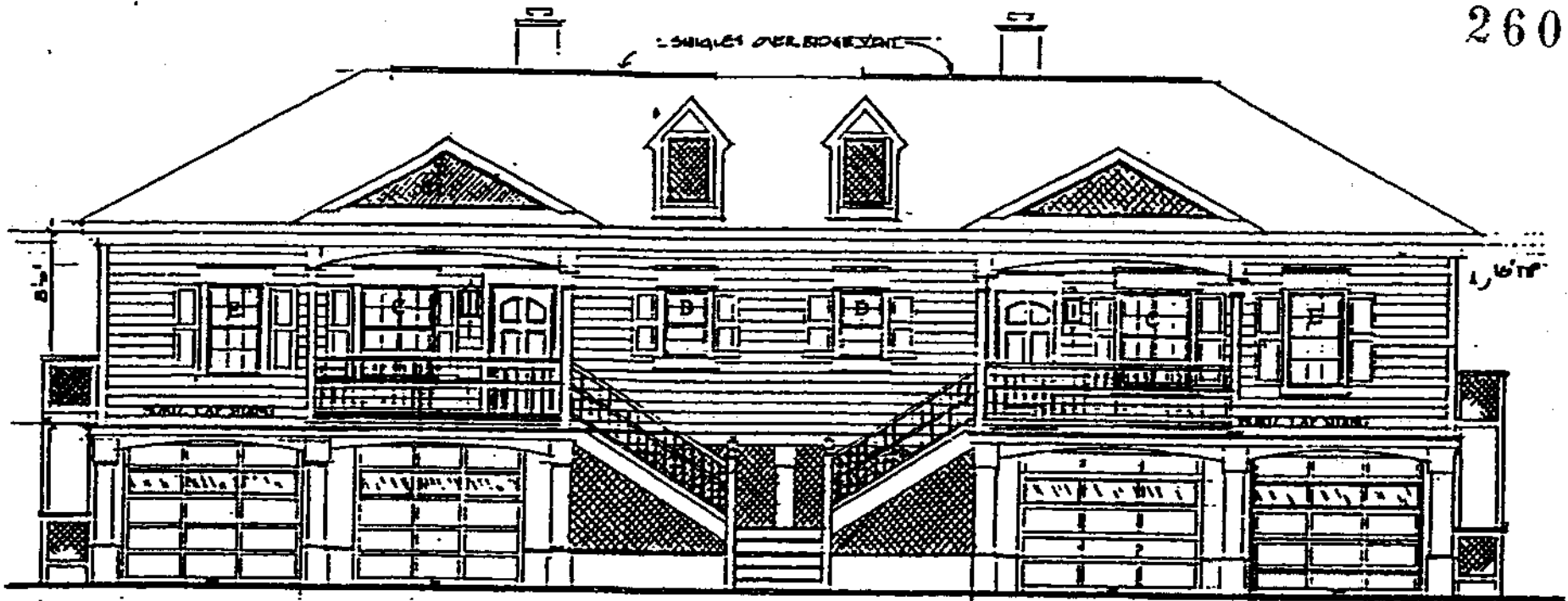
Derek Gruner, NCARB
Associate
Dir. of Commercial Facilities Design

C. M. Barnhart, NCARB
Associate
Dir. of Educational Facilities Design

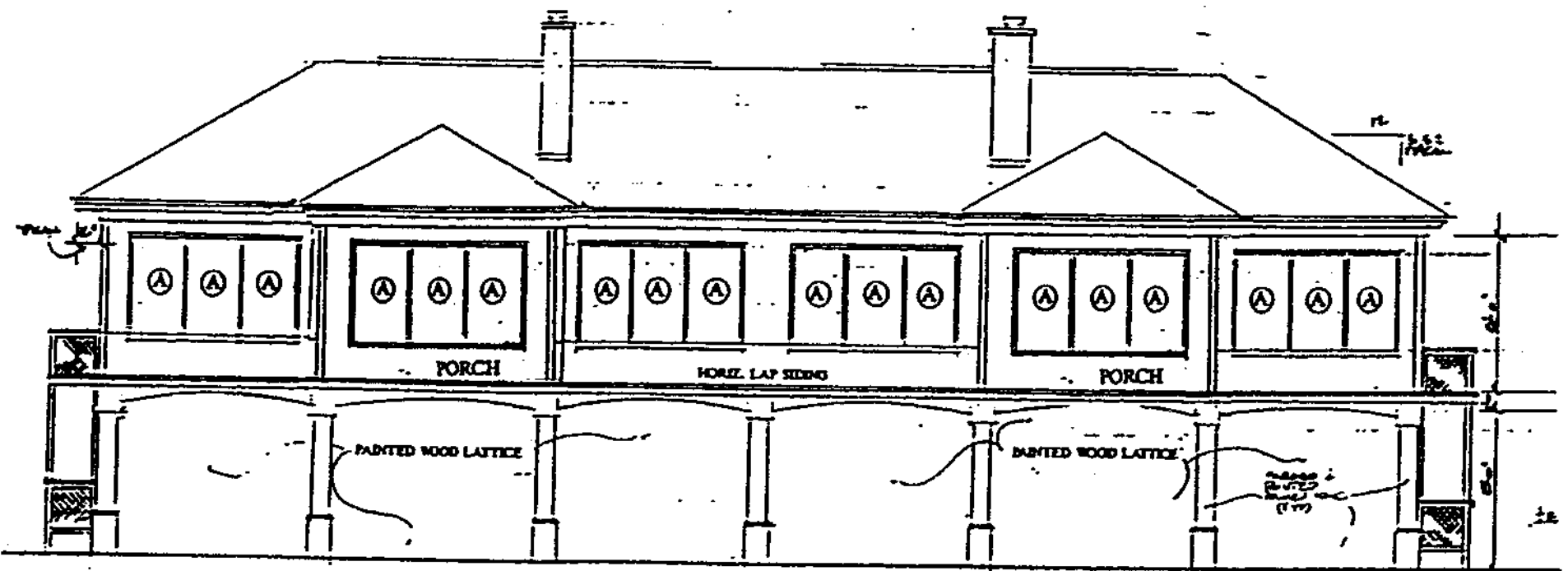
Nancy Rice Guy, IIDA
Associate
Dir. of Interior Design

Fred Roberts, PE
Associate
Dir. of Engineering Services

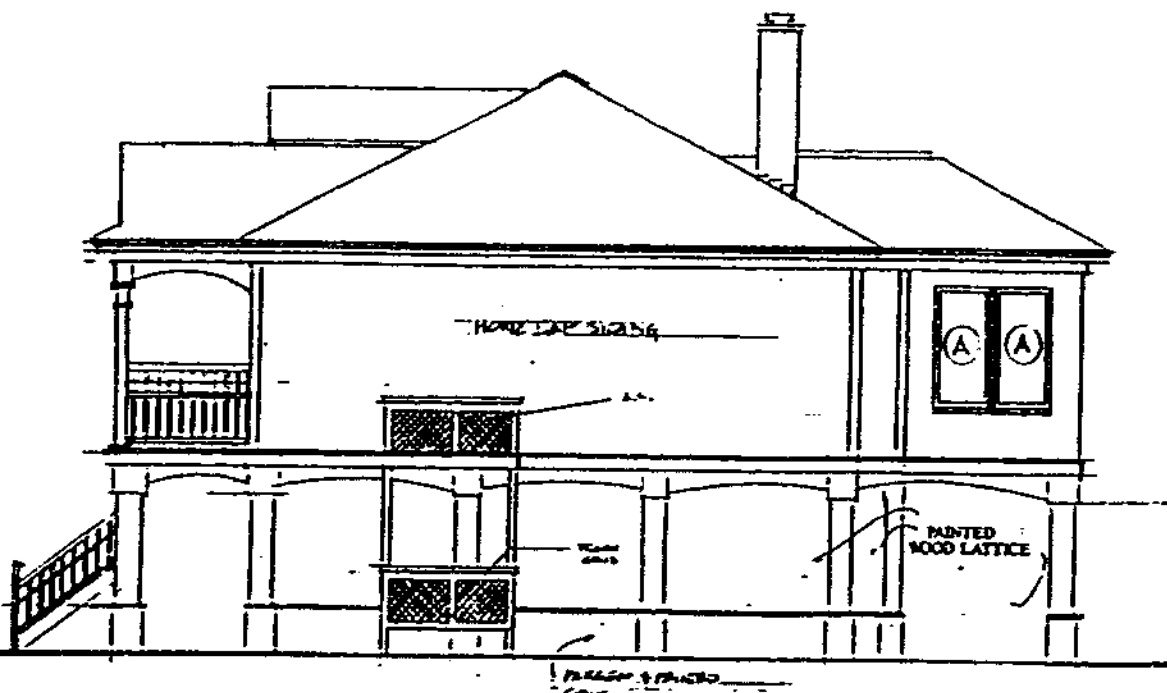
A South Carolina Corporation



FRONT ELEVATION

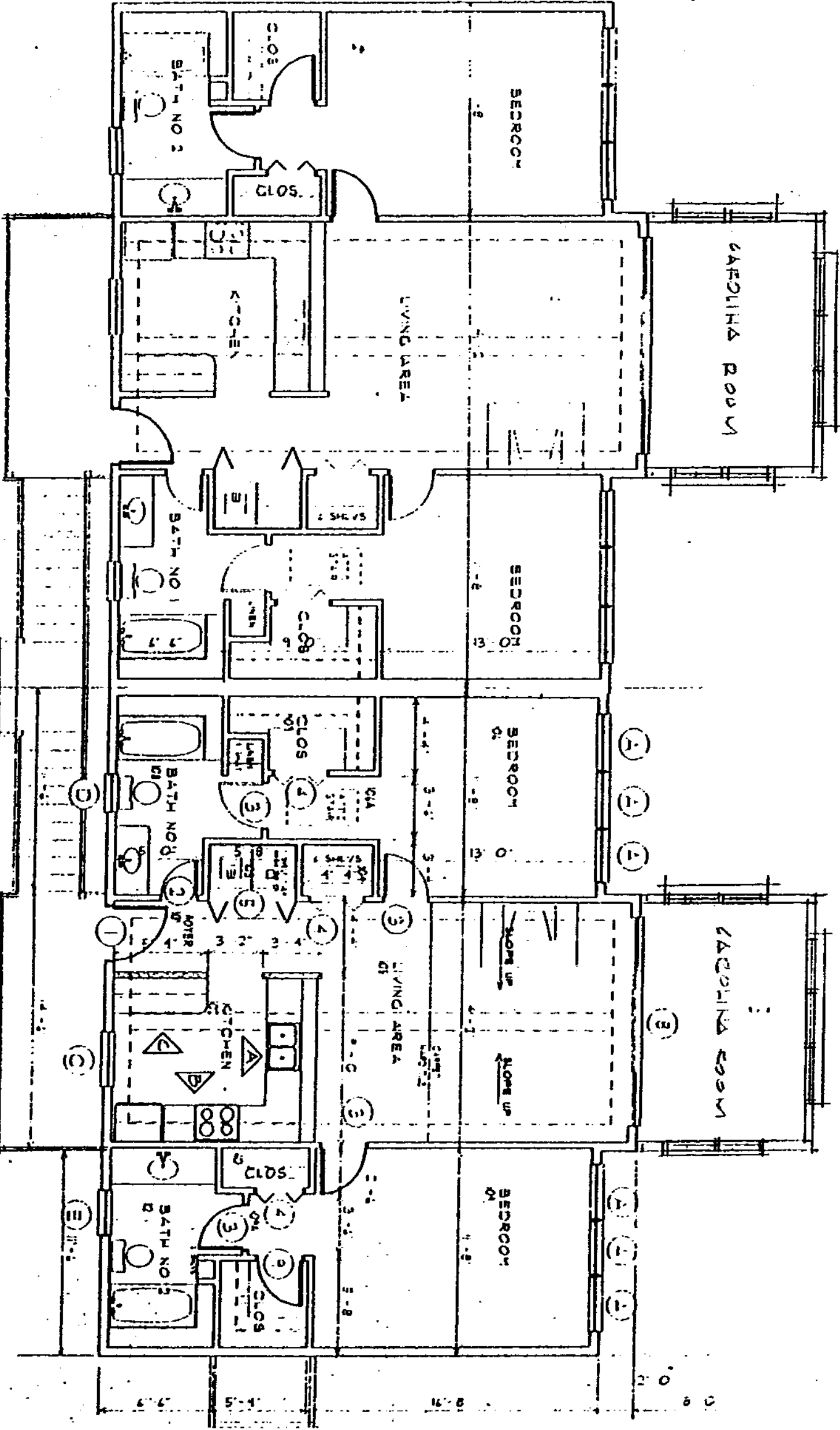


REAR ELEVATION

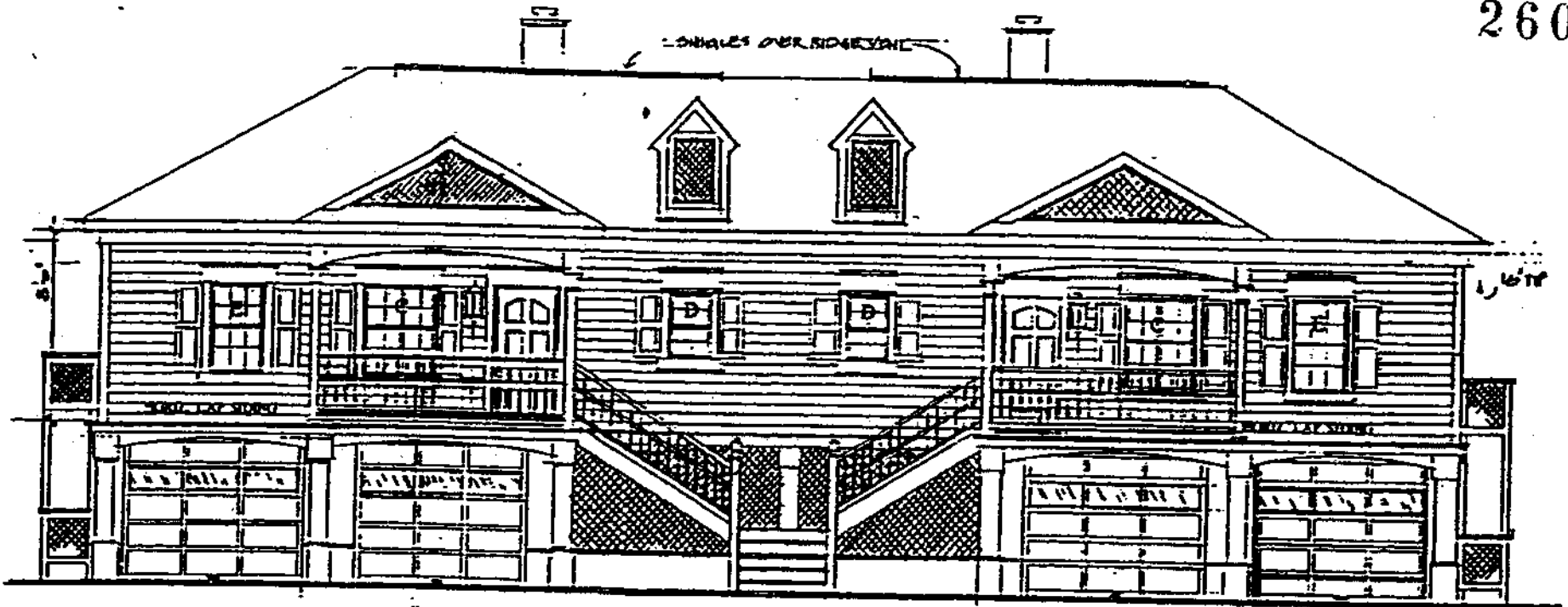


SIDE ELEVATION

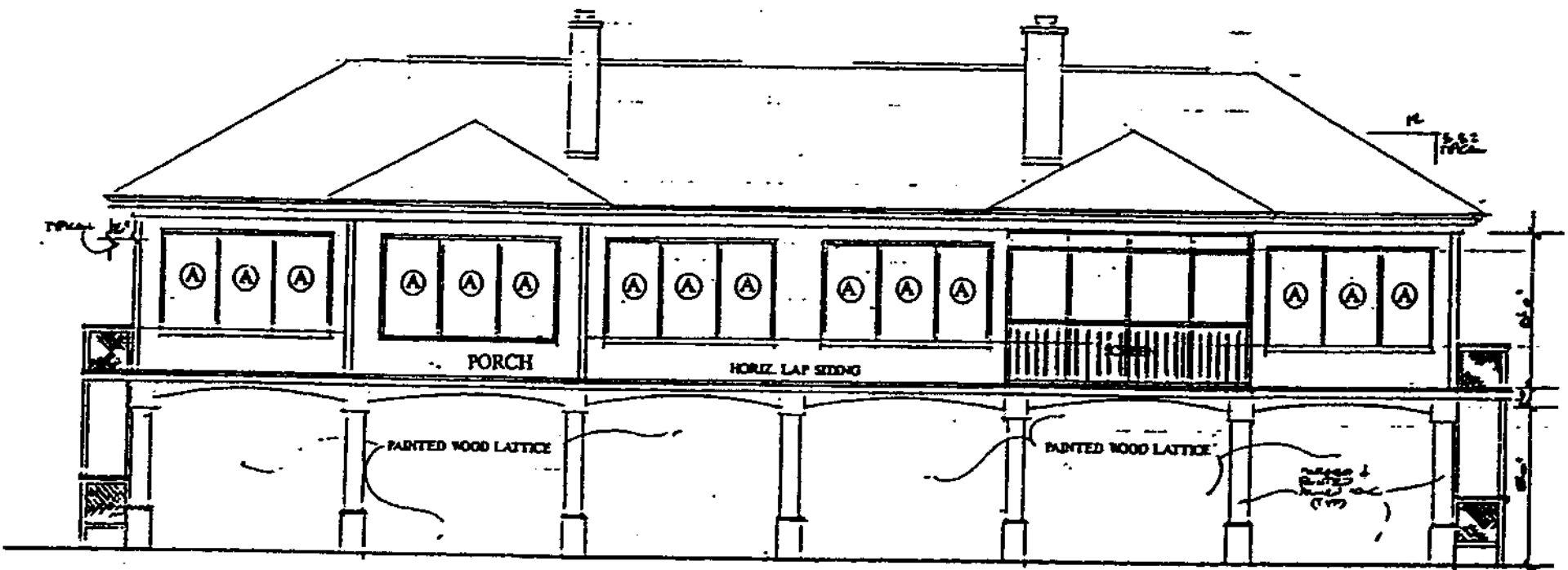
THE HAMILTON
BUILDINGS 1, 4, 6, 7, 8, 9, & 11



THE HAMILTON
BUILDINGS 1, 4, 6, 7, 8, 9, & 11



FRONT ELEVATION

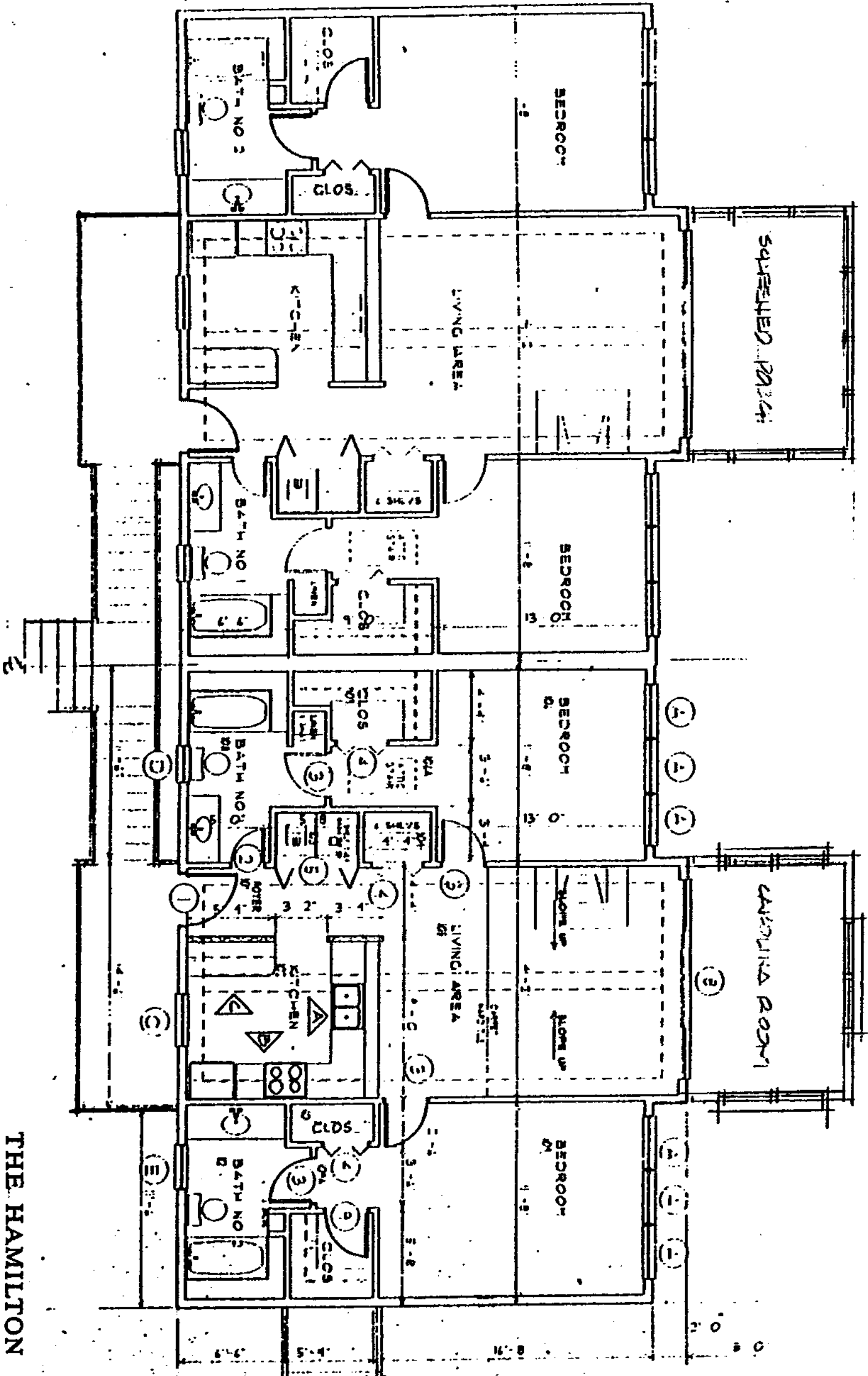


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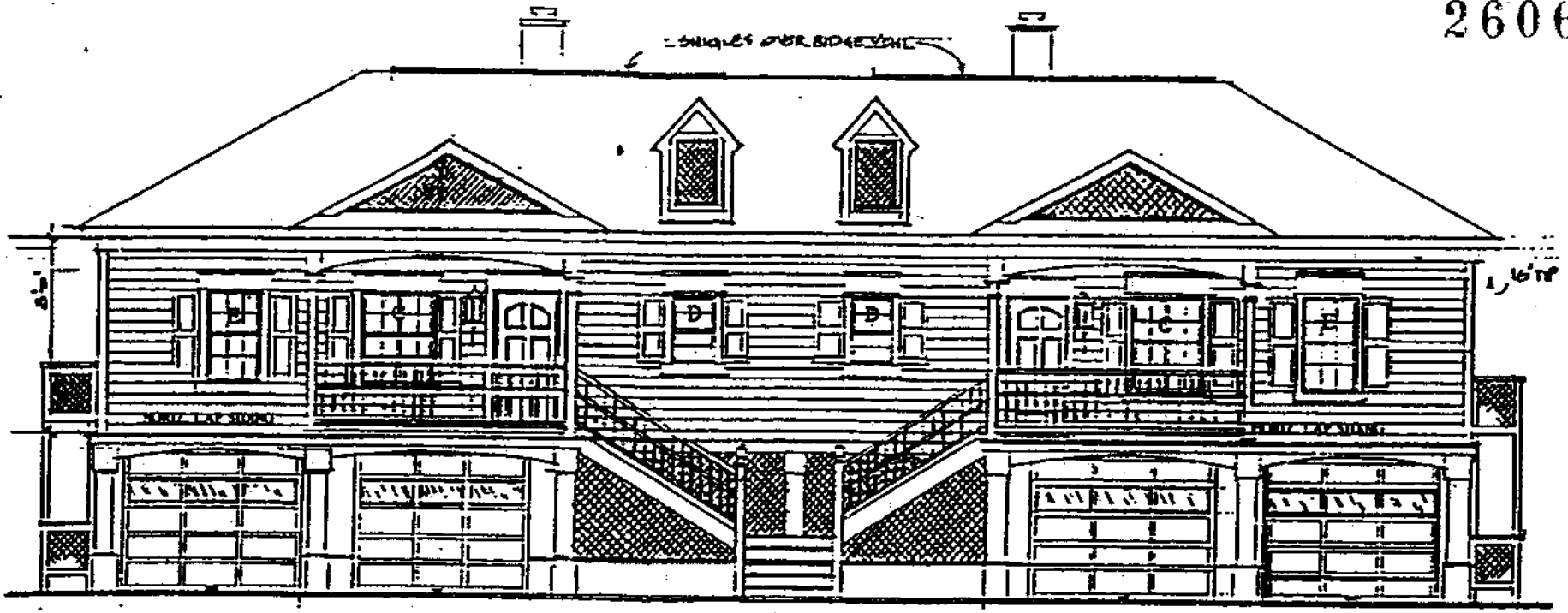


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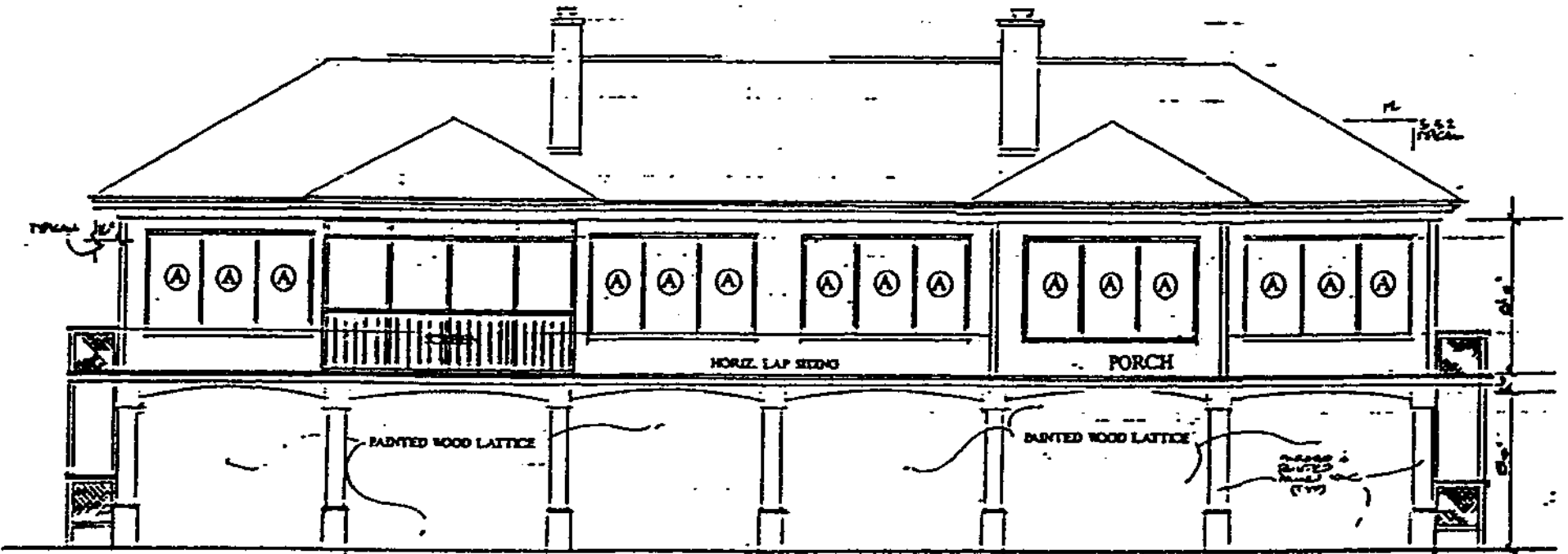
THE HAMILTON
BUILDINGS 2 & 5



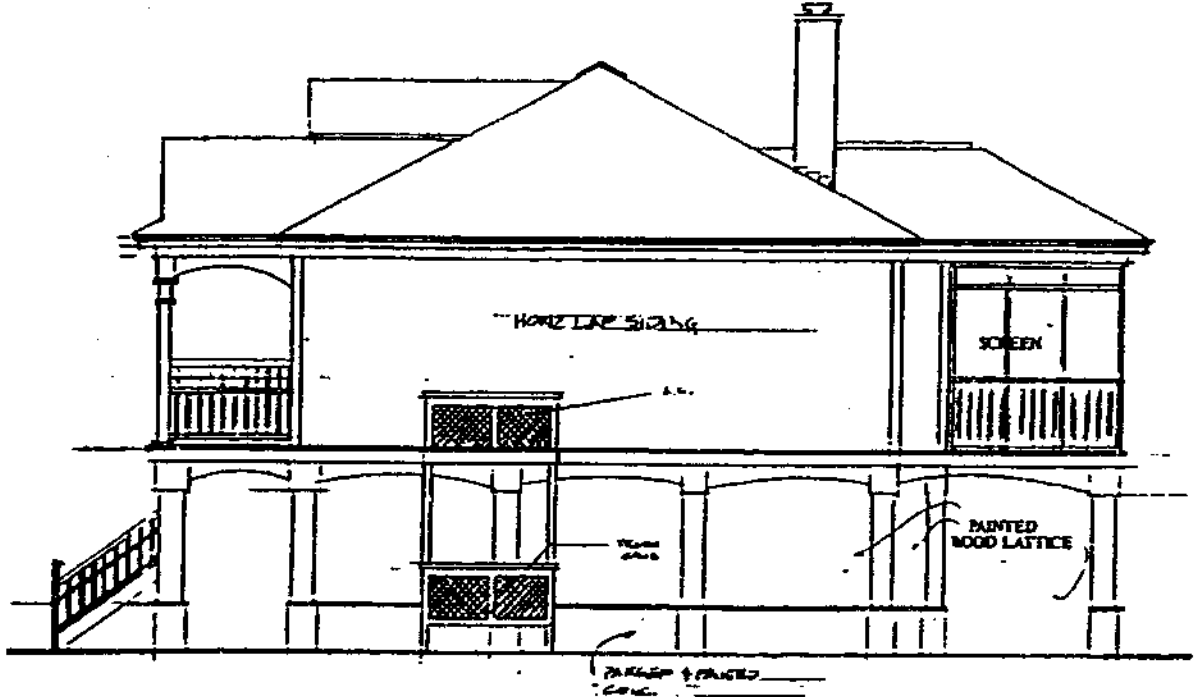
THE HAMILTON
BUILDINGS 2 & 5



FRONT ELEVATION

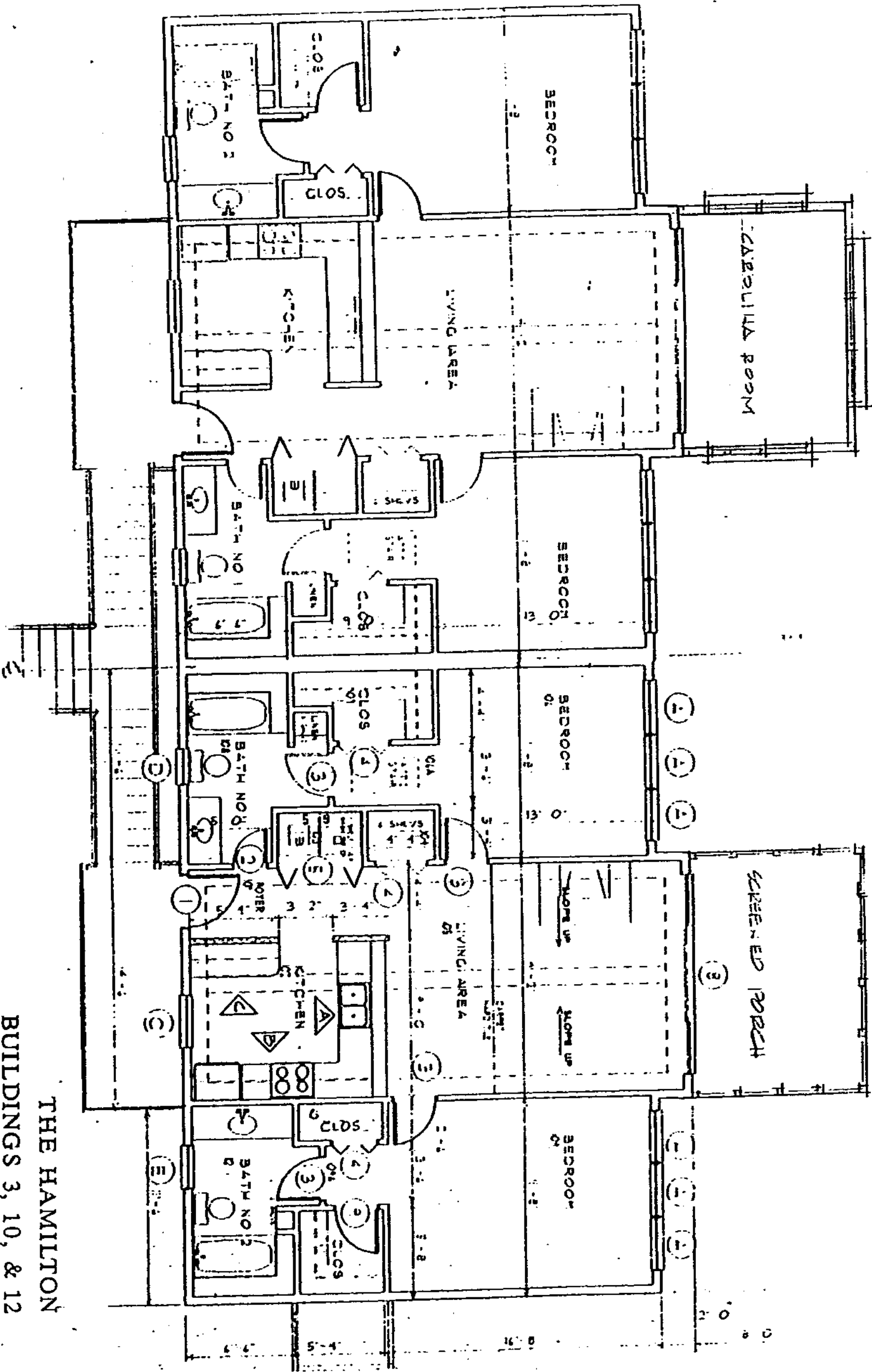


REAR ELEVATION



SIDE ELEVATION

THE HAMILTON
BUILDINGS 3, 10, & 12



THE HAMILTON
BUILDINGS 3, 10, & 12

EXHIBIT "D"**BY-LAWS OF
HAMILTON AT SHIPYARD OWNERS ASSOCIATION, INC.
ARTICLE I
PLAN OF VILLA OWNERSHIP**

Section 1. **HORIZONTAL PROPERTY REGIME.** The Condominium Property (the term "Condominium Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located in Beaufort County, South Carolina, known as Hamilton at Shipyard Horizontal Condominium Property Regime, has been, by Master Deed, submitted to the provisions of the Horizontal Property Act of South Carolina ("Act"), which said properties shall henceforth be known as the Hamilton At Shipyard Horizontal Condominium Property Regime ("Regime").

Section 2. **BY-LAWS APPLICABILITY.** The provisions of these By-Laws are applicable to the Condominium Property, the Regime, and the Hamilton at Shipyard Owners Association, Inc. ("Association").

Section 3. **PERSONAL APPLICATION.** All present or future Villa Owners, tenants, future tenants, or their employees, or any other person who might use the facilities of the Condominium Property in any manner, are subject to the regulations set forth in these By-Laws and in the Master Deed establishing said Regime as they may be amended from time to time. The mere acquisition or rental or any of the Villas ("Villas") as defined in the Master Deed or the mere act of occupancy of any of said Villas will signify that these By-Laws, the provisions of the Master Deed, and any authorized amendments to the foregoing Master Deed are accepted and ratified, and will be complied with.

**ARTICLE II
VOTING, MAJORITY OF VILLA OWNERS, QUORUM, PROXIES**

Section 1. **VOTING.** Voting shall be on a percentage basis and the percentage of the vote to which the Villa Owner is entitled is the percentage assigned to the Villa(s) in the Master Deed.

Section 2. **MAJORITY OF VILLA OWNERS.** As used in these By-Laws, the term "majority of Villa Owners" shall mean those Villa Owners holding fifty-one (51%) percent or more of the total value of the Condominium Property, in accordance with the percentages assigned in the Master Deed, and any authorized amendments thereto.

Section 3. **QUORUM.** Except as otherwise provided in Section 6 and elsewhere in these By-Laws, the presence in person or by proxy of a majority of Villa Owners as defined in Section 2 of this Article shall constitute a quorum.

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

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

ARTICLE III ASSOCIATION

Section 1. ASSOCIATION RESPONSIBILITIES. The Villa Owners will constitute the Association who will have the responsibility of administering the Condominium Property, approving the annual budget, establishing and collecting periodic assessments, and arranging for the management of the Condominium Property pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Association shall require approval by a majority of Villa Owners.

Section 2. PLACE OF MEETING. Meetings of the Association shall be at such place, convenient to the Villa Owners, as may be designated by the Board.

Section 3. ANNUAL MEETINGS. The annual meetings of the Association shall be held at the call of the President of the Association once a year during the month of October or at such other time as a majority of the Villa Owners may agree upon. At such meetings there shall be elected by ballot of the Villa Owners a Board of Directors ("Board"). The Villa Owners may also transact such other business of the Association as may properly come before them.

Section 4. SPECIAL MEETINGS. It shall be the duty of the Secretary-Treasurer to call a special meeting of the Villa Owners as directed by resolution of the Board or upon a petition signed by a majority of Villa Owners and having been presented to the Secretary-Treasurer. A notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice except by consent of 75% of the votes present, either in person or by proxy.

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

Section 6. **ADJOURNED MEETING.** If any meeting of the Association cannot be organized because of a quorum has not attended, the Villa Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called. Upon the reconvening of said meeting, a quorum shall be constituted if Villa Owners holding at least 25% of the total value of the Condominium Property in accordance with the percentages assigned in the Master Deed are present at said reconvened meeting.

Section 7. **ORDER OF BUSINESS.** the order of business at all Annual Meetings of the Association shall be as follows:

1. Roll Call.
2. Proof of Notice of Meeting or Waiver of Notice.
3. Reading of Minutes or Preceding Meeting.
4. Reports of Officers.
5. Reports of Committees.
6. Election of Inspectors of Election.
7. Election of Administrators.
8. Unfinished Business.
9. New Business.

The order of business at a Special Meetings of the Association shall include items 1-4 above, and thereafter the agenda shall consist of the items specified in the notice of meeting.

ARTICLE IV BOARD OF DIRECTORS

Section 1. **NUMBER AND QUALIFICATION.** The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons. Until succeeded by the Board members elected by the Villa Owners, Board members need not be Villa Owners. So long as the Declarant (as defined in the Master Deed) owns one or more Villas, the Declarant shall be entitled to elect at least one member of the Board, who need not be a Villa Owner. After Declarant has conveyed all Villas and is no longer entitled to elect one member of the Board, all Board members shall be Villa Owners.

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

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

- (a) Compliance with all of the terms and conditions of the Master Deed and any amendments thereto and enforcement of same.
- (b) Care, upkeep and surveillance of the Condominium Property and the Common Elements.
- (c) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the Common Elements.
- (d) Collection of assessments from the Villa Owners.
- (e) Performing repairs caused by any natural disaster or man-made damage from the reserve account and any special assessment, or causing the same to be done.
- (f) Obtaining of insurance for the Condominium Property, pursuant to the provisions hereof and the provisions of the Master Deed, or causing the same to be done.
- (g) Grant or relocate easements which are not inconsistent with the Villa Owners' full use and enjoyment of the common properties.
- (h) Making of repairs, additions and improvements to or alterations of, the Condominium Property and repairs to and restoration of the Condominium Property in accordance with the other provisions of these By-Laws; provided, however, that the Board shall not undertake any repair covered by the warranty without the consent of a majority of the Villa Owners.

Section 4. MANAGEMENT AGENT. The initial management agent shall be Shore Management whose contract extends until December 31, 1997. Thereafter, the Board may employ a management agent at the compensation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. FIRST BOARD OF DIRECTORS. The first Board consisting of three (3) members shall be designated by the Declarant. These appointments will be temporary and will continue only until the first annual meeting of the Villa Owners held pursuant to the provisions of these By-Laws. At the first Annual Meeting of the Association, the initial term of office for one (1) member of the Board shall be fixed at three (3) years; the term of office of one (1) member of the Board shall be fixed at two (2) years, and the term of office of one (1) member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected for a period of three (3) years. Any and all of said Board members shall be subject to replacement, in the event of resignation or death, in the

manner set forth in Section 6 of this Article. During the period in which the Declarant's designees constitute a majority of the Board, the Board shall not enter into any contract having a term which extends beyond the term of the management agreement with Shore Management.

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

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

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

Section 9. **REGULAR MEETINGS.** Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary-Treasurer, or other designated person, to each Board member, personally or by mail, telephone, or telegraph, at least ten (10) days prior to the day named for such meeting unless such notice is waived by all members of the Board as provided in Section 11.

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

Section 11. **WAIVER OF NOTICE.** Before or at any meeting of the Board, any member of the Board may, in writing, waive notice of such meeting and such waiver shall

be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

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

Section 14. COMPENSATION. No member of the Board shall receive any compensation from the Association for acting as such.

Section 15. LIABILITY OF THE BOARD. The members of the Board shall not be liable to the Villa Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Villa Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Master Deed, these By-Laws, or the Horizontal Property Act. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the original Board, who are members of or employed by the Declarant to contract with Declarant and affiliated corporations without fear of being charged with self dealing. It is also intended that the liability of any Villa Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the total liability thereunder as his interest in the Common Elements bears to the interest of all Villas Owners in the Common Elements. Every agreement made by the Board or by the managing agent or by the manager on behalf of the Association shall provide that the members of the Board, or the managing agent, or the manager, as the case may be, are acting only as agent for the Villa Owners and shall have no personal liability thereunder (except as Villa Owners), and that each Villa Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interest of all Villa Owners in the Common Elements.

ARTICLE V OFFICERS

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

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

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

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

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

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

ARTICLE VI NOTICES

Section 1. DEFINITION. Whenever under the provisions of the Master Deed or

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

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

ARTICLE VII OBLIGATIONS OF THE VILLA OWNERS

Section 1. ASSESSMENTS FOR COMMON EXPENSES. All Villa Owners shall be obligated to pay the periodic assessments imposed by the Association to meet all Association common expenses, which shall include, among other things, liability insurance policy premiums and an insurance policy premium to cover repair and reconstruction work in case of hurricane, fire, earthquake and other hazards. The common expenses may also include such amounts as the Board may deem proper for the operation and maintenance of the Condominium Property and any authorized additions thereto. Such may include without limitation, any amount for working capital, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. No less than thirty (30) days prior to the Annual Meeting, the Board shall furnish all Villa Owners with a copy of the proposed budget for the next calendar year and shall likewise advise them of the amount of the common charges payable by each of them, respectively, as determined by the Board as aforesaid. The budget will voted on at the annual meeting be approved by a majority of the Villa Owners in attendance in person or by proxy. Declarant will not be liable for the amount of any assessment against completed Villas within the Association which have not been sold, except those expenses provided in the Master Deed, and Declarant shall have all voting rights attendant to the ownership of said Villa(s) until said Villa(s) are sold. Payment of the periodic assessment shall be in equal monthly or quarterly (as determined by the Board) installments on or before the first day of each month or quarter, as appropriate, or in such other reasonable manner as the Board shall designate.

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

Section 2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS ARE MADE. The omission by the Board before the expiration of any

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

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

Section 4. DEFAULT IN PAYMENT OF COMMON CHARGES. The Board shall take prompt action to collect any common charge due from any Villa Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by a Villa Owner in paying to the Board the common charges as determined by the Board, such Villa Owner shall be obligated to pay interest at the rate of one and one-half (1 1/2%) percent of the delinquent amount per month on such unpaid common charges from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid common charges. The Board shall have the right and duty to attempt to recover such common charges, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Villa Owner, or by foreclosure of the lien on such Villa granted by § 27-31-210, Code of Laws of South Carolina, 1976, as amended.

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

Section 6. MAINTENANCE AND REPAIR.

(a) Each Villa Owner must perform work within his own Villa, which, if omitted, would affect the Condominium Property in its entirety or in a part belonging to another Villa Owner, being expressly responsible for the damages and liabilities that his failure to do so may engineer.

(b) All the repairs of internal installations of the Villas such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, interior doors, windows, lamps, and all of the accessories belonging to the Villa shall be at the expense of the Villa Owner.

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

Section 7. WATER CHARGES, GAS CHARGES AND SEWER RENTS. Water shall be supplied to all Villas and the Common Elements through one or more meters and the Board shall, if a majority of the Villa Owners so elect, pay as a common expense all charges for water consumed on the Condominium Property, including the Villas, promptly after the bills for the same have been rendered. Sewer services shall be supplied by the utility company or district serving the area and shall likewise, if practicable, be paid by the Board as a common expense. Declarant has entered into a Lease Agreement with Suburban Propane ("Suburban") to supply gas tanks and gas to the Condominium Property. Each Villa Owner takes title to his Condominium Property subject to the lease and agrees to be bound by its terms.

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

Section 9. USE OF VILLAS - INTERNAL OR EXTERNAL CHANGES

(a) (i) All Villas shall be utilized as single family private dwellings for the Villa Owners and the members of their immediate families, social guests, lessees, and invitees. This shall expressly include the right of the Villa Owner to rent such Villa(s) to others for residential purposes. Moreover, so long as any Villa(s) remain

unsold by Declarant, Declarant or its agent shall be authorized to maintain a sale model within the Regime for purposes of promoting the sale of Villas, and Declarant shall have the right to use one Villa (either a Villa Declarant or otherwise) for a manager's office. (ii) Notwithstanding the foregoing, nothing in this Master Deed shall be construed to restrict Villa Owners from selling, reconveying or in any other way transferring their Villas at anytime. (iii) A Villa Owner shall not make structural modifications or alterations in his Villa or installations located therein without previously notifying the Association in writing, through the management agent, if any, or through the President if no management agent is employed. The Association shall have the obligation to answer within thirty (30) days from the actual receipt of such notice and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. (iv) Villa Owners shall not permit or suffer anything to be done or kept in Villas which will increase the rate of insurance on a Villa or which will obstruct or interfere with the rights of other Villa Owners, nor commit or permit any nuisance, noxious activity, immoral or illegal acts in or about any Villa.

(b) A Villa Owner shall make no changes whatsoever to the exterior of the Villa, any stairs, decks, patio, balconies, or garages appurtenant thereto, or to any of the limited or general Common Elements without approval of two thirds (2/3) of the Villa Owners; provided, however, that the Board shall be authorized to approve minor additions to landscaping and other exterior minor changes or additions of this nature which in their sole discretion will not interfere or conflict with the overall scheme and appearance of the Common Elements.

Section 10. USE OF COMMON ELEMENTS. Except as authorized herein, a Villa Owner shall not place or cause to be placed in the passages, parking areas, roads, or other Common Elements any furniture packages or obstructions of any kind. Such areas shall be held in common for the enjoyment of the Villa Owners and shall be used for no other purpose than for normal transit through or use of them and for normal vehicular parking.

Section 11. RIGHT OF ENTRY.

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

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

Section 12. ROLES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the Villas and Common Elements of the Association, the Villa Owners may from time to time adopt, modify, and revoke in whole or in part by a vote of the members present, in person or represented by proxy whose aggregate interest in the Common Elements constitutes 2/3 of the total interest, at any meeting duly called for the purpose, such reasonable rules and regulations, to be called Rules of Conduct, governing the conduct of persons on said Condominium Property as they may deem necessary. Such Rules of Conduct, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Villa Owner by posting same with postage prepaid addressed to the Villa Owner at the last registered address of the Villa Owner and shall be binding upon all Villa Owners and the occupants of Villas. The following shall constitute the initial Rules of Conduct for the Association:

- (a) Villa Owners, residents, and lessees shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents.
- (b) No Villa Owner, resident, or lessee of the Condominium Property shall:
 - (1) Post any advertisements, signs or posters of any kind in or on the Condominium Property except as authorized by the Association;
 - (2) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Condominium Property or use any window treatment other than treatment with white or beige backing;
 - (3) Dust rugs, mops or similar object from the windows or balconies or clean rugs or similar object by beating on the exterior part of the Condominium Property;
 - (4) Throw trash or garbage outside the disposal installation provided for such purpose in the service areas;
 - (5) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Villas in the Condominium Property;
 - (6) Permit his garage door to remain open when the garage area is not in use;
 - (7) Park any boat, camper, or recreational vehicle on Association Condominium Property unless enclosed in the Villa's garage;
 - (8) Park any vehicle on any landscaped area except in that area

designated for parking for the Villa;

(9) Permit his child(ren) to feed alligators or play near the lagoon system.

(c) A Villa Owner may keep a domestic pet in his Villa under the regulations promulgated by the Association from time to time. At no time however, may a Villa Owner place a doghouse or chain or fence a domestic animal on the Common Elements of the Condominium Property. A Villa Owner may not keep any other animals, livestock or poultry, nor may any of the same be raised, bred or kept upon any portion of the Condominium Property, including any balcony. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Condominium Property upon three (3) days written notice from the Board. A Villa Owner shall be responsible for removal of his pets waste disposed on the Condominium Property

(d) No Villa Owner, resident, or lessee shall install wiring for electrical or telephone installations, television or radio antennae, air conditioning Villas or similar objects outside of his dwelling or which protrudes through the walls or the roof of his Villa except as authorized by the Board.

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

ARTICLE VIII AMENDMENTS

Section 1. BY-LAWS. The By-Laws may be amended by the Association in a duly constituted meeting held for such purpose, or in a properly conducted referendum by use of the mails which include proper notice to all Villa Owners, and no amendment shall take effect unless approved by Villa Owners representing at least 2/3 of the total value of the Condominium Property as shown on the Master Deed. So long as the Declarant remains the Villa Owner of any Villa in this Horizontal Condominium Property Association, these By-Laws may not be amended so as to adversely affect the Declarant without the Declarant's consent.

**ARTICLE IX
MORTGAGES**

Section 1. **NOTICE TO BOARD.** A Villa Owner who mortgages his Villa shall notify the Board through the management agent, if any, or the President if there is no management agent, of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgages on Villas".

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

- (a) Any change in the condominium documents;
- (b) Any unpaid assessments due the Association from the Villa Owners, which remain unpaid for thirty (30) days;
- (c) Any default by a Villa Owner of a Villa in the performance of such Villa Owners obligations under the condominium documents when such default is not cured within 30 days;
- (d) Any notice of special or annual meetings of the Association.

Section 3. **STATEMENTS TO MORTGAGEE.** Upon request of any mortgagee listed in the book entitled "Mortgages on Villas", the Board, manager or management agent shall supply such mortgagee with a reasonably current financial statement of the Association.

ARTICLE X

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires.

Should any of the covenants herein imposed be void or be or become unenforceable at law or in equity, the remaining provisions of this instrument shall nevertheless be and remain in full force and effect.

**ARTICLE XI
COMPLIANCE**

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

EXHIBIT "E"

<u>Villa Number</u>	<u>Value of Villa</u>	<u>Percentage Interest</u>
1AE	\$140,000	4 1/6%
1BE	\$140,000	4 1/6%
2AE	\$140,000	4 1/6%
2B	\$140,000	4 1/6%
3A	\$140,000	4 1/6%
3BE	\$140,000	4 1/6%
4AE	\$140,000	4 1/6%
4BE	\$140,000	4 1/6%
5AE	\$140,000	4 1/6%
5B	\$140,000	4 1/6%
6AE	\$140,000	4 1/6%
6BE	\$140,000	4 1/6%
7AE	\$140,000	4 1/6%
7BE	\$140,000	4 1/6%
8AE	\$140,000	4 1/6%
8BE	\$140,000	4 1/6%
9AE	\$140,000	4 1/6%
9BE	\$140,000	4 1/6%
10A	\$140,000	4 1/6%
10BE	\$140,000	4 1/6%
11AE	\$140,000	4 1/6%
11BE	\$140,000	4 1/6%
12A	\$140,000	4 1/6%
12BE	\$140,000	4 1/6%

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JOHN A. SULLIVAN, JR.
CLERK
BEAUFORT COUNTY, S.C.

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RECORDED THIS 19th DAY
OF March 1996
IN BOOK AC PAGE 273

Mary B. Gray / PO
AUDITOR, BEAUFORT COUNTY, S.C.