

SHIP WATCH VILLAS COUNCIL OF CO-OWNERS, INC.
Fine Policy for Violating Prohibited Work Provisions of the Ship Watch Villas HPR
Master Deed and Associated Regulations (“Fine Policy”)

This Fine Policy is adopted pursuant to Article IV, Section F, as amended (the “Prohibited Work Provisions”), of the Master Deed of Ship Watch Villas Horizontal Property Regime (the “Regime”), to Article X, Sections B and C of the Regime’s Bylaws and to the Ship Watch Villas HPR Construction Regulations.

Any owner of a Ship Watch villa who (a) begins a major renovation project in that villa prior to October 1 or who continues work on the renovation project after March 31 or (b) engages in construction work during the week prior to Easter Sunday or the week following Easter Sunday, even if prior to March 31, or (c) engages in construction work other than between the hours of 8:00 a.m. and 5:00 p.m. on Mondays through Saturdays will be subject to fines in accordance with the Schedule of Fines set forth below.

Any work requiring a Town of Kiawah Island building permit shall be deemed a “major renovation.” In addition, the Board in its sole discretion may determine that other projects, due to their potential or actual disruptive effect on surrounding villas, are “major renovations.”

Under the Master Deed, the entire renovation project must be completed by March 31 (or, if not complete, suspended until October 1). This means the entire project. Teasing out, from the overall project, individual items that might not by themselves require a permit defeats the purpose and spirit of the Prohibited Work Provisions and will be considered a violation if work occurs on prohibited dates.

The receipt of a Certificate of Occupancy for a project will not be determinative in deciding whether the project is entirely complete. The project only will be deemed complete when the owner has received a Certificate of Completion in accordance with the Ship Watch Villas HPR Construction Regulations (the “Construction Regulations”). Although not a complete list, the Regime Manager will expect the following in determining whether to issue a Certificate of Completion:

All structural items, trim, appliances and fixtures must be in place. This includes interior and exterior doors, cabinetry and countertops, built-ins, light fixtures, curtain rods, plumbing fixtures, electronics (TVs and other systems requiring drilling to hook up) and the like. Painting must be completed. Essentially all furniture must be in place.

The purpose of the Certificate of Completion is to mark the date when the Owner and the Regime Manager agree that the renovation project is complete. In signing the Certificate of Completion, the Regime Manager is not certifying or warranting the workmanship of the contractors involved in the project or guaranteeing compliance with any local, state, or federal laws regarding construction.

The Prohibited Work Provisions and the Construction Regulations are in place as a means of allowing owners to effect desired property improvements during the rental off-season. In addition to the noise created by construction, the work, and associated workmen and construction and other delivery vehicles, can result in dirt in the hallways, elevators and stairs as well as traffic issues in the parking areas. All of these diminish the vacation experience of guests and owners. It is unfair to guests (and to owners who depend on rental income) to have work continue after the March 31 deadline. It is the prerogative of inconvenienced guests to request to be moved, which results in lost income to the owner. Also, of course, guests who have been disturbed leave with a poor impression of Ship Watch and are less likely to come again.

Schedule of Fines for Violating Dates on Which Work Is Permitted

Fines are assessed on a calendar week basis, with Sunday being the first day of the week. One day of work in any given week constitutes a finable offense.

- (1) \$1,800 for week 1 (the first week in which a violation occurs)
- (2) \$1,800 for week 2
- (3) \$5,000 for week 3
- (4) \$7,500 for week 4
- (5) \$10,000 for week 5 and each week thereafter

Schedule of Fines for Violating Hours During Which Work Is Permitted

Fines are assessed on a daily basis, regardless of the length of time of the violation.

- (1) First violation – A warning will be given.
- (2) Second violation – \$100
- (3) Third violation – \$300
- (4) Fourth and subsequent violations – \$500 each

Effective October 1, 2016