

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

MASTER DEED
OF
SHIP WATCH VILLAS
HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made by KIAWAH ISLAND COMPANY LIMITED, a corporation duly organized and existing under the laws of the Territory of the British Virgin Islands ("Grantor"), pursuant to the Horizontal Property Act of South Carolina ("Act") for the purpose of creating a horizontal property regime and establishing certain easements, covenants, and restrictions to run with the land.

ARTICLE I

THE PROPERTY

A. Property. The term ("Property") means and includes the land hereinafter identified and all improvements and structures now existing or hereafter placed thereon and all easements, rights, and appurtenances belonging thereto.

B. Land. The land ("Land") owned in fee simple absolute by Grantor and hereby being submitted to a horizontal property regime is described as follows:

All that tract, piece, parcel or lot of land on Kiawah Island, Charleston County, South Carolina, shown as Tract "8" Lot "BVA" on a plat entitled "A Plat of Tract '8' Lot 'AR-2,' a portion of Shipwatch Road, & Tract '8' Lot 'BVA,'" made by Coastal Surveying Co., Inc., dated November 28, 1975, and recorded in Plat Book AJ at page 15 in the office of the R.M.C. for Charleston County, S. C. Tract "8" Lot "BVA" consists of 3.53 acres and is more particularly described as follows:

To locate the point of beginning, commence at the point on the southern right-of-way of Ship Watch Road located at the southeastern corner of Tract "8" Lot "AR-1" (plat thereof recorded in Plat Book AG at page 120 in the R.M.C. Office for Charleston County, S. C.) and running thence in a general easterly direction along the southern right-of-way line of Ship Watch Road 12.19 feet along a curve to the left formed by an arc having a radius of 159.95 feet and spanned by a chord 12.19 feet in length to a point on the southern right-of-way line of Ship Watch Road marked by a concrete monument, being the point of beginning; thence running northeasterly along the southern boundary of the right-of-way of Ship Watch Road 31.03 feet following a curve to the left formed by an arc having a radius of 159.95 feet and spanned by a chord 30.98 feet in length to a concrete monument; thence North 53°09'06" East 100.00 feet along the southern boundary of the right-of-way of Ship Watch Road to a concrete monument; thence northeasterly and easterly along the southerly boundary of the right-of-way of Ship Watch Road 51.13 feet following a curve to the right formed by an arc having a radius of 96.11 feet and spanned by a chord 50.53 feet in length to a concrete monument; thence North 83°38'06" East 85.00 feet along the southern boundary of the right-of-way of Ship Watch Road to a concrete monument; thence cornering and running South 06°21'54" East 15.00 feet to a concrete monument; thence South 24°29'59" East 35.19 feet to a concrete monument; thence South 34°15'59" East 149.30 feet to a concrete monument; thence South 25°08'20" East 225.45 feet to a concrete monument; thence cornering and running South 64°51'40" West 217.11 feet to a concrete monument; thence south 64°10'07" West 162.81 feet to a concrete monument; thence cornering and running North 25°49'53" West 237.32 feet to a concrete monument; thence North 14°20'14" East 180.00 feet to a concrete monument; thence North 25°44'00" West 54.83 feet to a concrete monument, being the point of beginning, be all the said dimensions a little more or less.

C. Building and Improvements. The building constructed on the Land is "V"-shaped and is situated with the "point" of the "V" oriented generally southeasterly toward the beach of the Atlantic Ocean, to which access may be had via an uncovered boardwalk. Parking spaces for 71 cars are located on the landward side of the building between it and Ship Watch Road. The locations of the building and other improvements are shown on the plot plan which is labelled Exhibit A and attached to and hereby incorporated by reference in this Master Deed.

A total ground area of approximately 24,463.54 square feet (.56 acres) lies under the building, including its decks and balconies.

The building is of steel and concrete frame construction (with an expansion joint in the northern wing) on a foundation of concrete pilings and has five floors, or levels. The top of the floor on level one is approximately 6.0 feet above grade and 13.13 feet above mean sea level. The top of the floor on every other level is approximately 10'5" above the top of the floor on the next lower level.

Level one is divided into fourteen residential apartments, one business apartment, six utility and service rooms, two trash rooms, corridors, a vending area, and an uncovered wooden deck on the landward side of the building at the juncture of its two wings. Level two and level three are each divided into fifteen residential apartments, three utility and service rooms, two trash rooms, corridors, and a vending area. Level four is divided into seventeen residential apartments, three utility and service rooms, two trash rooms, corridors, a vending area, and two wooden sun decks. Level five is located at the building's point and is divided into five residential apartments, each of which is the upper story or level of a fourth floor apartment. Stairs within each of the five apartments allow passage between the two levels.

A corridor runs through each wing of the building on the first, second, third, and fourth levels. The corridors are for the most part enclosed (have two walls), but at some places on the landward side they are either entirely open or have only a handrail. Access to the first level corridors is by the aforesaid boardwalk, by the aforesaid, wooden deck, and by stairs near the end of each wing which continue and give access to the second, third, and fourth levels. Two elevators located at the juncture of the wings provide access to the second, third, and fourth levels.

The dimensions (within reasonable construction tolerances) of each level of the building and the location of the apartments, utility and service rooms, trash rooms, corridors, vending areas, sun decks, stairwells, and elevators are shown on the floor plans, consisting of five sheets, which are labelled Exhibit B and are attached to and hereby incorporated by reference in this Master Deed.

The exterior of the building (other than the corridors, which have T 1-11 plywood walls) is of cedar shingle, fire-retardant cypress, and cedar. Roofs are of asphalt shingle or are built up, have parapets, and some have mechanical equipment (fan coil units, condensing units, exhaust fans, and wall heaters) located on them. The exterior of the building is shown in Exhibit C, consisting of three sheets, which is attached to and hereby incorporated by reference in this Master Deed.

D. Apartments. The building contains sixty-one residential apartments known and identified as "Villas" and one business apartment known and identified as the "Reception Room." Each apartment is designated for the purpose of any conveyance, lease, or other instrument affecting the title by a four-digit number. The Reception Room is designated 2100. Beginning on the landward side of the building with the Villa in the western wing closest to the point of the "V" and moving around the building in a counterclockwise direction, the Villas on level one are designated 2163 through 2176, inclusive; on level two, 2263 through 2277, inclusive; on level three, 2363 through 2377, inclusive; and on level four, 2463 through 2479, inclusive.

Villas 2469, 2470, 2471, 2472, and 2473 are split-level or two-story Villas having an upper story located on level five, and the numerical designation of each of these Villas applies to and includes both stories of the Villa. The locations of the Villas and Reception Room as so designated are shown on Exhibit B.

All Villas are accessible from the building's corridors and all first level Villas except 2163 are also accessible by steps from the ground to a balcony of the Villa. The Reception Room is accessible from the first level corridor and from the aforesaid wooden deck.

The Reception Room has a folding partition which, when drawn across the large meeting room, bisects it. The Reception Room has a kitchen, two toilet rooms, five closets (one with a water heater), and one balcony.

There are twelve Villa configurations (referred to as Types A, B, C, D, E, F, G, H, I, J, K, and L), including - except for the Type D and Type L Villas - the mirror image of each configuration. All Villas with substantially identical configurations are classified as one type, but there are, by design, square footage variations not only among the various types but also within types B, C, E, H, J, and K. Each Villa is of the type indicated on Exhibit D, which is attached to and hereby incorporated by reference in this Master Deed.

The two efficiency Villas are categorized as Type A, and each has a vestibule, bathroom, two closets (one with water heater), lockable storage area, kitchen, living/dining/bedroom, and balcony.

The twenty Villas having one bedroom are categorized as Type B, C, or D, and each has a vestibule, closet, bathroom, bedroom, living/dining room, kitchen, and utility room with water heater and lockable storage area. Type B and Type C Villas have one balcony, whereas the Type D Villa has two.

The thirty-eight Villas having two bedrooms are categorized as Type E, F, G, H, I, J, or K, and each has a vestibule, living/dining room, kitchen, two bedrooms, two closets, and two bathrooms. Type E, F, G, H, and I Villas have one utility room with water heater and lockable storage area; Type J and K Villas have one utility room with a lockable storage area and a second utility room (under the stairs to the upper level of the Villa) with water heater. Type H, J, and K Villas have two balconies; Type E and F have three; Villa 2170 has three but other Type G Villas have two; and Villa 2163 has two but other Type I Villas have three.

The one Villa having three bedrooms is categorized as Type L and has a vestibule, living/dining room, kitchen, closet with water heater, lockable storage area, utility room (under the stairs to the upper level of the Villa), three bedrooms, three closets, three bathrooms, and four balconies.

Exhibit B shows graphically the dimensions (within reasonable construction tolerances), area, and location in the building of the Villas and Reception Room and of the common elements affording access to each Villa and to the Reception Room.

An apartment encompasses and includes the space of that portion of the building which is designated on Exhibit B by a four-digit number and is bounded by:

1. the upper surface of the concrete floor slab; (including that of the balcony or balconies); and
2. the interior surface of all wall studs; the unfinished inside surface of door and window frames; the unfinished, exterior surface of metal and wooden doors; and the exterior surface of windows and glass doors; and
3. the unfinished, lower surface of all ceiling joists.

An apartment consequently and further includes the following:

1. all window and door glass,
2. all exterior doors except for the unfinished, exterior surface of wooden and metal doors,
3. all window and door screens,
4. all railings inside full-length, sliding glass windows, all balconies (and their railings) accessible from the apartment, and all steps (and their railings) from the ground to a balcony of a first level Villa,
5. all interior doors,
6. all paint and finishes, whether applied to floors, walls, ceilings, handrails, cabinets, or other woodwork and trim,
7. all carpet (and carpet underlay), vinyl, and other flooring and floor coverings,
8. all ceramic tile,
9. all built-in cabinets and shelves,
10. all lighting fixtures,
11. all recirculating fans,
12. the heating and air conditioning system serving such apartment exclusively,
13. all electric, telephone, and other wiring, and receptacles, switches, and breaker boxes contained in the floors, walls, and ceilings bounding such apartment,
14. all water, drain, sewer, and vent pipes and all conduits for wiring serving such apartment exclusively,
15. the following appliances: oven/range with recirculating vent-hood, refrigerator/freezer, dishwasher, and garbage disposal,
16. hot water heater and plumbing fixtures, and
17. smoke detector.

E. Common Elements. All portions of the Property not encompassed and included within the Villas or the Reception Room are common elements ("Common Elements").

F. Limited Common Elements. There are no Common Elements which are appurtenant to and reserved for the use of a single Villa or group of Villas or for the Reception Room.

G. General Common Elements. General Common Elements include the following:

1. the Land,
2. the parking area and all sidewalks or walkways,
3. the aforesaid boardwalk, uncovered wooden deck, and sun decks,
4. the stairs near the end of each wing of the building and the two elevators,

5. corridors, utility and service rooms, trash rooms, and vending areas,
6. foundations, pilings, columns, supports, braces, framing (including plates, studs, headers, sills, joists, and rafters), exterior walls, and roofs, and
7. all other portions or parts of the property not described in Paragraph D of this Article as being included in an apartment.

H. Values. The value of the Property is \$4,800,000 and the value of each Villa and of the Reception Room is as set out in Exhibit D. These values are fixed for the sole purpose of complying with the Act and shall not prevent each Co-owner (as defined in Article II, Paragraph A) from fixing a different circumstantial value to his Villa or Reception Room in all types of acts and contracts.

I. Ownership of Common Elements. Ownership of the Common Elements is apportioned among and appurtenant to the Villas and Reception Room as set out in Exhibit D based upon the relation of the value of each Villa or Reception Room to the value of the Property. The percentage of the undivided interest in the Common Elements shall not be separated from the Villa or Reception Room to which it appertains, and shall be deemed to be conveyed or encumbered with the Villa or Reception Room even though such interest is not expressly mentioned or described in the deed or other instrument of conveyance. Such percentage shall not be altered without the acquiescence of all the Co-owners.

J. Name. The name by which the horizontal property regime shall be known is "Ship Watch Villas Horizontal Property Regime" (the "Regime").

ARTICLE II

SYSTEM OF ADMINISTRATION OF THE REGIME

A. Co-owner. The term "Co-owner" means an individual, firm, corporation, partnership, association, trust, or other legal entity, or any combination thereof which owns a Villa or the Reception Room.

B. Voting. On all matters relating to the Regime upon which a vote of the Co-owners is conducted, each Co-owner shall be entitled to cast the number of votes set out in Exhibit D. The affirmative vote of the Co-owners of fifty-one per cent or more of the value of the Property shall be required to adopt decisions unless this Master Deed or the Bylaws require a different percentage for a particular act or decision.

-C. Council, Board of Directors, and Manager. Each Co-owner shall be a member of and constitute the Council of Co-owners ("Council"), an unincorporated association which shall act by and through a board of directors ("Board of Directors") elected by and from the Co-owners. The Council shall employ a management agent ("Manager") for the Regime.

The Grantor (prior to the election of the first Board of Directors) or the Co-owners (at any time upon the affirmative vote of a majority of the Co-owners) may incorporate the Council, and in such event

- (a) each Co-owner shall be a member of the corporation,
- (b) the bylaws referred to in Paragraph D of this Article II shall be adopted as the bylaws of the corporation,
- (c) the Articles of Incorporation shall not contain provisions inconsistent with this Master Deed, and
- (d) the name of the corporation shall be "Ship Watch Villas Council of Co-owners."

D. Bylaws and Regulations. The Council and the administration of the Regime shall be governed by (1) the bylaws ("Bylaws") attached to this Master Deed as Exhibit E and hereby incorporated by reference in it, and (2) any regulations ("Regulations") adopted pursuant to the Bylaws. The Bylaws may be modified or amended only in the manner set forth in Article VIII of this Master Deed.

ARTICLE III

COMMON EXPENSES

A. Liability of Co-owners. The Co-owners of the Villas and the Reception Room are bound to contribute in the percentages set out in Exhibit D toward the following expenses ("Common Expenses"):

1. those expenses of maintaining, repairing, or replacing the Common Elements as qualified by Article VI, Paragraph D of the Bylaws;
2. insurance premiums paid by the Council in accordance with the provisions of this Master Deed and the Bylaws;
3. indemnification of Board of Directors members and Council officers as provided in Article XI, Paragraph D of the Bylaws, and
4. any other expense lawfully agreed upon by the Council as necessary to the administration of the Regime.

The liability of each Co-owner for the Common Expenses shall be limited to the amounts for which he is assessed from time to time in accordance with the Act, this Master Deed, and the Bylaws. No Co-owner may exempt himself from contributing toward the Common Expenses by a waiver of the use or enjoyment of the Common Elements or by abandonment of his apartment.

B. Liability of Purchaser. The purchaser of an apartment (other than a purchaser at a foreclosure sale as described in Paragraph E of this Article) shall be jointly and severally liable with the seller for the latter's pro-rata share of Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser as such joint debtor. The Council shall issue to any purchaser upon request a statement of any amounts due by the seller of any apartment, and the purchaser's liability under this paragraph shall be limited to the amount as set forth in the statement.

C. Sale of Apartment. Upon the sale or conveyance of a Villa or the Reception Room, all unpaid assessments against a Co-owner for his pro rata share of the Common Expenses shall first be paid out of the sales price or by the purchaser in preference over any other assessments or charges of whatever nature except the following:

1. assessments, liens, and charges for taxes on the Villa or Reception Room which are past due and unpaid; and
2. payments due under mortgage instruments or encumbrances duly recorded.

D. Lien on Apartment. All sums assessed but unpaid for the share of the Common Expenses chargeable to any Villa or the Reception Room shall constitute a lien on such Villa or Reception Room prior and superior to all other liens except only (1) tax liens in favor of any assessing unit, and (2) mortgage and other liens, duly recorded, encumbering the apartment. Such lien may be foreclosed by suit by the Manager or the Board of Directors, acting on behalf of the Council, in like manner as a mortgage of real property. In any such foreclosure the Co-owner shall be required to pay a reasonable rental for the Villa or Reception Room after the commencement of the foreclosure action, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Manager or the Board of Directors, acting on behalf of the Council, shall have power to bid in at any foreclosure sale and to acquire, hold, lease, mortgage, encumber, and convey a Villa or the Reception Room. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same.

E. Foreclosure Purchaser. Where the mortgagee or other purchaser of a Villa or the Reception Room obtains title as a result of the foreclosure of such mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Co-owners chargeable to such Villa or Reception Room accruing after the date of recording such mortgage but prior to the acquisition of title by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Co-owners, including such acquirer and his successors and assigns.

F. Records. The Manager or the Board of Directors shall keep, or cause to be kept, a book with a detailed account, in chronological order, of the receipts and expenditures affecting the Property and its administration and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. Both the book and the vouchers accrediting the entries made thereupon shall be available for examination by all the Co-owners at convenient hours on working days that shall be set and announced for general knowledge.

ARTICLE IV

EASEMENTS, COVENANTS, AND RESTRICTIONS

A. Use of Property. Each Co-owner shall be entitled to the exclusive ownership and possession of his Villa or Reception Room and may use the Common Elements in accordance with the purpose for which they were intended without hindering or infringing upon the lawful rights of other Co-owners.

B. Future Easements. The Board of Directors may hereafter grant easements for the benefit of the Property, and each Co-owner, by the acceptance of the deed to his Villa or Reception Room, does hereby grant to the Board of Directors an irrevocable power of attorney to execute, deliver, and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

C. Encroachments. If any portion of the Common Elements now encroaches upon any Villa or the Reception Room, or if any Villa or the Reception Room now encroaches upon any other Villa or the Reception Room or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of (1) the settling of the building, (2) the repair, alteration or reconstruction of the Common Elements made by or with the consent of the Council, (3) the repair or reconstruction of a Villa or the Reception Room following damage by fire or other casualty, or (4) condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Property remains subject to the Act.

D. Right of Access. The Council shall have the irrevocable right, to be exercised by the Manager or the Board of Directors, to have access to each Villa and the Reception Room from time to time during reasonable hours as may be necessary to permit the inspection, maintenance, repair, or replacement of any of the Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Property.

E. Maintenance of Common Elements. The maintenance, repair, and replacement of the Common Elements and the making of any additions or improvements thereto shall be carried out only as provided in the Act, this Master Deed, and the Bylaws.

F. Prohibited Work. A Co-owner shall not make any additions or improvements to or do any work upon the Common Elements or make any structural alteration of his Villa or the Reception Room without first (1) having the plans and specifications of such addition, improvement, work, or alteration approved by the Board of Directors, and (2) depositing with the Board funds sufficient (in the sole discretion of the Board) to defray all costs, including attorneys' fees, of modifying this Master Deed and recording such modification. The Board of Directors shall not approve any addition or improvement which in the Board's judgment would jeopardize the soundness or safety of the Property or reduce the value of the Property. No change in the exterior appearance of any part of the building shall be allowed unless pursuant to a plan adopted by the Board to change the overall exterior appearance of the building.

G. Partition. The Common Elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership. Any covenant to the contrary shall be void.

H. Covenants. The Property, except as hereinafter noted, is and shall be subject to the following easements, covenants, and restrictions:

1. Declaration of Covenants and Restrictions of The Kiawah Island Community Association, dated February 19, 1976, recorded in Deed Book T-108 at page 337 in the Office of the R.M.C. for Charleston County, South Carolina;
2. Declaration of Rights, Restrictions, Affirmative Obligations and Conditions applicable to all Property in Kiawah Island, dated February 19, 1976, recorded in Deed Book T-108 at page 338 in the Office of the R.M.C. of Charleston County, South Carolina; and
3. Class "B" Covenants for Multi-Family Residential Areas in Kiawah Island, dated February 19, 1976, recorded in Deed Book T-108 at page 340 in the Office of the R.M.C. of Charleston County, South Carolina, which shall not apply, however, to the Reception Room.

ARTICLE V

LIENS

A. Attachment. No lien arising subsequent to the recording of this Master Deed, and while the Property remains subject to the Act, shall be affective against the Property. During such period liens or encumbrances shall arise or be created only against each Villa or the Reception Room and the percentage of undivided interest in the Common Elements appurtenant thereto in the same manner and under the same conditions and in every respect as liens or encumbrances may arise or be created upon or against any other separate parcel of real property subject to individual ownership; provided, that no labor performed or materials furnished with the consent or at the request of a Co-owner, his agent, contractor, or subcontractor shall be the basis for the filing of a mechanic's or materialman's lien against the Villa or the Reception Room or any other property of any other Co-owner not expressly consenting to or requesting the same, except that such express consent shall be deemed to be given by each and every Co-owner should the need for emergency repairs arise. Labor performed or materials furnished for the Common Elements, if duly authorized by the Council, the Manager, or the Board of Directors in accordance with the Act, this Master Deed, or the Bylaws, shall be deemed to be performed or furnished with the express consent of each Co-owner, and shall be the basis for the filing of a mechanic's or materialman's lien against each of the Villas or the Reception Room and may be discharged as provided in Paragraph B of this Article.

B. Discharge. In the event a lien against the Reception Room or against two or more Villas becomes effective, the respective Co-owners may remove their Villas or the Reception Room from the lien by payment of the fractional or proportional amounts attributable to the Reception Room or each of the Villas affected. Such individual payment shall be computed by reference to the percentages appearing in this Master Deed. Subsequent to any such payment, discharge, or other satisfaction, the Villa or the Reception Room and the percentage of undivided interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the lien so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against the Reception Room or any Villa and the percentage of undivided interest in the Common Elements appurtenant thereto not so paid, satisfied, or discharged.

C. Taxes. Taxes, assessments, and other charges of this State, of any political subdivision, of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on the Reception Room and on each Villa, which shall be carried on the tax books as separate and distinct entities for that purpose, and not on the buildings or Property as a whole. No forfeiture or sale of the buildings or Property as a whole for delinquent taxes, assessments, or charges shall ever divest or in anywise affect the title to an individual apartment so long as taxes, assessments, and charges on the individual apartment are currently paid.

ARTICLE VI

INSURANCE

The Council shall insure the Property against risks, without prejudice to the right of each Co-owner to insure his Villa or the Reception Room on his own account for his own benefit.

ARTICLE VII

RECONSTRUCTION

A. When Required. In case of fire or any other disaster, the indemnity from any insurance obtained by the Council shall, except as hereinafter provided, be applied to reconstruct the Property, but reconstruction shall not be compulsory where two-thirds or more of the Property is in need of reconstruction. In the latter situation, the Board of Directors shall promptly call a special meeting of the Council to determine whether the Property shall be reconstructed, and reconstruction shall take place only upon the unanimous vote of the Co-owners. In the event that the Co-owners determine not to reconstruct the Property, (1) the Secretary shall execute and record, in the same manner as this Master Deed, a certificate evidencing such decision, and (2) the indemnity shall be delivered pro rata to the Co-owners entitled to it in accordance with the provisions made in the Bylaws. Any reconstruction shall be carried out as provided in the Bylaws.

B. Costs. Where the Property is not insured or where the insurance indemnity is insufficient to cover the cost of reconstruction, the rebuilding costs shall be paid by all the Co-owners directly affected by the damage, in proportion to the value of their respective Villas or Reception Room, or as may be provided in the Bylaws; and if any one or more of those composing the minority shall refuse to make such payment, the majority may proceed with the reconstruction at the expense of all the Co-owners benefited thereby, upon proper resolution setting forth the circumstances in the case and the cost of the work, with the intervention of the Council. The provisions of this paragraph may be changed by the unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster occurred.

ARTICLE VIII

AMENDMENTS

A. Master Deed. This Master Deed may be amended only by written agreement of the Co-owners owning two-thirds of the value of the Property.

B. Bylaws. The Bylaws may be amended from time to time by the affirmative vote of the Co-owners owning two-thirds of the value of the Property.

C. Recording. No amendment to this Master Deed or the Bylaws shall be effective unless and until recorded as required by the Act.

ARTICLE IX

MISCELLANEOUS

A. Application. All Co-owners, tenants of Co-owners, employees of Co-owners and tenants, or any other persons that may in any manner use the Property or any part thereof shall be subject to the Act, this Master Deed, the Bylaws, and the Regulations. The easements, covenants, restrictions, and conditions in this Master Deed run with the Property and bind and inure to the benefit of any person having an interest in the Property.

B. Compliance. Each Co-owner shall comply strictly with the Bylaws and with the Regulations, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in this Master Deed or in the deed to the Villa or the Reception Room of such Co-owner. Failure to comply with any of the same shall be ground for a civil action to recover sums due for damages or injunctive relief, or both, maintainable by the Manager or the Board of Directors on behalf of the Council or, in a proper case, by an aggrieved Co-owner.

C. Waiver. No provision of this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce it, regardless of the number of violations or breaches which may have occurred.

D. Conflicts. In the event that any of the provisions of this Master Deed conflict with the provisions of the Act, the Act shall control.

E. Severability. The provisions of this Master Deed are severable, and the invalidity of one or more shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder.

F. Captions. Captions are inserted in this Master Deed only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this Master Deed or any provision of it.

G. Gender and Number. All pronouns shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

H. Termination. All the Co-owners or the sole Co-owner of the Property may waive the Regime and regroup or merge the records of the Villas and the Reception Room with the Common Elements, provided that the Villas and the Reception Room are unencumbered or, if encumbered, that the creditors on whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the Property owned by the debtors.

I. Acceptance of Deed to a Villa or the Reception Room. The acceptance of a deed of conveyance, the entering into of a lease, or any other occupancy or use of a Villa or the Reception Room shall constitute (1) an acceptance and ratification of the provisions of the Master Deed by such Co-owner, tenant, or occupant, and (2) an acknowledgment by the Co-owner, tenant, or occupant that the Grantor makes no implied or express warranties relating to the Villa or the Reception Room or to Common Elements except for such warranties as are contained in the general warranty deed conveying the same.

J. Assignment of Warranties. All contractual warranties running in favor of the Grantor in connection with the construction of the building and installation of material, equipment, and appliances therein, shall accrue to the benefit of and are hereby assigned to the respective Co-owners or the Council as appropriate.

K. Rights of Grantor. Grantor shall have no legal rights and obligations vis-a-vis the Regime except (1) in its capacity as Manager of the Regime, (2) in its capacity as Co-owner of a Villa or the Reception Room, and (3) the rights and obligations set out in the prior covenants listed in Article IV, Paragraph H of this Master Deed.

EXHIBIT D
TO
MASTER DEED
OF
SHIP WATCH VILLAS
HORIZONTAL PROPERTY REGIME

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| NUMBER | TYPE | VALUE | PERCENTAGE OF OWNERSHIP IN COMMON ELEMENTS | NUMBER OF VOTES |
|--------|------|--------------------|---|-----------------|
| | | \$20,000 | 0.45 | 1 |
| 2100 | | 90,000 | 1.875 | 3 |
| 2163 | I | 90,000 | 1.875 | 3 |
| 2164 | F | 90,000 | 1.875 | 3 |
| 2165 | H | 90,000 | 1.875 | 3 |
| 2166 | B | 60,000 | 1.25 | 2 |
| 2167 | E | 90,000 | 1.875 | 3 |
| 2168 | E | 90,000 | 1.875 | 3 |
| 2169 | B | 60,000 | 1.25 | 2 |
| 2170 | G | 90,000 | 1.875 | 3 |
| 2171 | D | 60,000 | 1.25 | 2 |
| 2172 | C | 60,000 | 1.25 | 2 |
| 2173 | C | 60,000 | 1.25 | 2 |
| 2174 | B | 60,000 | 1.25 | 2 |
| 2175 | H | 90,000 | 1.875 | 3 |
| 2176 | F | 90,000 | 1.875 | 3 |
| 2263 | I | 90,000 | 1.875 | 3 |
| 2264 | F | 90,000 | 1.875 | 3 |
| 2265 | H | 90,000 | 1.875 | 3 |
| 2266 | B | 60,000 | 1.25 | 2 |
| 2267 | E | 90,000 | 1.875 | 3 |
| 2268 | E | 90,000 | 1.875 | 3 |
| 2269 | B | 60,000 | 1.25 | 2 |
| 2270 | G | 90,000 | 1.875 | 3 |
| 2271 | H | 90,000 | 1.875 | 3 |
| 2272 | C | 60,000 | 1.25 | 2 |
| 2273 | C | 60,000 | 1.25 | 2 |
| 2274 | B | 60,000 | 1.25 | 2 |
| 2275 | H | 90,000 | 1.875 | 3 |
| 2276 | F | 90,000 | 1.875 | 3 |
| 2277 | I | 90,000 | 1.875 | 3 |
| 2363 | I | 90,000 | 1.875 | 3 |
| 2364 | F | 90,000 | 1.875 | 3 |
| 2365 | H | 90,000 | 1.875 | 3 |
| 2366 | B | 60,000 | 1.25 | 2 |
| 2367 | E | 90,000 | 1.875 | 3 |
| 2368 | E | 90,000 | 1.875 | 3 |
| 2369 | B | 60,000 | 1.25 | 2 |
| 2370 | G | 90,000 | 1.875 | 3 |
| 2371 | H | 90,000 | 1.875 | 3 |
| 2372 | C | 60,000 | 1.25 | 2 |
| 2373 | C | 60,000 | 1.25 | 2 |
| 2374 | B | 60,000 | 1.25 | 2 |
| 2375 | H | 90,000 | 1.875 | 3 |
| 2376 | F | 90,000 | 1.875 | 3 |
| 2377 | I | 90,000 | 1.875 | 3 |
| 2463 | A | 20,000 | 0.40 | 1 |
| 2464 | F | 90,000 | 1.875 | 3 |
| 2465 | H | 90,000 | 1.875 | 3 |
| 2466 | B | 60,000 | 1.25 | 2 |
| 2467 | E | 90,000 | 1.875 | 3 |
| 2468 | E | 90,000 | 1.875 | 3 |
| 2469 | K | 90,000 | 1.875 | 3 |
| 2470 | J | 90,000 | 1.875 | 3 |
| 2471 | L | 120,000 | 2.5 | 4 |
| 2472 | J | 90,000 | 1.875 | 3 |
| 2473 | K | 90,000 | 1.875 | 3 |
| 2474 | C | 60,000 | 1.25 | 2 |
| 2475 | C | 60,000 | 1.25 | 2 |
| 2476 | B | 60,000 | 1.25 | 2 |
| 2477 | H | 90,000 | 1.875 | 3 |
| 2478 | F | 90,000 | 1.875 | 3 |
| 2479 | A | 20,000 | 0.40 | 1 |
| | | <u>\$4,800,000</u> | <u>100.00%</u> | <u>161</u> |

IN WITNESS WHEREOF, Grantor has executed this Master Deed this 19th day of July, 1977.

KIAWAH ISLAND COMPANY LIMITED

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Thomas G. Buist
Jo Ann Towe

BY: Frank W. Brumley
Frank W. Brumley, Senior Vice
President and General Manager
BY: William F. Paulsen
William F. Paulsen, Vice President

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF CHARLESTON

Before me, the undersigned notary public, appeared Jo Ann Towe, who, being duly sworn, said that she saw KIAWAH ISLAND COMPANY LIMITED by Frank W. Brumley, its Senior Vice President and General Manager, sign the within Master Deed, and William F. Paulsen its Vice President, sign and attest the same, and said corporation, by said officers, deliver said Master Deed as its act and deed, and that she with Thomas G. Buist witnessed the same.

Jo Ann Towe

SWORN to before me this 19th
day of July, 1977.

Thomas G. Buist
Notary Public for South Carolina
My Commission Expires: 11-25-79