

THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT TO  
THE SOUTH CAROLINA ARBITRATION ACT

MASTER DEED  
OF  
THE CHARLESTON OCEANFRONT VILLAS  
HORIZONTAL PROPERTY REGIME  
(AN EXPANDABLE REGIME)  
Folly Beach, South Carolina

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**MASTER DEED**

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**EXHIBITS**

- A Property Description
- B Plat
- B-1 Master Plan
- C Floor Plans and Plot Plan (Stage I only)
- D Table of Values
- E Architect's Certificate
- F Articles of Incorporation of  
Association
- G By-Laws
- H Stage I and II Floor Plans and Plot Plan

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION UNDER THE SOUTH CAROLINA ARBITRATION ACT**

**MASTER DEED**  
for  
**The Charleston Oceanfront Villas**  
**Horizontal Property Regime**  
(an Expandable Regime)

Charleston County, Folly Beach, South Carolina

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Drake Development II LLC having its principal office in Columbia, South Carolina, hereinafter referred to as the "Grantor", as the sole owner of the land and improvements hereinafter described, does hereby make, declare, and publish its intention and desire to submit, and does hereby submit, the lands and buildings herein described, together with all other improvements thereon, including all easements, rights, and appurtenances thereto belonging, to a Horizontal Property Regime (to be known as The Charleston Oceanfront Villas Horizontal Property Regime, hereinafter called "the Regime") in the manner provided for by the South Carolina Horizontal Property Act, as amended, S.C. Code Ann. §§27-3110 et seq. (1976). The Master Deed is for Stage I only, but may be amended by Grantor to submit Stage II to the Regime. In conformity with Sections 27-31-30 and 27-31-100 of said Act, the Grantor sets forth the following particulars:

I

**LEGAL DESCRIPTION**

The lands (the "Real Property") which are hereby submitted to the Regime are described on Exhibit "A" attached hereto and made a part hereof by reference. The Real Property as so described has an area set forth on the survey referenced in said Exhibit "A".

II

**SURVEY AND DESCRIPTION OF IMPROVEMENTS**

Incorporated herein by reference, as if set forth in full herein, is a plat, referred to in Exhibit "A", showing the location of the building and other improvements (a copy of said plat is attached hereto as Exhibit "B"), a set of plot plans of the buildings which show graphically the dimensions, area, and location of each apartment and General Common Elements affording access to each Apartment. Each Apartment is identified thereon by specific number and no Apartment bears the same designation as any other Apartment. Said set of plot plans are attached hereto as Exhibit "C". The building containing the Apartments has an aggregate area set forth thereon.

## III

NOTICE OF RESTRICTION

A portion of the Real Property is submerged property, or lies within the critical area, as shown on Exhibit "B." All activities on or over, and all uses of, the submerged land or other critical areas are subject to the jurisdiction of the South Carolina Department of Health and Environmental Control, including, but not limited to, the requirement that any activity or use must be authorized by the South Carolina Department of Health and Environmental Control. Any owner is liable to the extent of his ownership for any damages to, any inappropriate or unpermitted uses of, and any duties or responsibilities concerning any submerged land, coastal waters or any other critical areas. Notice as required by § 48-39-330, S.C. Code Ann., is hereby given that the property which is the subject of this contract is or may be affected by baselines, setback lines, jurisdiction lines, seaward corners of all habitable structures, and erosion rates as established by the South Carolina Department of Health and Environmental Control. The local erosion rate is 1.9 feet per year.

## IV

WARRANTY

FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF ISSUANCE BY THE TOWN OF FOLLY BEACH OF THE OCCUPANCY PERMIT FOR THE PROJECT, GRANTOR OR ITS CONTRACTOR WILL, AT NO COST TO REGIME, REPAIR OR REPLACE ANY PORTION OF THE GENERAL AND LIMITED COMMON ELEMENTS, EXCEPT FIXTURES, FURNITURE, ACCESSORIES, AND APPLIANCES COVERED BY A WARRANTY OF MANUFACTURERS AND DEALERS, WHICH ARE DEFECTIVE AS TO MATERIAL OR WORKMANSHIP. THE LIABILITY OF THE GRANTOR IS EXPRESSLY LIMITED TO SUCH REPAIRS OR REPLACEMENT AND GRANTOR MAKES NO OTHER WARRANTIES EXPRESSED OR IMPLIED, (INCLUDING, BUT NOT LIMITED TO, NO WARRANTY OF HABITABILITY NOR FITNESS FOR PURPOSE) OTHER THAN THE EXPRESS WARRANTY OF TITLE CONTAINED HEREIN.

NOTWITHSTANDING ANYTHING HEREIN, THE GRANTOR EXPRESSLY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES OF SUITABILITY OF THOSE PARTICULAR IMPROVEMENTS LOCATED ON AND ALONG THE SOUTHEASTERN, SOUTHERN AND SOUTHWESTERN BOUNDARIES OF THE PROPERTY SHOWN AS "CONCRETE WALL" AND "RIP RAP" ON EXHIBIT "B", HEREINAFTER THE "SEA WALL". FURTHERMORE, IT IS UNDERSTOOD THAT ANY AND ALL GRANTEEES, DEVISEES OR OTHER RECIPIENTS OF THE PROPERTY SHALL TAKE THE PROPERTY SUBJECT TO THAT CERTAIN AGREEMENT: SEAWALL AGREEMENT BY AND BETWEEN COGGINS LAND COMPANY AND FOLLY ASSOCIATES LIMITED PARTNERSHIP DATED AUGUST 31, 1984, AND RECORDED IN THE OFFICE OF THE CHARLESTON COUNTY REGISTER OF MESNE CONVEYANCES IN BOOK N 140 AT PAGE 300, AS AMENDED IN BOOK M-290 AT PAGE 382, HEREINAFTER THE "SEA WALL AGREEMENT" INCORPORATED HEREIN BY REFERENCE WHICH PROVIDES FOR THE MANNER IN WHICH REPAIRS, MAINTENANCE, REPLACEMENT AND RELATED EXPENSES ON THE SEA WALL SHALL BE PERFORMED AND FUNDED. THE SEA WALL IS A GENERAL COMMON ELEMENT AS DEFINED HEREIN AND THE REGIME AND ITS CO-OWNERS SHALL BE RESPONSIBLE FOR THE MAINTENANCE, REPAIR AND REPLACEMENT OF THE SEA WALL AS PROVIDED IN THE SEA WALL AGREEMENT AND SHALL ACCEPT THE SEA WALL IN "AS IS" CONDITION.

APARTMENTS AND GENERAL AND LIMITED COMMON ELEMENTS

The Regime consists of Apartments and General and Limited Common Elements in Stages and any other stages hereinafter submitted to the Regime, as said terms are hereinafter defined.

Apartments, as the term is used herein, shall mean and comprise the fifty-six (56) separate and numbered Apartments in Stage I which are designated in Exhibit "C" to this Master Deed, including but not limited to the space, partition walls, fixtures and appliances therein, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above the undecorated and/or unfinished inner surfaces of the ceilings of each Apartment, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surface of all interior load-bearing columns, and further excluding all pipes, ducts, wires, conduits and other facilities running through any interior wall or partition for the furnishing of utility services to Apartments and Limited and General Common Elements. The general description and number of each Apartment in Stage I, expressing its area, general location, and any other data necessary for its identification, also appears in Exhibit "C". The Apartments in Stage I include living room, kitchen area, including appliances therein, bathrooms, bedrooms, closets and the HVAC System excluding the air-conditioning compressor on the roof. There are fourteen (14) Apartments per floor on the first through fourth floors in Stage I and they are generally described as follows.

**Apartments 124, 224, 324, 424.** These Apartments contain approximately 1620 square feet in heated space and 20 square feet in storage. These Apartments have four bedrooms, three baths, kitchen, dining/living area, and foyer. Each of these Apartments has a Balcony of approximately 195 square feet.

**Apartments 121, 221, 321, 421, 122, 222, 322, 422.** These Apartments contain approximately 1816 square feet in heated space and 20 square feet in storage. These Apartments have four bedrooms, four baths, kitchen, living/dining area, and foyer. Apartments 122, 222, 322, 422 have the kitchen and living/dining area on the left side when you enter the Apartment from the street side. Apartments 121, 221, 321, 421 have the kitchen and living/dining area on the right side when you enter the Apartment from the street side. The balconies contain approximately 320 square feet.

**Apartments 111, 211, 311, 411, 118, 218, 318, 418, 119, 219, 319, 419.** These Apartments contain approximately 1620 square feet in heated space and 25 square feet in storage. These Apartments have four bedrooms, three baths, kitchen, living/dining area, and foyer. Apartments 111, 211, 311, 411, 118, 218, 318, 418 have the kitchen on the left side when entering the Apartment from the street side. Apartments 119, 219, 319, 419 have the kitchen and dining/living area on the right side when entering the Apartment from the street side. These Apartments have Balconies which contain approximately 195 square feet.

**Apartments 112, 212, 312, 412, 113, 213, 313, 413, 114, 214, 314, 414, 115, 215, 315, 415, 116, 216, 316, 416, 117, 217, 317, 417, 120, 220, 320, 420, 123, 223, 323, 423.** These Apartments contain approximately 1305 square feet in heated space and 20 square feet in storage. These Apartments have three bedrooms, three baths, kitchen, living/dining area, and foyer. Each of these Apartments has a Balcony of approximately 195 square feet. Apartments 113, 213, 313, 413, 115, 215, 315, 415, 117, 217, 317, 417, 123, 223, 323, 423 have the kitchen and the living/dining area on the left side when you enter the Apartment from the street side. Apartments 112, 212, 312, 412, 114, 214, 314, 414, 116, 216, 316, 416, 120, 220, 320, 420 have the kitchen and the living /dining area on the right side when you enter the Apartment from the street side.

It is understood, however, that the general description above, together with the descriptions thereof depicted in Exhibit "C" and "H" are as designed by Grantor and do not reflect any modification made by the co-owners of the individual Apartment.

General common elements means and includes:

- (1) The land on which the building and parking garage stand, more fully described above, together with all of the other real property described in Exhibit "A";
- (2) The foundations, main walls, roofs, halls, corridors, lobbies, stairways, elevators, and communication ways of the building;
- (3) The sprinkler system, yards, patio, shrubs, planter boxes, exterior lights, fire alarms, fire hoses, signs, and storm drainage system, except as otherwise provided or stipulated;
- (4) The compartments or installations of central services such as power, light, telephone, television, cold and hot water, refrigeration, generator, fuel tank and water pump, and the like;
- (5) The parking areas on the ground level, and all appurtenances thereto;
- (6) In general, all devices or installations existing for common use;
- (7) The swimming pool, deck and all equipment for servicing same;
- (8) All other elements of the property rationally of common use or necessary to its existence, upkeep, and safety; and
- (9) The sea wall and beach access walkways;
- (10) The common area containing such areas as are shown on said plat.

Limited Common Elements means and includes:

- (1) Any mailboxes, balconies, entrance or exit ways, and all exterior doors and windows or other fixtures designed to serve one or more but less than all Apartments, are limited common elements allocated exclusively to such Apartment or Apartments.
- (2) If any flue, duct, wire, conduit, load bearing wall, load bearing column, or any other fixture lies partially within and partially outside the designated boundaries of an Apartment, any portion serving only that Apartment is a limited common element allocated solely to that Apartment. Insofar as possible, the limited common elements are shown graphically and described in detail in words and figures in the plat and plot plans. The air conditioning compressors on the roof shall be Limited Common Elements, limited to the use of the Apartment the air conditioning compressor serves.

VI

OWNERSHIP OF APARTMENTS AND APPURTENANT INTEREST IN GENERAL COMMON ELEMENTS

An Apartment in the Regime may be individually conveyed and encumbered and may be the subject of ownership, possession, or sale, and of all types of juridic acts, inter vivos or mortis causa, as if it were sole and entirely independent of the other Apartments in the Regime of which it forms a part, and the corresponding individual titles and interests are recordable.



Any apartment may be held and owned by more than one person as tenants in common or in any other form of real property ownership recognized in this State.

An Apartment owner shall have the exclusive ownership of his Apartment and shall have a common right to a share, with the other co-owners, in the common elements of the Regime, equivalent to the percentage representing the value of the individual Apartment, with relation to the value of the whole Regime. This percentage, which is set forth on Exhibit "D" attached hereto and made a part hereof by reference, shall have a permanent character, and shall not be altered without the acquiescence of the co-owners representing all the Apartments of the Regime.

The basic value, which shall be fixed for the sole purpose of this Master Deed and irrespectively of the actual value, shall not prevent each co-owner from fixing a different circumstantial value to his Apartment in all types of acts and contracts.

VII

RESTRICTION AGAINST FURTHER SUBDIVIDING OF APARTMENTS AND SEPARATE CONVEYANCE OF APPURTENANT COMMON ELEMENTS, ETC.

No Apartment may be divided or subdivided into a smaller Apartment or smaller Apartments than as described in Exhibit "C" attached hereto, nor shall any Apartment, or portion thereof, be added to or incorporated into any other Apartment. The undivided interest in the General and Limited Common Elements declared to be an appurtenance to each Apartment shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said Apartment and the undivided interest in General and Limited Common Elements appurtenant to each Apartment shall be deemed conveyed, devised, encumbered, or otherwise included with the Apartment even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such Apartment. Any conveyance, mortgage, or other instrument which purports to effect the conveyance, devise, or encumbrance, or which purports to grant any right, interest or lien in, to, or upon an Apartment, shall be null, void, and of no effect insofar as the same purports to effect any interest in an Apartment and its appurtenant undivided interest in General and Limited Common Elements, unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire Apartment. Any instrument conveying, devising, encumbering or otherwise dealing with any Apartment which describes said Apartment by the Apartment Number assigned thereto in Exhibit "C" without limitation or exception, shall be deemed and construed to affect the entire Apartment and its appurtenant undivided interest in the General and Limited Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Apartment, residential or commercial, and its appurtenant undivided interest in the General and Limited Common Elements by more than one person or entity as tenants in common, joint tenants, or any other form of real property ownership recognized in this State. All Common Elements, including but not limited to parking and recreational facilities, shall be owned by the Regime and may not be subject to a lease between the Apartment owners (or the Association) and another party.

VIII

HORIZONTAL PROPERTY REGIME SUBJECT TO RESTRICTIONS, ETC.

Each and every Apartment and the General and Limited Common Elements shall be, and are hereby declared to be, subject to the restrictions, easements, conditions, and covenants prescribed and established herein, governing the use of said Apartment and General and Limited Common Elements, and setting forth the obligations and responsibilities incident to ownership of each Apartment and its appurtenant undivided interest in the General and Common

Elements. Said Apartments and General and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Apartment.

IX

PERPETUAL NON-EXCLUSIVE EASEMENTS  
IN GENERAL COMMON ELEMENTS

The General Common Elements shall be, and are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the co-owners of Apartments in the Horizontal Property Regime for their use and the use of their immediate family, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, or the enjoyment of said co-owners of Apartments. Notwithstanding anything above provided in this article, The Charleston Oceanfront Villas Association (hereinafter called "the Association") shall have the right to establish the rules and regulations pursuant to which the co-owner or co-owners of any Apartment may be entitled to the exclusive use of any parking space or spaces.

The Grantor reserves unto itself and its successors or assigns an easement, including a construction easement, through all General and Limited Common Elements as may be reasonably necessary for the purpose of discharging Grantor's rights or obligations of exercising special Grantor rights reserved in this Master Deed.

As part of the right of Grantor to add Stage II to this Regime, Grantor reserves unto itself, and its successors and assigns, easements for ingress and egress over, under and across all Common Elements, Limited and General and such other reasonable right of access to and use of the Common Elements Limited and General subject to this Regime as may be necessary for the construction, maintenance and marketing of the additional Apartments in Stage II.

X

PERPETUAL EXCLUSIVE EASEMENT TO USE  
LIMITED COMMON ELEMENTS

Each co-owner shall have the exclusive right to use the Limited Common Elements allocated to such co-owner's Apartment for his use and the use of his immediate family, guests, and invitees for all proper and normal purposes. Such right to use shall be a perpetual exclusive easement in favor of such co-owner.

XI

PERPETUAL NON-EXCLUSIVE EASEMENT  
OVER PARKING AREAS

The Grantor reserves unto itself, its successors and assigns, a perpetual non-exclusive easement for ingress, egress and access over the Common Elements, to and from the adjoining property more particularly described as Tract B in Exhibit "B", attached hereto. Said easement to be commercial in nature and run with the title to the land described as Tract A in Exhibit "B" or any part thereof. Said easement to be over the parking area on the ground level. The perpetual easement reserved herein shall commence at the right of way, east of Arctic Avenue, continue across the driving areas of the parking area on the ground level, and shall have its terminus on the property described in Exhibit "B". If and when the Grantor, its successors or assigns, commence to use the easement reserved herein for ingress and egress to the improvements constructed on the adjoining property described in Exhibit "B", the Grantor or its successors and assigns, shall commence to pay reasonable assessments for the maintenance, repair and

replacement of those portions of the ground level parking area which are used for ingress, egress and access, excluding therefrom any cost for maintaining the actual parking spaces contained in the ground level parking and any other improvements connected to said parking spaces. If the parties are unable to agree to the amount of said assessments, the amount shall be determined by arbitration pursuant to the South Carolina Arbitration Act and such amounts shall be binding upon the parties, their heirs, successors and assigns. The amount determined as being necessary for the repair, replacement and maintenance of the areas used by the Grantor, its successors and assigns, for the benefit of the additional property described in Exhibit "B" shall be prorated based upon the Association's budgeted reasonable reserve for replacement, repair and maintenance of said parking areas, so that the Grantor, its successors or assigns, shall pay to the Association, to be added to such reserves, its share of such costs on an annual basis. If and when the adjoining property described as Tract B in Exhibit "B" is added to the Horizontal Property Regime as Stage II, this easement shall terminate.

XII

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

In the event that any portion of the General and Limited Common Elements now or hereafter encroaches upon any Apartment, or vice versa, or in the event that any portion of one Apartment now or hereafter encroaches upon another Apartment, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, does and shall exist.

XIII

RESTRAINT UPON SEPARATION AND PARTITION OF GENERAL AND LIMITED COMMON ELEMENTS

The Common elements, both general and limited, 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.

All of the co-owners or the sole owner of the Regime may waive the Regime and regroup or merge the records of the individual apartments with the Real Property, provided that the individual apartments are unencumbered, or if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors.

Subject to the other provisions of this Article XIII, unless all of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than the Grantor) of the Apartments have given their prior written approval, the Association shall not be entitled to:

- (a) by act or omission, seek to abandon or terminate the Regime or legal status of the project as a condominium;
- (b) change the pro rata interest or obligations of any Apartment for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Apartment in the General and Limited Common Elements;
- (c) partition or subdivide any Apartment; or

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the Regime or Association shall not be deemed a transfer within the meaning of this subparagraph (d).

The Co-owners representing two-thirds of the total value of the property shall be required to modify the system of administration of the Association. These provisions shall not apply to amendments to the constituent documents or termination of the Condominium Regime made as a result of destruction, damage, or condemnation pursuant to the provisions of this Master Deed or the other constituent documents.

XIV

EXPANSION OF REGIME

Development in Stages. The Grantor proposes to develop the real estate shown on the master site plan marked Exhibit "B-1" as a single regime, by annexing to the property designated as Tract B in Exhibit "B", however the northeastern property line has been relocated as shown in Plat Book EC at Page 411 in the Office of the Register of Deeds for Charleston County.

Maximum Number of Apartments. The maximum number of Apartments in the second stage of additional real estate shall be forty (40) Apartments as generally shown in Exhibit "H" and all improvements shall be completed prior to annexation and shall be used for residential purposes, including activities related thereto, such as meeting rooms, exercise and community rooms, and lazy river pool and deck.

Timetable. The Grantor, its successors and assigns or any person owning adjoining property designated Tract B in Exhibit "B", may, at their sole discretion, stage the development and construction of the improvements into two stages or in two (2) separate projects, with no guarantee to the purchasers of apartments in Stage I that subsequent stages or projects will be developed. Grantor, may, in Stage II construct an additional elevator in the Stage II building, lazy river pool, and parking areas. It is the Grantor's intention to develop the adjoining property owned by Grantor as Stage II of the Regime. The Grantor, its successors and assigns or persons owning the adjoining property hereby reserve the right and privilege to determine on or before June 1, 2003 whether or not to proceed with the additional stage of development and the parties hereto agree that if the Grantor so decides, the Apartment shall be in a regime which consists of two stages. The determination of the Grantor, its successors and assigns or persons owning adjoining property as to the stages of the project may be on, before or after the sale of Apartments in Stage I.

Percentage Interest Chart. The percentage interests in the General and Limited Common Elements of each Apartment owner before and after addition of Stage II of proposed development shall be according to the chart attached hereto as Exhibit "D".

Compatibility. If the Regime is expanded to include Stage II, the building and Apartments erected in Stage II will be compatible with the other Building and Apartments in Stage I of the Regime in terms of architectural style, quality of construction and principal materials employed in construction, and size.

Relocation of Public Beach Access Area If the Regime is expanded to include Stage II, the co-owners are hereby notified that the Public Beach Access Area has been relocated to its current location as shown in Plat Book EC at Page 411.

Restriction to Apply to New Apartments. All restrictions in this Master Deed affecting use, occupancy, and alienation of Apartments will apply to Apartments within Stage II.

Location of Building. To the extent possible, the location of Building and other improvements in Stage II shall be as shown in the master site plan, Exhibit "B-1".

Limited Common Elements. Any Limited Common Elements created within Stage II will be of the same general types and sizes as those within the other parts of the Regime.

Grantor Not Bound if Property Not Annexed. Any representation made in this Master Deed regarding Stage II does not apply if the additional real estate is not annexed to the Regime.

Property Annexed by Amending Master Deed. To add Stage II pursuant to the option reserved under this article, the Grantor shall prepare, execute, and record an amendment to this Master Deed that shall contain a plot plan showing the location of the Building and any other improvements, and a set of floor plans of the Building which shall show graphically the dimensions, area, and location of each Apartment therein and the location of General and Limited Common Elements affording access to each Apartment. The plans shall show graphically insofar as possible and describe in detail the Common Elements in the Building, both Limited and General. The plans shall be certified by an engineer or architect authorized and licensed to practice in this state. Instead of recording new plot plans and floor plans as required, the Grantor may record new certifications by a licensed engineer or architect of plat plans and floor plans previously recorded if those plans show all of improvements required by this section.

Grantor Owner of All Apartments Created. The Grantor shall be the owner of all Apartments hereby created. The amendment to the Master Deed must assign an identifying number of each Apartment created within the additional real estate and reallocate percentage interest in the Regime.

Assessments. During the period of time in which structures in Stage II are under construction by the Grantor and not completed, no assessments shall be charged against the Grantor as the Co-owner of Apartments in that Stage until both the completion of said Apartments in that Stage and its inclusion in the Regime and the dues shall be assessed against the Co-owners (including the Grantor) of those Apartments in that Stage which shall have been completed, proportionately, inter se.

XV

RIGHTS OF ELIGIBLE MORTGAGE HOLDERS AND  
ELIGIBLE INSURERS OR GUARANTORS

1. Notice of Action: Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor and the Apartment number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Regime or any Apartment on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- (b) Any delinquency in the payment of assessments or charges owed by a co-owner of a Apartment subject to a first mortgage held, insured, or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in this Master Deed.

**2. Other Provisions for Eligible Mortgage Holders:** To the extent permitted by applicable law, eligible mortgage holders shall also be afforded the following rights:

(a) Any restoration or repair of the Regime, after a partial condemnation or damage, due to an insurable hazard, shall be performed substantially in accordance with this declaration (Master Deed) and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on Apartments which have at least fifty-one percent (51%) of the votes of Apartments subject to eligible mortgage holders;

(b) Notwithstanding S.C. Code Ann. § 27-31-250 (1976), any election to terminate the legal status of the Regime after substantial destruction or a substantial taking in condemnation of the Regime property must require the approval of eligible holders holding mortgages on Apartments which have at least fifty-one percent (51%) of the votes of Apartments subject to eligible holder mortgages;

(c) No reallocation of interests in the common areas resulting from a partial condemnation or partial destruction of such a Regime may be effected without the prior approval of eligible holders holding mortgages on all remaining Apartments, whether existing in whole or in part, and which have at least fifty-one percent (51%) of the votes of such remaining Apartments subject to eligible holder mortgages; and

(d) When professional management has been previously required by any eligible mortgage holder, insurer, or guarantor, whether such entity became an eligible mortgage holder, insurer or, guarantor at that time or later, any decision to establish self-management by the Association shall require the prior consent of co-owners of Apartments to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of eligible holders holding mortgages on Apartments which have at least fifty-one percent (51%) of the votes of Apartments subject to eligible mortgages holders.

**3. Non-Material Amendments to Master Deed:** An addition or amendment to this Master Deed, By-Laws, or other exhibits shall not be considered material if it is for the purpose of correcting technical errors, or for clarification or for addition of Stage II. An eligible mortgage holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

**4. Material Amendments to Master Deed:** In addition to the foregoing requirements, Amendments of a material nature must be agreed to by apartment owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association and by eligible mortgage holders who represent at least fifty-one percent (51%) of the votes that are subject to mortgages held by eligible holders. An eligible mortgage holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request. A change to any of the provisions governing the following would be considered as material:

- (a) voting rights;
- (b) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of the assessment liens;
- (c) reductions in reserves for maintenance, repair, and replacement of common elements;
- (d) responsibility for maintenance and repairs;

- (e) reallocation of interests in the general or limited common elements, or rights to their use other than the addition of Stage II;
- (f) redefinition of any Apartment boundaries;
- (g) convertibility of Apartments into common elements, or vice versa;
- (h) expansion or contraction of the Regime, or the addition, annexation, or withdrawal of property to or from the Regime other than the addition of Stage II;
- (i) hazard or fidelity insurance requirements;
- (j) imposition of any restrictions on the leasing of the Apartments;
- (k) imposition of any restrictions on an Apartment owner's right to sell or transfer his or her Apartment; and
- (l) any provisions that expressly benefit mortgage holders, insurers, or guarantors.

XVI

RESIDENTIAL USE RESTRICTION APPLICABLE TO RESIDENTIAL APARTMENTS  
AND COMMERCIAL USE RESTRICTIONS APPLICABLE TO COMMERCIAL  
APARTMENTS

Each Residential Apartment (Apartments located on Levels 1 through 4) is hereby restricted to residential use by the co-owner or co-owners thereof, their immediate families, guests, tenants, lessees, licensees, and invitees; provided, however, that so long as the Grantor shall retain any interest in the Regime, it may utilize an Apartment or Apartments of its choice owned or leased by Grantor from time to time, for a sales office, model, or other usage for the purpose of selling Apartments in said Regime. Grantor may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all Apartments have been sold, in both Stages I and II, this right of commercial usage shall immediately cease. No "For Sale" or "For Rent" signs or the like shall be permitted on any General or Limited Common Element or any Apartment so as to be visible from any General or Limited Common Element or public street or area, other than any sign placed upon the sales office or model by Grantor or the commercial apartment. Nothing herein shall prevent the Association from leasing portions of the Common Elements to management companies for use as an office, model or other purpose connected with the management of the Regime or to grant licenses and easements over the common areas for utilities, roads, and other purposes reasonably necessary or usable for the proper maintenance and operation of the Regime. Any lease or rental agreement concerning the use of the Apartment must be in writing and subject to the requirements of the Master Deed and the rules and regulations of the Association.

XVII

USE OF GENERAL COMMON ELEMENTS  
SUBJECT TO RULES OF ASSOCIATION

The use of General Common Elements by the co-owner or co-owners of all Apartments, and all other parties authorized to use the same shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such or which may hereafter be prescribed and established by the Association.

XVIII

HORIZONTAL PROPERTY REGIME TO BE USED FOR  
LAWFUL PURPOSES, RESTRICTION AGAINST NUISANCES, ETC.

No immoral, improper, offensive, or unlawful use shall be made of any Apartment or of the General and Limited Common Elements, nor any part thereof, and all laws, zoning ordinances, and regulations of all governmental authorities having jurisdiction over the Regime shall be observed. No co-owner of any Apartment shall permit or suffer anything to be done or kept in his Apartment, or on the General or Limited Common Elements, which will increase the rate of insurance on the Regime, or which will obstruct or interfere with the rights of other occupants of the building or annoy them by unreasonable noises, nor shall any such co-owner undertake any use or practice which shall create and constitute a nuisance to any other co-owner of an Apartment, or which interferes with the peaceful possession and proper use of any other Apartment or the General or Limited Common Elements.

XIX

RIGHT OF ENTRY INTO APARTMENTS IN EMERGENCIES

In case of any emergency originating in or threatening any Apartment, regardless of whether the co-owner is present at the time of such emergency, the Board of Directors of the Association or any other person or firm authorized by it, or the building superintendent or managing agent, shall have the right to enter such Apartment for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the co-owner of each Apartment, if required by the Association, shall deposit under the control of the Association a key to such Apartment.

XX

RIGHT OF ENTRY FOR MAINTENANCE  
OF GENERAL COMMON ELEMENTS

Whenever it is necessary to enter any Apartment for the purpose of performing any maintenance, alteration, or repair to any portion of the Common Elements, the co-owner of each Apartment shall permit other co-owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such Apartment, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XXI

LIMITATION UPON RIGHT OF CO-OWNERS  
TO ALTER AND MODIFY APARTMENTS

No co-owner of a residential Apartment shall permit any structural modification or alterations to be made therein without first obtaining the written consent of the Association, whose consent may be withheld if a majority of the Board of Directors of said Association determine, in their sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety. If the modification or alteration desired by the co-owner of any residential Apartment involves the removal of any permanent interior partition, the Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing



partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting General or Limited Common Elements located therein. No co-owner shall cause the balcony abutting his Apartment to be enclosed, or cause any improvements or changes to be made on the exterior of the building, the balconies, or railings, including painting or other decoration, or the installation of electrical wiring, wire, screening, any railing cover, television antenna, machines or air conditioning units which may protrude through the walls or roof of the building, or in any manner change the appearance of any portion of the building, including balconies and railings not within the walls of such Apartment. No storm panels or awnings shall be affixed to any Apartment without first obtaining the written consent of the Association.

XXII

RIGHT OF THE ASSOCIATION TO ALTER AND IMPROVE  
GENERAL AND LIMITED COMMON ELEMENTS AND ASSESSMENT THEREFOR

The Association shall have the right to make or cause to be made alterations, modifications, and improvements to the General and Limited Common Elements, provided such alterations, modifications, or improvements are first approved in writing by the Board of Directors of the Association and also by the co-owners of sixty-seven percent (67%) or more of the Apartments in the entire Regime. The cost of such alterations, modifications, or improvements shall be assessed as common expenses and collected from the co-owners of all Apartments according to their percentage of ownership of the General and Limited Common Elements.

XXIII

MAINTENANCE AND REPAIR BY CO-OWNERS OF APARTMENTS

Every co-owner must perform promptly all maintenance and repair work within his Apartment which, if omitted, would adversely affect the Regime in its entirety or in a part belonging to other co-owners, and is expressly responsible for the damages and liability which his failure to do so may engender. The co-owner of each Apartment shall be liable and responsible for the maintenance, repair, and replacement, as the case may be, of all air conditioning and heating equipment located within the Apartment, hot water heaters, stoves, refrigerators, garbage disposals, dishwashers, fans, or other appliances or equipment, including any fixtures and/or their connections or receptacles required to provide water, light, power, telephone, television, and sewerage and sanitary service to his Apartment and which may now or hereafter be situated in his Apartment including toilets, lavatories, sinks, tubs, and showers. Such co-owner shall further be responsible and liable for maintenance, repair, and replacement of any and all window glass, glass doors, wall, ceiling and floor surfaces or coverings, painting, decorating and furnishings, and all other accessories which such co-owner may desire to place or maintain in his Apartment. Whenever the maintenance, repair, and replacement of any items for which the co-owner of an Apartment is obligated to maintain, repair, or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association, or the Insurance Trustee hereinafter designated, shall be used for the purpose of making such maintenance, repair, and replacement. Any cost of maintenance, repair, or replacement, by reason of the applicability of any deductibility provision of such insurance which is not paid by the insurance of the Association, shall be paid by such Co-owner. Reference is made to S.C. Code Ann. §27-31-250 (1976) as amended, which is controlling of insurance proceeds use when said code section is applicable by its terms.

MAINTENANCE AND REPAIR OF GENERAL  
AND LIMITED COMMON ELEMENTS BY THE ASSOCIATION

The Association, at its expense, shall be responsible for the maintenance, repair, and replacement of all of the General and Limited Common Elements, including those portions thereof which contribute to the support of the building, and all conduits, ducts, plumbing, wiring, and other facilities located in the General or Limited Common Elements for the furnishing of utility services to the Apartments and said General and Limited Common Elements. Should any incidental damage be caused to any Apartment by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair, or replacement of any General or Limited Common Elements, the Association shall, at its expense, repair such incidental damage. The Association shall also be responsible for insuring that the Association's management company conducts a visual inspection of the building a minimum of twice a year, or as necessary, for the purpose of determining needed repairs and maintenance to insure that the building does not deteriorate and compromise the water tight nature of the exterior skins and to effect the maintenance repair and replacement of these exterior skins. Excepted herefrom, however, are the floor and interior walls of the balcony or balconies attached to the Apartment, which shall be maintained by the co-owner at his expense. Also excepted therefrom is the air-conditioning compressor on the roof which shall be maintained, repaired, and replaced by the Apartment Co-owner, unless such maintenance, repair, replacement is covered by the insurance maintained by the Association. The visual inspection shall include, but not be limited to, the following:

1. Exterior stucco with elastomeric paint finish — The Association shall place Bonsal's suggested maintenance information on file with the management company.
2. Sealant around doors, windows, and all dissimilar materials.
3. Water proof membrane on the balcony concrete slabs.
4. Re-coat, as necessary, the Thompson Water Seal product on the street side walkways at each raised floor slab.
5. Roof, flashing and roof penetrations as mechanical units.
6. Handrail sleeves and anchorage.

## XXV

PERSONAL LIABILITY AND RISK OF LOSS OF CO-OWNER  
AND APARTMENT AND SEPARATE INSURANCE COVERAGE, ETC.

The co-owner of each Apartment may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects, and other personal property belonging to such co-owner and may, at his own expense and option, obtain insurance coverage against personal liability or injury to the person or property of another while within such co-owner's Apartment or upon the General or Limited Common Elements. All such insurance obtained by the co-owner of each Apartment shall, where available, provide that the insurer waives its right of subrogation as to any claims against other co-owners of Apartments, the Association, and the respective servants, agents and guests of said other co-owners and the Association. Risk of loss or, damage to any furniture, furnishings, personal effects, and other personal property (other than such furniture, furnishings, and personal property constituting a portion of the General or Limited Common Elements or which is insured by the Association) belonging to a Co-owner or carried on the person of the co-owner of each such Apartment or carried by such Co-owner in, to, or upon General or Limited Common Elements shall be borne by the co-owner of each such Apartment. All furniture, furnishings, and personal property constituting a portion of the General or Limited Common Elements and held for the joint use and benefit of all co-owners of all Apartments shall be covered by such insurance as shall be maintained in force and effect by the Association as hereinafter provided. The co-owner of an Apartment shall have no personal liability for any damages

caused by the Association or in connection with the use of the General or Limited Common Elements. The co-owner of an Apartment shall be liable for injuries or damage resulting from an accident in his own Apartment, to the same extent and degree that the co-owner of a house would be liable for an accident occurring within the house.

## XXVI

CONDEMNATION

A. Apartments Acquired. If an Apartment is acquired by eminent domain, or if part of an Apartment is acquired by eminent domain, leaving the Apartment owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Master Deed, the award must compensate the Apartment owner for his Apartment and its General and Limited Common Element interest, whether or not any General or Limited Common Element interest is acquired. Upon acquisition, unless the decree otherwise provides, that Apartment's entire General and Limited Common Element interest, votes in the Association, and common expense liability are automatically reallocated to the remaining Apartments in proportion to the respective interests and votes, and the Association shall promptly prepare, execute, and record an amendment to this Master Deed reflecting the reallocations. Any remnant of an Apartment remaining after part of an Apartment is taken under this subsection is thereafter a General and Limited Common Element.

B. Part of Apartment Acquired. Except as provided above, if part of an Apartment is acquired by eminent domain, the award must compensate the Apartment owner for the reduction of value of the Apartment and its common element interest. Upon acquisition, (1) that Apartment's Limited and General Common Element percentage interest, votes in the Association, and common expense liability are reduced in proportion to the reduction in size of the Apartment, and (2) the portion of Limited and General Common Element interest, votes, and common expense liability divested from the partially acquired Apartment are automatically reallocated to that Apartment and the remaining Apartments in the percentages set out in Exhibit "D".

C. Claims. The Board of Directors of the Association shall have exclusive authority to negotiate and settle on behalf of the owners all claims arising from condemnation of any portion or all of the Apartments or General or Limited Common Elements and the owners hereby appoint the Board of Directors as their attorney in fact for this purpose. Any proceeds from such condemnation shall be distributed in accordance with the provisions of Chapter XXVII INSURANCE, Paragraph F Insurance Proceeds.

## XXVII

INSURANCE

A. Hazard Insurance. The Association shall insure all Apartments and all General and Limited Common Elements against all hazards and risks normally covered by a standard hazard policy, including fire and lightning, the hazards and risks covered by "extended coverage," vandalism, and malicious mischief, and by hazards or risks covered by the National Flood Insurance Act, windstorm and hail policies and all other coverage commonly required by lending institutions in the area. All Apartments and all General and Limited Common Elements shall be insured for the full replacement cost thereof, and where possible, the policy of insurance shall have a full replacement cost rider. Each year the Association shall update the replacement value cost rider. Such insurance shall cover only the Apartments and General and Limited Common Elements. No insurance of the contents of the Apartment (other than the fixtures originally installed therein by Grantor and being a part of such Apartment) shall be provided by the Association. The hazard insurance obtained by the Association may provide that any amount not to exceed One Thousand Dollars (\$1,000.00) shall be deductible from any indemnity payable on account of a single loss, but any such deductible portion

shall be borne by the Association as a Common Expense regardless of the number of co-owners directly affected by the loss.

**B. Liability Insurance.** The Association shall also obtain premises liability insurance on all Apartments and General and Limited Common Elements and the policy shall provide for a single limit indemnity of not less than One Million Dollars (\$1,000,000.00) and cover bodily and personal injury and property damage. Such liability insurance shall cover claims of one or more co-owners against one or more co-owners as well as claims of third parties against one or more co-owners. The Association shall not be required however, to obtain public liability insurance covering accidents occurring within the limits of an Apartment or off the Regime Property. If available at a reasonable cost, the Association shall cause premises medical payment coverage to be included within the policy of liability insurance.

**C. General Provisions.** All insurance obtained on the Apartments and General and Limited Common Elements by the Association shall be written in the name of the Association as trustee for the Owners, and the cost of such insurance shall be a common expense. All such insurance shall be obtained from a company of companies licensed to do business in the State of South Carolina and currently rated "A" or better by Best's Insurance Ratings. No such insurance shall be permitted to expire except upon resolution of sixty-seven percent (67 %) of the co-owners to that effect and all mortgagees. Duplicate originals of all policies of hazard insurance obtained on the Property by the Board of Directors, together with proof of payment of the premiums thereon, shall be delivered upon request to any co-owner or to any person holding a security interest in an Apartment.

**D. Hazard Policy Provisions.** All policies of hazard insurance on the Apartments and General and Limited Common Elements obtained by the Board of Directors shall provide as follows:

1. The indemnity payable on account of any damage to or destruction of the Apartments or General and Limited Common Elements shall be payable to the owner and/or to any persons holding security interests in any damaged Apartments as their interests may appear;
2. The policy shall not be canceled without thirty (30) days' prior written notice to the Board of Directors and to every holder of a security interest in any Apartment who is named in the policy or an endorsement thereto;
3. No co-owner shall be prohibited from insuring his own Apartment for his own benefit;
4. No insurance obtained by a co-owner on his own Apartment shall be brought into contribution with the insurance obtained by the Board of Directors;
5. If the Board of Directors determines that it is possible to obtain such a provision, no right to subrogation shall exist against any owner or members of his household or his social guests;
6. If possible, the policy should provide that the insurer shall not be entitled to reconstruct in lieu of paying the indemnity in cash if the owners determine, in the manner provided in the Master Deed, not to repair or restore the damaged property; and
7. The policy shall not be canceled on account of the actions of one or more of the co-owners.

If a policy of insurance containing all of the foregoing provisions cannot be obtained at a reasonable cost, one or more of such provisions may be waived by resolution of a sixty-seven percent (67 %) of the co-owners and fifty-one percent (51%) of the mortgagees of Apartments.

**E. Claims.** The Board of Directors of the Association shall have exclusive authority to negotiate and settle on behalf of the owners all claims arising under policies of hazard insurance obtained on the Property by the Board of Directors except to the extent institutional mortgagees are granted such rights by co-owners. In the event of damage to

or destruction of any portion of the Apartments or General or Limited Common Elements, the Board of Directors shall promptly file a claim for any indemnity due under any such policies. The Board of Directors shall simultaneously notify the holders of any security interest in the Property who may be entitled to participate in such claim of the filing of same.

F. Insurance Proceeds. If the insurance proceeds exceed Five Thousand (\$5,000.00) Dollars, the net proceeds received by the Board of Directors from any indemnity paid under a policy of hazard insurance obtained on the Property by the Board of Directors shall promptly be paid by the Board of Directors to an Insurance Trustee as trustee or the co-owners as hereinafter provided. The Insurance Trustee shall be a state or federally chartered bank or savings and loan association selected by the Board of Directors and having trust powers and capital and surplus of Five Million Dollars (\$5,000,000.00) or more or a Professional Property Management Company with a like amount of Fidelity insurance coverage. The Insurance Trustee shall hold the insurance proceeds in trust and disburse said proceeds, after deduction of all reasonable fees and expenses of the Insurance Trustee, as follows:

1. If the co-owners determine, in the manner provided in the Master Deed, not to reconstruct the damaged property, the Insurance Trustee shall distribute the insurance proceeds among all the owners and/or mortgagees with liens upon the Apartments, as their respective interests may appear, in proportion to their respective undivided interests in the portion or portions of the property damaged or destroyed.
2. If the Board of Directors is required to provide for the reconstruction of the damaged property, the Insurance Trustee shall disburse the insurance proceeds to the person or persons employed by the Board of Directors to effect such reconstruction in accordance with written authorizations submitted to the Insurance Trustee by the architect supervising the reconstruction or by the Board of Directors. Any portion of the insurance proceeds remaining after all the costs of reconstructing the Property have been paid shall be disbursed to the co-owners and their mortgagees in proportion to their interests in the portion or portions of the property repaired or restored.

In making disbursements of the insurance proceeds, the Insurance Trustee shall be entitled to rely upon the written authorization submitted as provided above or upon any written certification of facts submitted to the Insurance Trustee by the Board of Directors as hereinafter provided without further inquiry. The Insurance Trustee shall in no event be responsible for obtaining insurance on the Property, paying the premiums on any such insurance, or filing claims for any payments due under any such insurance.

G. Insurance by Owners. Each co-owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable:

1. Hazard insurance on his Apartment for his own benefit;
2. Hazard insurance on the contents of his Apartment and on improvements made to his Apartment; and
3. Liability insurance covering accidents occurring within the boundaries of his Apartment.

Any owner who obtains hazard insurance on his dwelling for his own benefit shall within thirty (30) days of obtaining the same deliver to the Board of Directors a copy of the policy of insurance, should the Board request.

APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT  
IF LEVIED AND ASSESSED AGAINST THE REGIME AS A WHOLE

In the event that any taxing authority having jurisdiction over the Regime shall levy or assess any tax or special assessment against the Regime as a whole, as opposed to levying and assessing such tax or special assessment against each Apartment and its appurtenant undivided interest in General and Limited Common Elements as now provided by law, then such tax or special assessment so levied shall be paid as a common expense by the Association, and any taxes or special assessments which are to be levied shall be included wherever possible, in the estimated annual budget of Association, or shall be separately levied and collected as an assessment by the Association, against all of the co-owners of Apartments and said Apartments if not included in said annual budget. The amount of any tax or special assessment paid or to be paid by the Association in the event that such tax or special assessment is levied against the Regime, as a whole, instead of against each separate Apartment and its appurtenant undivided interest in General and Limited Common Elements shall be apportioned among the co-owners of all Apartments so that the amount of such tax or special assessment so paid or to be paid by the Association and attributable to and to be paid by the co-owner or co-owners of each Apartment shall be that portion of such total tax or special assessment which bears the same ratio to said total tax or special assessment as the undivided interest in General and Limited Common Elements appurtenant to each Apartment bears to the total undivided interest in General and Limited Common Elements appurtenant to all Apartments. In the event that any tax or special assessment shall be levied against the Regime in its entirety, without apportionment by the taxing authority of the Regime and appurtenant undivided interests in General and Limited Common Elements, then the assessment by the Association, which shall include the proportionate share of such tax or special assessment attributable to each Apartment and its appurtenant undivided interest in General and Limited Common Elements, shall separately specify and identify the amount of such assessment attributable to such tax or special assessments and the amount of such tax or special assessment so designated shall be a lien prior to all mortgages and encumbrances upon any Apartment and its appurtenant undivided interest in General and Limited Common Elements, regardless of the date of the attachment and/or recording of such mortgage or encumbrance, to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each Apartment and its appurtenant undivided interest in General and Limited Common Elements.

## XXIX

AMENDMENT OF MASTER DEED

Subject to the provisions of Article XV of this Master Deed and Article XIV, which provides for Amendment to the Master Deed by Grantor, its successors and assigns to add Stage II, neither this Master Deed nor any of its provisions shall be revoked or amended without the acquiescence of the co-owners owning at least two-thirds of the Apartments and at least two-thirds of the total interest in the General and Limited Common Elements and the record holders of encumbrances affecting at least two-thirds of the Apartments and at least two-thirds of the total interest in the General and Limited Common Elements, except that the system of administration as set forth in the Articles of Incorporation and By-Laws may be amended and modified from time to time in accordance with the provisions of the South Carolina Horizontal Property Act and other applicable provisions of the Code of Laws of South Carolina. Any such amendment or revocation shall be executed and subscribed with the same formalities required in South Carolina for the making of deeds, and recorded in the public records of Charleston County.

Without limiting the foregoing, the Grantor, its successors or assigns, "acting alone" shall have the power, but not the obligation, at any time (and from time to time), to amend the Master Deed to cause the same to conform to the requirements of the South Carolina Horizontal Property Act, the Federal National Mortgage Association, and/or the Federal Home Loan Mortgage Corporation, as set forth, respectively, in "FNMA Conventional Home Mortgage Selling

Contract Supplement" and "Seller's Guide to Conventional Mortgages," as the same may be amended from time to time and to add Stage II to the Regime.

XXX

REMEDIES IN EVENT OF DEFAULT

The co-owner or co-owners of each Apartment shall be governed by and shall comply with the provisions of this Master Deed, the Articles and the By-Laws of the Association, and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the co-owner or co-owners of any Apartment shall entitle the Association or the co-owner or co-owners of other Apartment or Apartments to the following relief:

A. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the Articles of Incorporation, By-Laws of the Association, its rules and regulations, or decisions made pursuant thereto shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof. Relief may be sought by the Association, or if appropriate, by an aggrieved co-owner of an Apartment or both;

B. The co-owner or co-owners of each Apartment shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of an Apartment or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation;

C. In any proceeding arising because of an alleged default by the co-owner of any Apartment, the Association, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be determined by the Court, and the co-owner of any Apartment shall be entitled to such attorney's fees and costs if successful in such action;

D. The failure of the Association or of the co-owner of an Apartment to enforce any right, provision, covenant, or condition which may be granted by this Master Deed or other above mentioned documents shall not constitute a waiver of the right of the Association or of the co-owner of an Apartment to enforce such right, provision, covenant, or condition in the future;

E. All rights, remedies, and privileges granted to Association or the Co-owner or co-owners of an Apartment pursuant to any terms, provisions, covenants; or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity; and

F. The failure of the Grantor or the lender to enforce any right, privilege, covenant, or condition which may be granted to them, or either of them, by this Master Deed or other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant, or condition in the future.



USE OR ACQUISITION OF INTEREST IN THE  
REGIME TO RENDER USER OR ACQUIRER SUBJECT  
TO PROVISIONS OF MASTER DEED RULES AND REGULATIONS,  
BYLAWS AND BINDING ARBITRATION

All present or future co-owners, tenants, or any other person who might use the facilities of the Regime in any manner are subject to the provisions of this Master Deed and all documents appurtenant thereto and incorporated herewith. The acquisition or rental of any Apartment, or the mere act of occupancy of any Apartment, shall signify that the provisions of this Master Deed, By-laws, and Rules and Regulations of the Association are accepted and ratified in all respects. Such owner or occupant agrees that any dispute arising out of use, ownership or occupancy of an apartment or the Common Elements in Regime and any complaint against the Grantor shall be settled by binding arbitration pursuant to the South Carolina Arbitration Act.

COUNCIL OF CO-OWNERS ASSOCIATION,  
CONTROL OF BOARD OF DIRECTORS

Subject to the remainder of this paragraph, the Grantor may appoint and remove members of the Board of Directors of the Association of the Co-Owners ("Board") for a period not exceeding five (5) years from the date of the first conveyance of any Apartment to a person other than the Grantor. This period of Grantor control terminates no later than sixty (60) days after conveyance of seventy-five percent (75%) of the Apartments to Apartment owners other than the Grantor. The Grantor may voluntarily surrender the right to appoint and remove members of the Board before termination of that time period. In determining whether the period of Grantor control has terminated or whether Apartment owners other than the Grantor are entitled to elect members of the Board, the percentage of the Apartments conveyed shall be calculated as if all of the Apartments the Grantor has built or retains on unexpired reservation of the right to add in Stage II in this Master Deed were included in the Regime. After termination of the Grantor's control, any or all of the Board of Directors may be removed or replaced by written petition signed by the Co-Owners having more than fifty percent (50%) of the votes of the Association. The petition shall state the name(s) of the Board of Directors being removed and the name(s), address(es) and telephone number(s) of the replacement Director(s).

Whenever Grantor shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles and/or By-Laws of the Association. Grantor shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any director or directors so removed from the remainder of the unexpired term of any director or directors so removed. Any director designated and selected by Grantor need not be an owner or a resident in the Regime. Anything to the contrary notwithstanding, the power in the Grantor to designate directors shall terminate on June 1, 2003.

Any representative of Grantor serving on the Board of Directors of the Association shall not be required to disqualify himself upon any vote upon any management contract or other matter between Grantor and Association where the said Grantor may have a pecuniary or other interest. Similarly, Grantor as a member of the Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract or other matter between Grantor and Association where Grantor may have a pecuniary or other interest.

Transfer of Rights. All rights, duties and obligations of the Grantor herein may be experienced or performed by the Grantor, its successors and assigns.



XXXIII

ANNUAL REPORTS TO BE PROVIDED TO LENDER

So long as any institutional lender is the co-owner or holder of a mortgage encumbering an Apartment in the Regime, the Association shall furnish said lender upon request with at least one copy of the annual financial statement and report of the Association audited satisfactorily, setting forth such details as the said lender may reasonably require, including a detailed statement of annual carrying charges or income collected and operating expense, with such financial statement and report to be furnished within ninety (90) days following the end of each fiscal year.

Such statement shall be prepared in accordance with generally accepted accounting principles and shall contain the certificate of the accountant or accounting firm to that effect. Further, the accountant or accounting firm shall include as a special item(s) any information to which a reasonable man would attach importance in the management of his own financial affairs, should said information not appear readily from the face of the statement.

The Association shall make available to Apartment owners, lenders, lienholders, insurers, or guarantors of any first mortgage current copies of the Master Deed, ByLaws, other rules concerning the project and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any holder, insurer, or guarantor of a first mortgage shall be entitled, upon written request, to a financial statement of the immediately preceding fiscal year, free of charge to the party so requesting.

Any financial statement requested pursuant to this section shall be furnished within a reasonable time following such request.

XXXIV

SEVERABILITY

In the event that any of the terms, provisions, or covenants of this Master Deed are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants hereof or the remaining portions of any terms, provisions, or covenants held to be partially invalid or unenforceable.

XXXV

MASTER DEED BINDING UPON GRANTOR, ITS SUCCESSOR AND ASSIGNS, AND SUBSEQUENT CO OWNERS

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Apartment and its appurtenant undivided interest in General and Limited Common Elements. This Master Deed and all easements reserved herein shall be binding upon Grantor, its successors and assigns, and upon all parties who may subsequently become co-owners of Apartments in the Regime and their respective heirs, legal representative, and successors and assigns.

XXXVI  
DEFINITIONS

BK H 305PG413

The definitions contained in S. C. Code Ann., § 27-31-10 (1976), are hereby incorporated herein and made a part hereof by reference. The word "Unit" shall have the same meaning as "Apartment" and the words "Phase" or "Phases" shall have the same meaning as "Stage" or "Stages".

XXXVII

MISCELLANEOUS

Attached hereto as Exhibit "E" and made a part hereof by reference is the Architect's Certificate required by S. C. Code Ann., §27-31-110 (1976).

Attached hereto as an Appendix and made a part hereof by reference is a copy of the By-Laws of the Association, as required by S. C. Code Ann., §27-31-150 (1976).

Developer retains the right to use one of the Apartments as a sales office, so long as such use complies with the ordinances of the Town of Folly Beach.

IN WITNESS WHEREOF, the Grantor has executed this Master Deed this 17<sup>th</sup> day of JUNE, 1988.

Signed, sealed and delivered  
in the presence of:

Linda S. Shealy

T. M. Lyne

Drake Development II LLC  
(SEAL)

By: W. Russell Drake  
W. Russell Drake, Manager

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF Richland ) PROBATE

Personally appeared before me the undersigned witness and made oath that (s)he saw the within-named Drake Development II LLC by W. Russell Drake, its Manager sign, seal and as its act and deed, deliver the within written instrument for the uses and purposes therein mentioned, and that (s)he with the other witness witnessed the execution thereof.

Linda S. Shealy

Sworn to before me this 17  
day of June, 1998.

D. M. Ligon (L.S.)  
Notary Public for South Carolina

My Commission Expires: 1-23-99

*[Handwritten initials]*

BK H 305PG415

EXHIBIT "A"  
STAGE I

All that piece, parcel or tract of land, containing 1.863 acres, more or less, located on the Southeastern side of West Arctic Avenue in the in the Town of Folly Beach, County of Charleston, State of South Carolina being shown as Tract A on "An As-Built Survey of Tract A Owned by Drake Development II LLC. Located in the Town of Folly Beach, Charleston County, South Carolina. Prepared for Drake Development II LLC, Commonwealth Land Title Insurance Company, Carolina First Bank and The National Bank of South Carolina" by Southeastern Surveying, Inc., dated June 8, 1998, recorded in the RMC Office for Charleston County in Plat Book EC at Page 562; and according to said plat having the following metes and bounds:

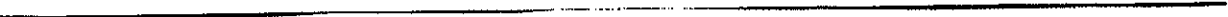
Beginning at a new 1/2" rebar located on the Southeast right-of-way line of West Arctic Avenue at the Northeast corner of Tract B, owned by Drake Development II LLC, as shown on the above-mentioned plat, said point also located 738.57 feet, more or less, from the centerline of Center Street (P.O.B. A); and running from the Point of Beginning (P.O.B.A) along the property line of Tract B, South 24° 01' 24" East, 192.33 feet to a new 1/2" rebar; thence continuing South 24° 1' 24" East, 7.68 feet to a point; thence turning and running South 66° 37' 00" West, 32.14 feet to a point; thence continuing South 64° 12' 43" West, 375.00 feet to a point; thence turning and running North 23° 23' 00" West, 200.0 feet to a new 1/2" rebar on the Southeast right-of-way line of West Arctic Avenue; thence running along the Southeast right-of-way line of West Arctic Avenue North 64° 12' 43" East, 375.00 feet to a new 1/2" rebar; thence continuing along the Southeast right-of-way of West Arctic Avenue North 66° 37' 00" East 29.91 feet to the point of beginning, containing 1.863 acres.

Together with all those rights and obligations created in that certain Declaration and Reservation of Easement Agreement dated December 27, 1997 and recorded in Deed Book H-295 at Page 254 in the Register of Deeds for Charleston County, State of South Carolina, on December 31, 1997, and subject to that certain Abandonment and Amendment to Access Agreement dated September 24, 1997 and recorded in the aforesaid office in Book M-290 at Page 382; that certain Easement Agreement dated September 24, 1997 and recorded in Book M-290 at Page 394; that certain Relocation Agreement dated September 24, 1997 and recorded in Book M-290 at Page 387; and that certain Seawall Agreement recorded in Book N-140 at page 300, and as amended in Book P-224 at Page 925.

TMS # 328-14-00-242 thru 297

BK H 305PG416

EXHIBIT B  
Plat

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to be the initials 'MB'.



BK H 305PG418

MAY-18 98 12:00 FROM: SOUTHEASTERN SURVEY 8037952007 TO: 8033437817 PAGE: 03

ELEVATION CERTIFICATE
FEDERAL EMERGENCY MANAGEMENT AGENCY
NATIONAL FLOOD INSURANCE PROGRAM

O.M.B. No. 3047-0077
Expires July 31, 1999

ATTENTION: Use of this certificate does not provide a waiver of the flood insurance purchase requirement. This form is used only to provide elevation information necessary to ensure compliance with applicable community floodplain management ordinances...

SECTION A PROPERTY INFORMATION

Form section for property information including building owner's name (Drake Development II LLC), street address (201 West Arctic), and other description.

Form section for insurance company use including policy number and company NAIC number.

Form section for city (Folly Beach), state (S.C.), and zip code (29439).

SECTION B FLOOD INSURANCE RATE MAP (FIRM) INFORMATION

Provide the following from the proper FIRM (See instructions):

Table with 6 columns: 1. COMMUNITY NUMBER (155415), 2. PANEL NUMBER (0001), 3. SUFFIX (F), 4. DATE OF FIRM INDEX (11/17/92), 5. FIRM ZONE (VE), 6. BASE FLOOD ELEVATION (2.3)

- 7. Indicate the elevation datum system used on the FIRM for Base Flood Elevations (BFE): [X] NGVD '29 [ ] Other (describe on back)
8. For Zones A or V, where no BFE is provided on the FIRM, and the community has established a BFE for this building site, indicate the community's BFE: [ ] feet NGVD (or other FIRM datum--see Section B, Item 7).

SECTION C BUILDING ELEVATION INFORMATION

- 1. Using the Elevation Certificate Instructions, indicate the diagram number from the diagrams found on Pages 5 and 6 that best describes the subject building's reference level: 5.
2(a). FIRM Zones A1-A30, AE, AH, and A (with BFE). The top of the reference level floor from the selected diagram is at an elevation of [ ] feet NGVD (or other FIRM datum--see Section B, Item 7).
(b). FIRM Zones V1-V30, VE, and V (with BFE). The bottom of the lowest horizontal structural member of the reference level from the selected diagram, is at an elevation of [ ] feet NGVD (or other FIRM datum--see Section B, Item 7).
(c). FIRM Zone A (without BFE). The floor used as the reference level from the selected diagram is [ ] feet above [ ] or below [ ] (check one) the highest grade adjacent to the building.
(d). FIRM Zone AO. The floor used as the reference level from the selected diagram is [ ] feet above [ ] or below [ ] (check one) the highest grade adjacent to the building.
3. Indicate the elevation datum system used in determining the above reference level elevations: [X] NGVD '29 [ ] Other (describe under Comments on Page 2).
4. Elevation reference mark used appears on FIRM: [ ] Yes [X] No (See Instructions on Page 4)
5. The reference level elevation is based on: [X] actual construction [ ] construction drawings
6. The elevation of the lowest grade immediately adjacent to the building is: [ ] feet NGVD (or other FIRM datum--see Section B, Item 7).

SECTION D COMMUNITY INFORMATION

- 1. If the community official responsible for verifying building elevations specifies that the reference level indicated in Section C, Item 1 is not the "lowest floor" as defined in the community's floodplain management ordinance, the elevation of the building's "lowest floor" as defined by the ordinance is: [ ] feet NGVD (or other FIRM datum--see Section B, Item 7).
2. Date of the start of construction or substantial improvement: [ ]

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BK/H 305PG419

MAY-18 98 12:01 FROM: SOUTHEASTERN SURVEY 8037952007

TO: 8033437017

PAGE: 04

SECTION E CERTIFICATION

This certification is to be signed by a land surveyor, engineer, or architect who is authorized by state or local law to certify elevation information when the elevation information for Zones A1-A30, AE, AH, A (with BFE), V1-V30, VE, and V (with BFE) is required. Community officials who are authorized by local law or ordinance to provide floodplain management information, may also sign the certification. In the case of Zones AO and A (without a FEMA or community issued BFE), a building official, a property owner, or an owner's representative may also sign the certification.

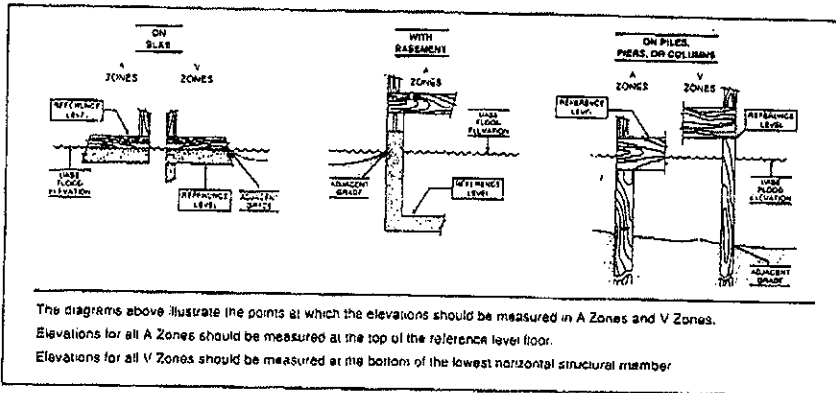
Reference level diagrams 6, 7 and 8 - Distinguishing Features--If the certifier is unable to certify to breakaway/non-breakaway wall, enclosure size, location of servicing equipment, area use, wall openings, or unfinished area Feature(s), then list the Feature(s) not included in the certification under Comments below. The diagram number, Section C, Item 1, must still be entered.

I certify that the information in Sections B and C on this certificate represents my best efforts to interpret the data available. I understand that any false statement may be punishable by fine or imprisonment under 18 U.S. Code, Section 1001.

CERTIFIER'S NAME: Mark S. Busby, LICENSE NUMBER (or ANJ State): 12032, TITLE: S.C.R.L.S., COMPANY NAME: Southeastern Surveying, Inc., ADDRESS: 157 Wappoo Crk. Dr., Charleston, S.C., STATE: ZIP: 29412, SIGNATURE: [Handwritten Signature], DATE: 5/1/98, PHONE: 803-795-9330

Copies should be made of this Certificate for: 1) community official, 2) insurance agent/contracting owner.

COMMENTS:



The diagrams above illustrate the points at which the elevations should be measured in A Zones and V Zones. Elevations for all A Zones should be measured at the top of the reference level floor. Elevations for all V Zones should be measured at the bottom of the lowest horizontal structural member.

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EXHIBIT B-1  
Master Plan  
(Stages I and II)



305PG421

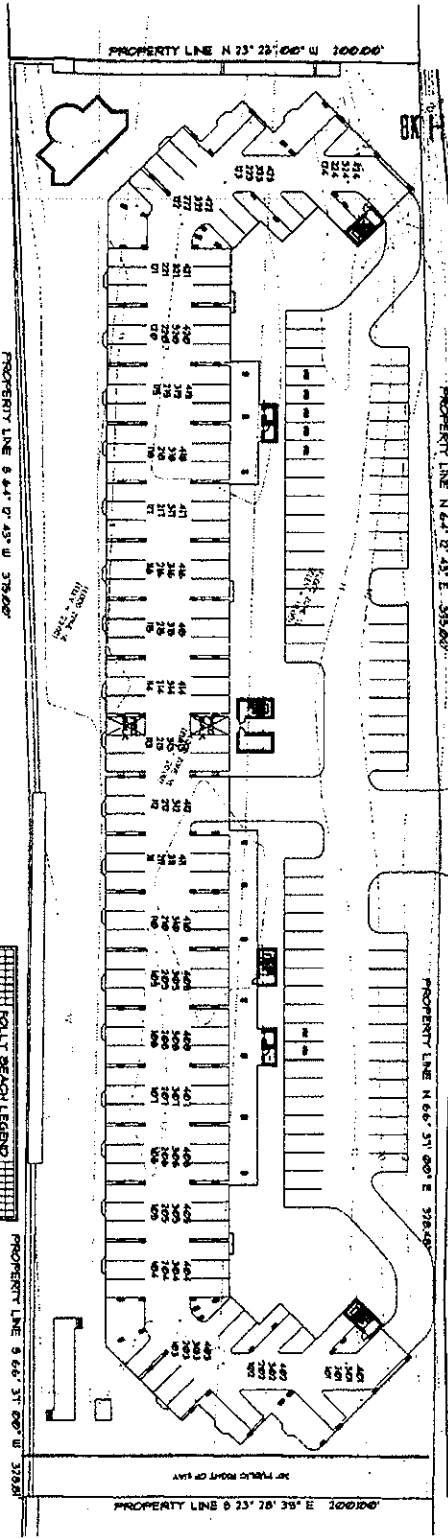
PARKING REQUIREMENTS  
2 STALLS PER UNIT REQUIRED  
96 STALLS SHOWN TOTAL (60 REQUIRED)  
78 STALLS SHOWN 1 STALLS ARE  
HANDICAP

OVERALL GROUND FLOOR PLAN

ROLLIT BEACH LEGEND

	COTTON AREA	1408.64
	UNIT AREA	0
	LIMITED COTTON AREA	0

ROLLIT BEACH LEGEND  
ROLLIT BEACH FOOTAGE

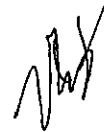


EAST SECOND ST.  
30' R/W

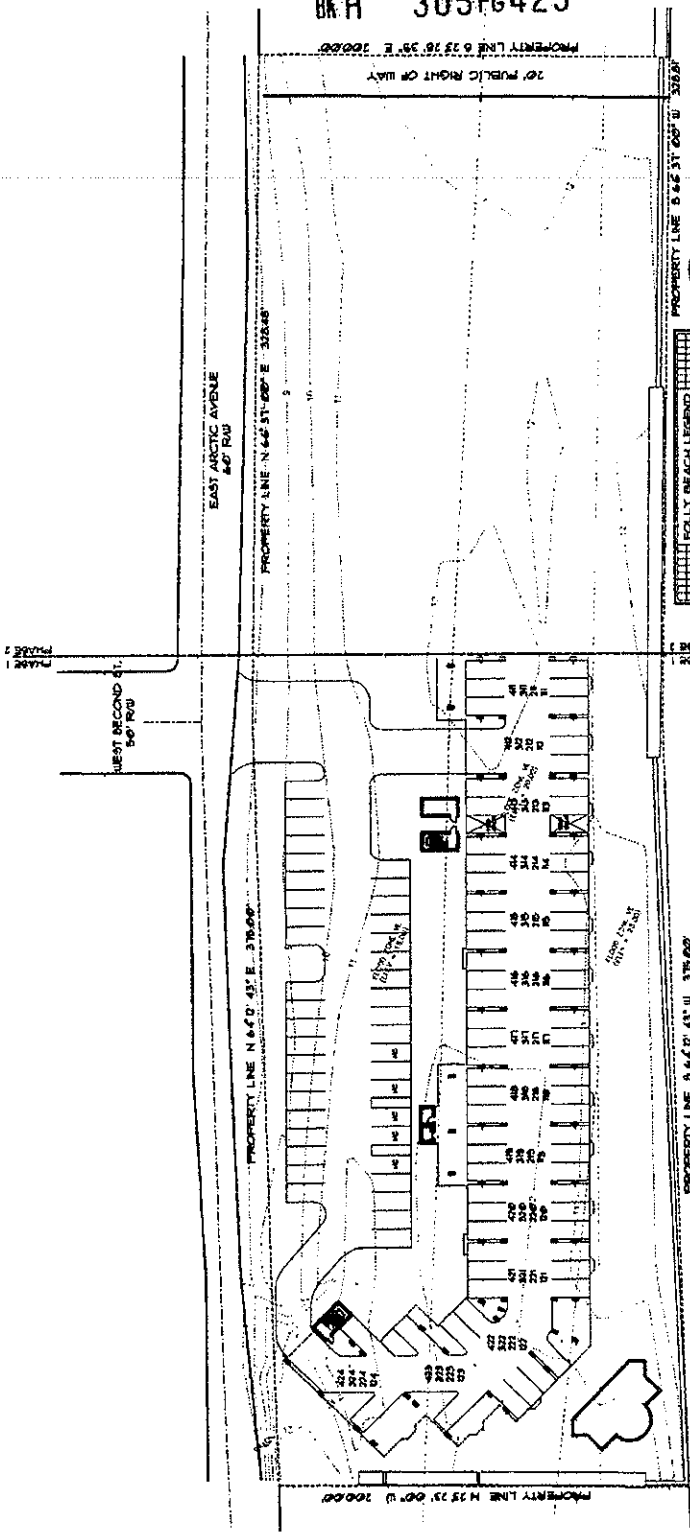
EAST ARCTIC AVENUE  
60' R/W

*Handwritten signature or initials.*

**EXHIBIT C**  
**Floor Plans and Plot Plan**  
**(Stage I only)**

A handwritten signature in black ink, appearing to be 'D. H. S.', located in the lower right quadrant of the page.

BK H 305PG423

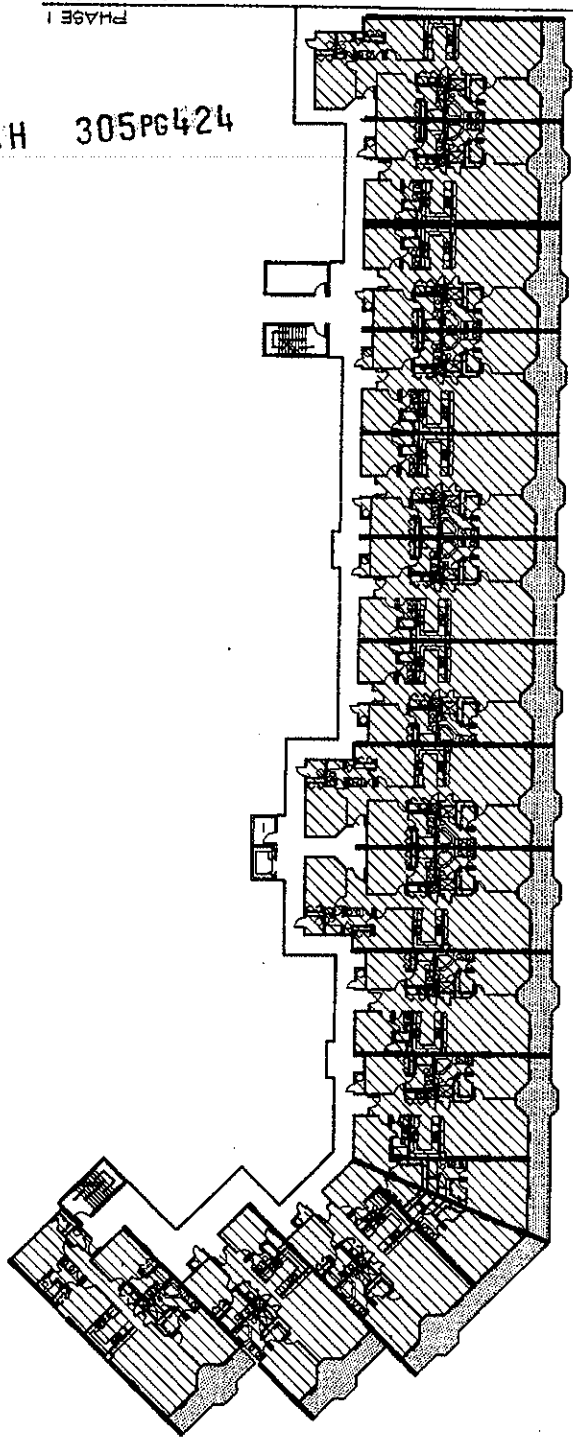


POLY BRANCH LEGEND	
SQUARE FOOTAGE	
[Symbol]	COTTON AREA
[Symbol]	UNIT AREA
[Symbol]	LIMITED COTTON AREA

PARKING REQUIREMENTS  
 2 STALLS PER UNIT REQUIRED  
 54 UNITS 94000 TOTAL 10 REQUIRED  
 17 STALLS 80000 9 STALLS ARE  
 HANDICAP

**OVERALL GROUND FLOOR PLAN**  
 NOT TO SCALE

*[Handwritten Signature]*



BK H 305PG424

PHASE 1  
PHASE 2

PHASE 1  
PHASE 2

POLY BEACH LEOPARD SQUARE FOOTAGE	
COTTON AREA	4284
INT. AREA	2021
LIMITED COTTON AREA	2360



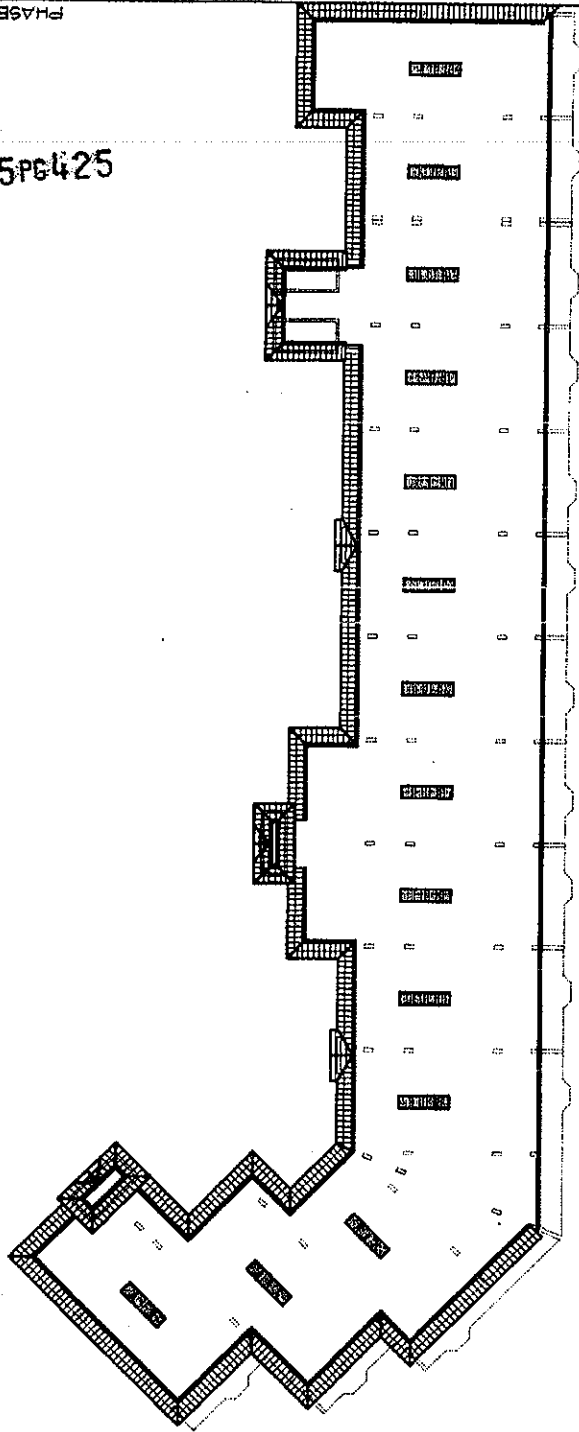
OVERALL 1ST - 4TH FLOOR PLAN  
NOT TO SCALE

*Handwritten signature or initials*

PHASE 1  
PHASE 2

PHASE 1  
PHASE 2

BK H 305PG425

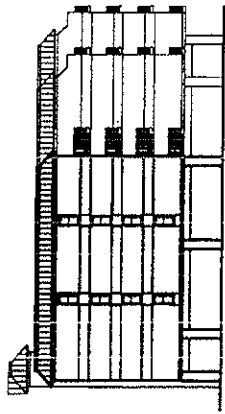


FULLY RECOILED LEGEND	
□	COTTON AREA 24600
▨	UNIT AREA 0
▩	LIMITED COTTON AREA 304

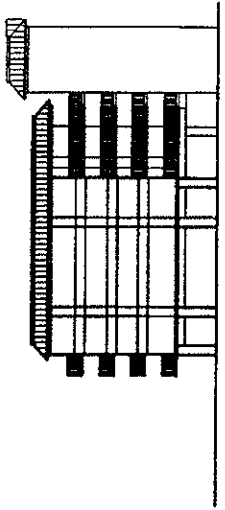


ROOF PLAN  
NOT TO SCALE

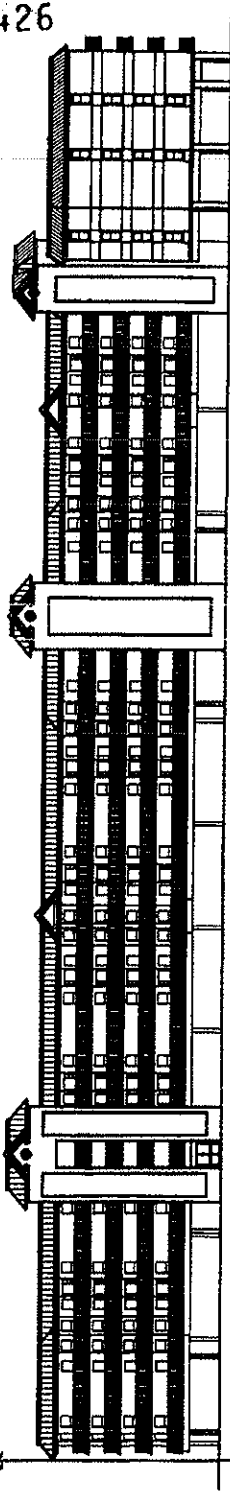
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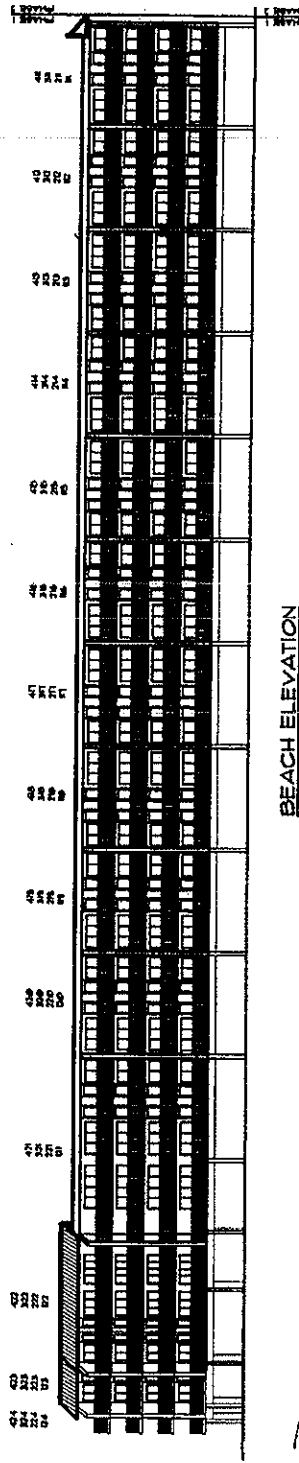
SIDE ELEVATION  
NOT TO SCALE



SIDE ELEVATION  
NOT TO SCALE

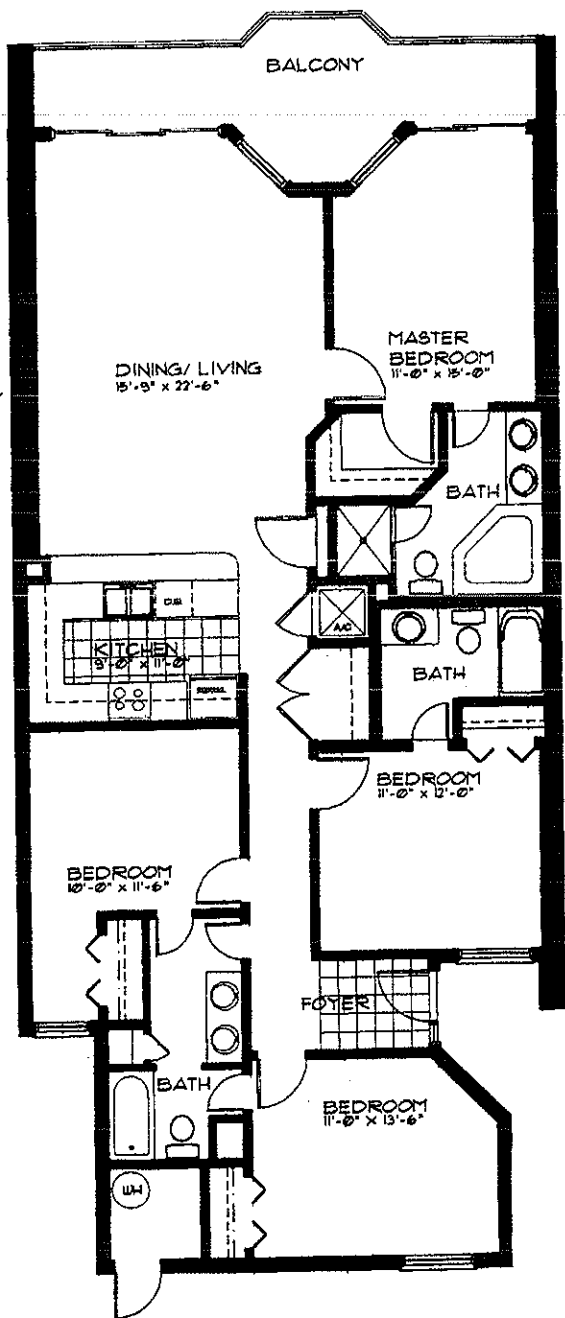


FRONT ELEVATION  
NOT TO SCALE



BEACH ELEVATION  
NOT TO SCALE

*[Handwritten signature]*



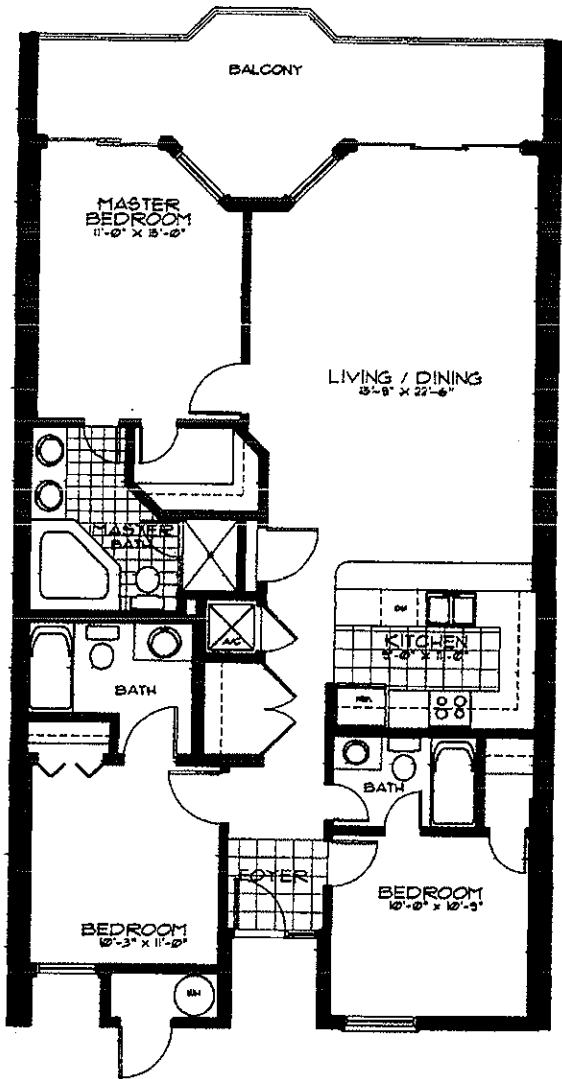
FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
11, 211, 311, 411

-11 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"



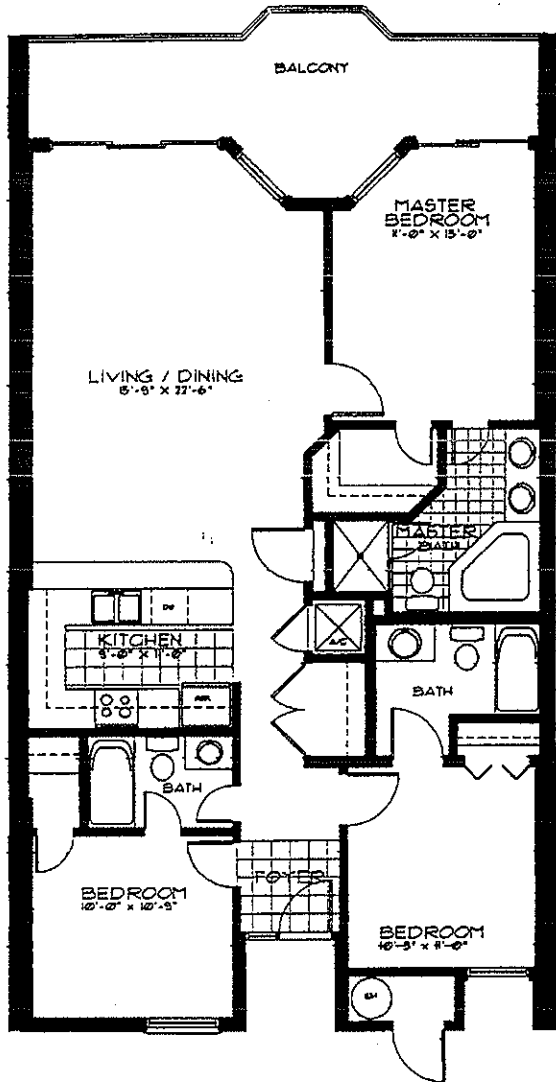
BK H 305Pg428



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
112, 212, 312, 412

-12 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"

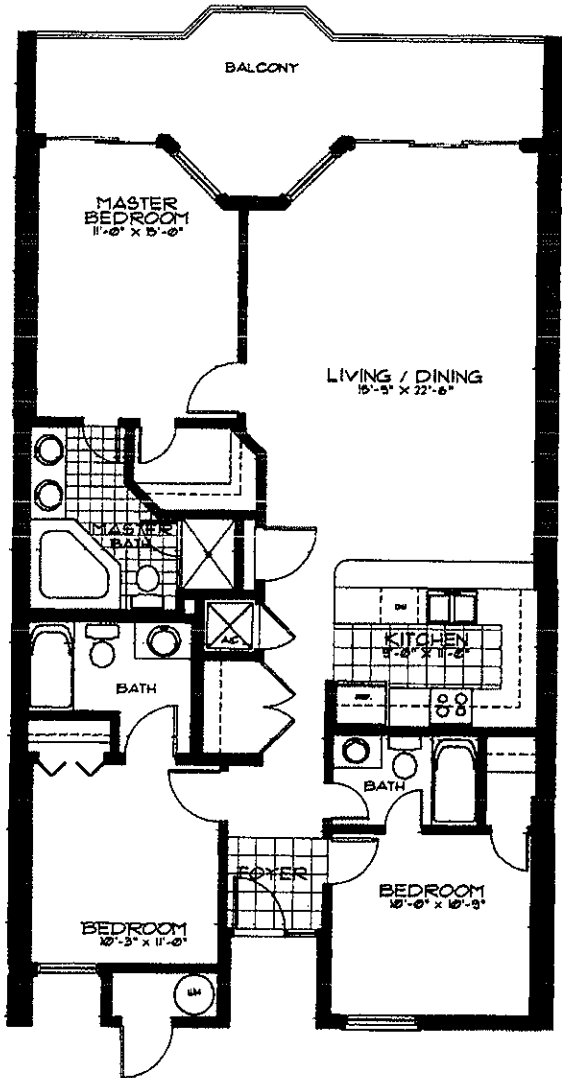


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
113, 213, 313, 413

-13 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"

*[Handwritten signature]*

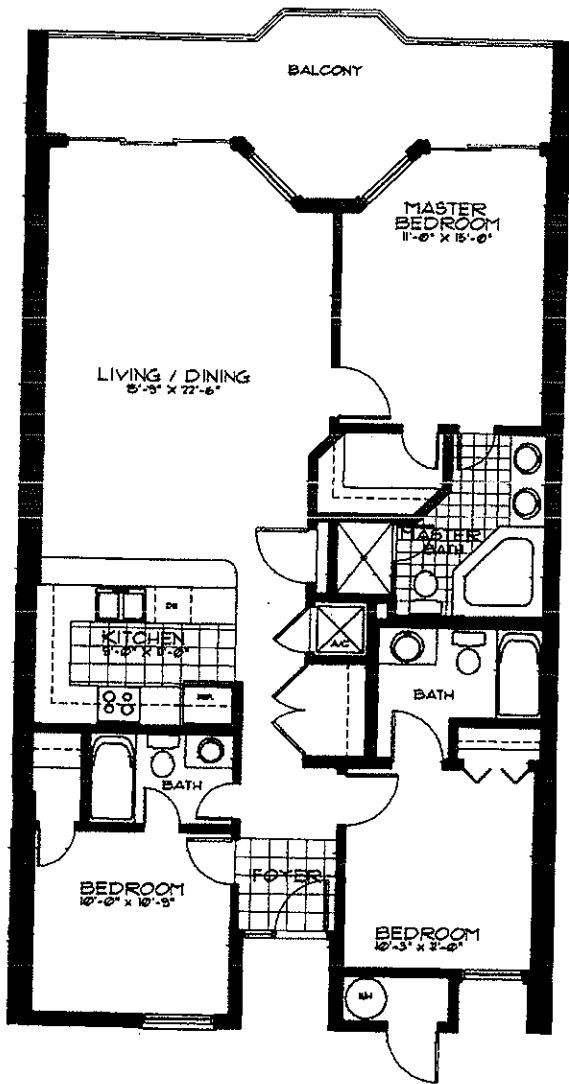


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
114, 214, 314, 414

**-14 STACK FLOOR PLAN**

SCALE 1/8"=1'-0"

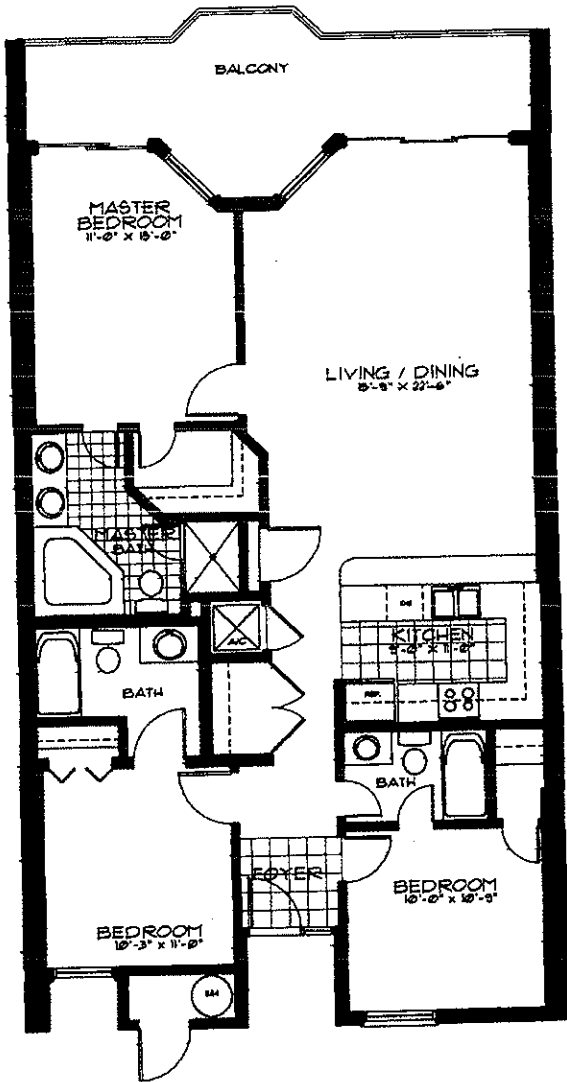


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
115, 215, 315, 415

-15 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

*WMA*

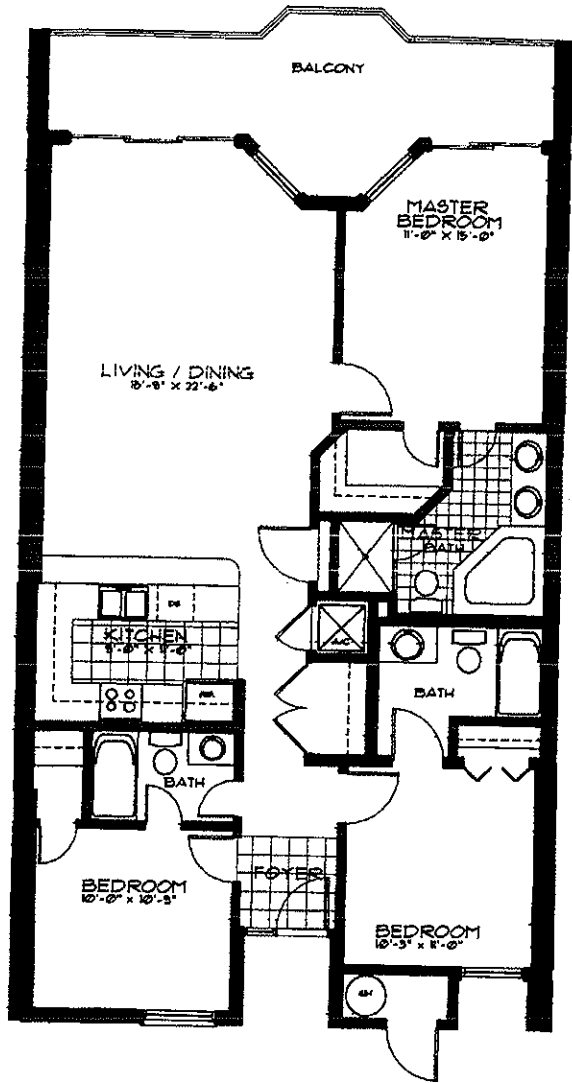


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
116, 216, 316, 416

-16 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

*[Handwritten signature]*

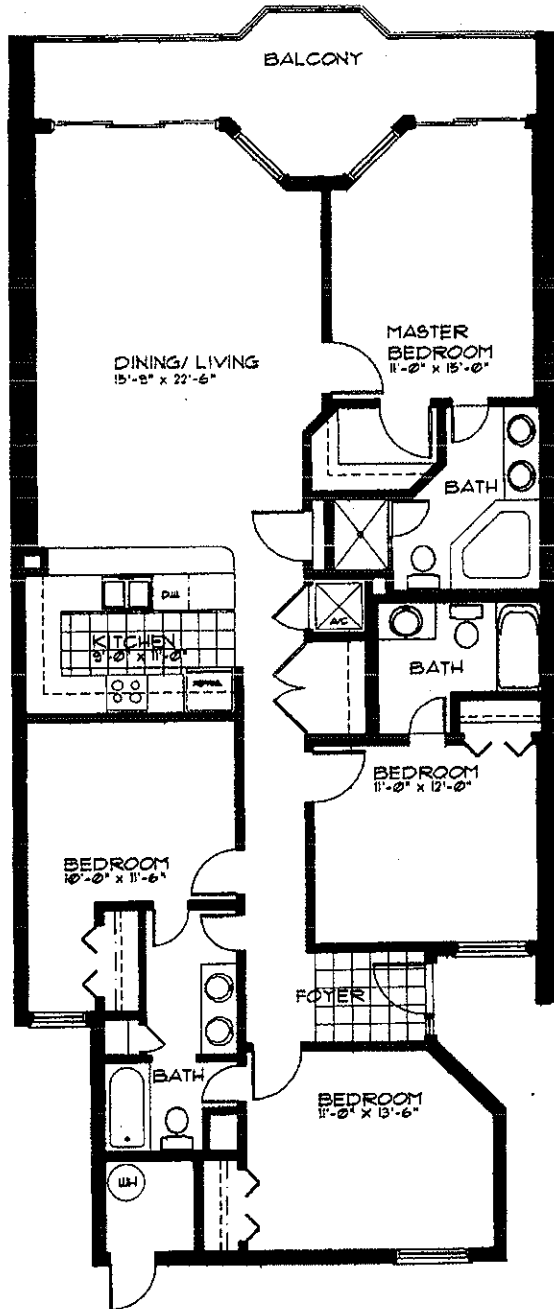


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
117, 217, 317, 417

-1T STACK FLOOR PLAN

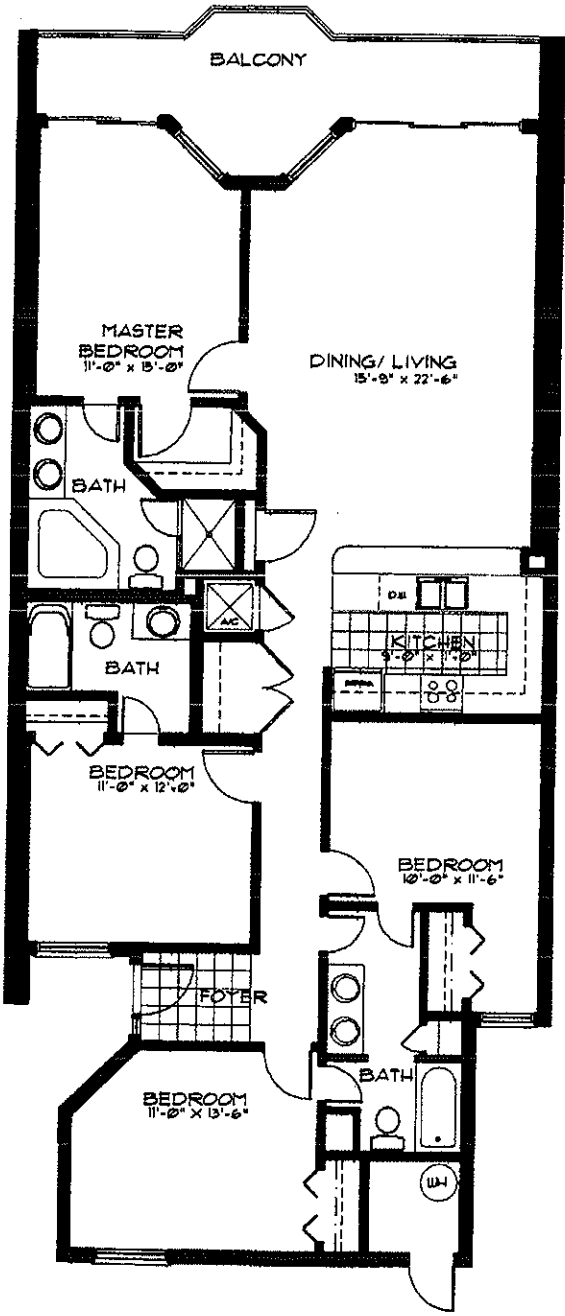
SCALE 1/8"=1'-0"



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
118, 218, 318, 418

-18 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"

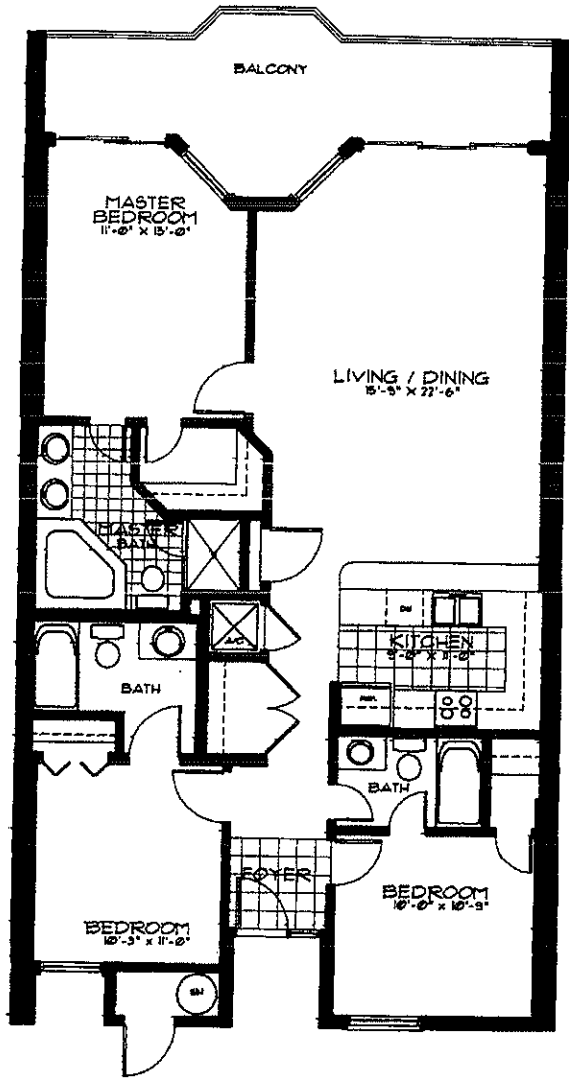


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
119, 219, 319, 419

-19 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"





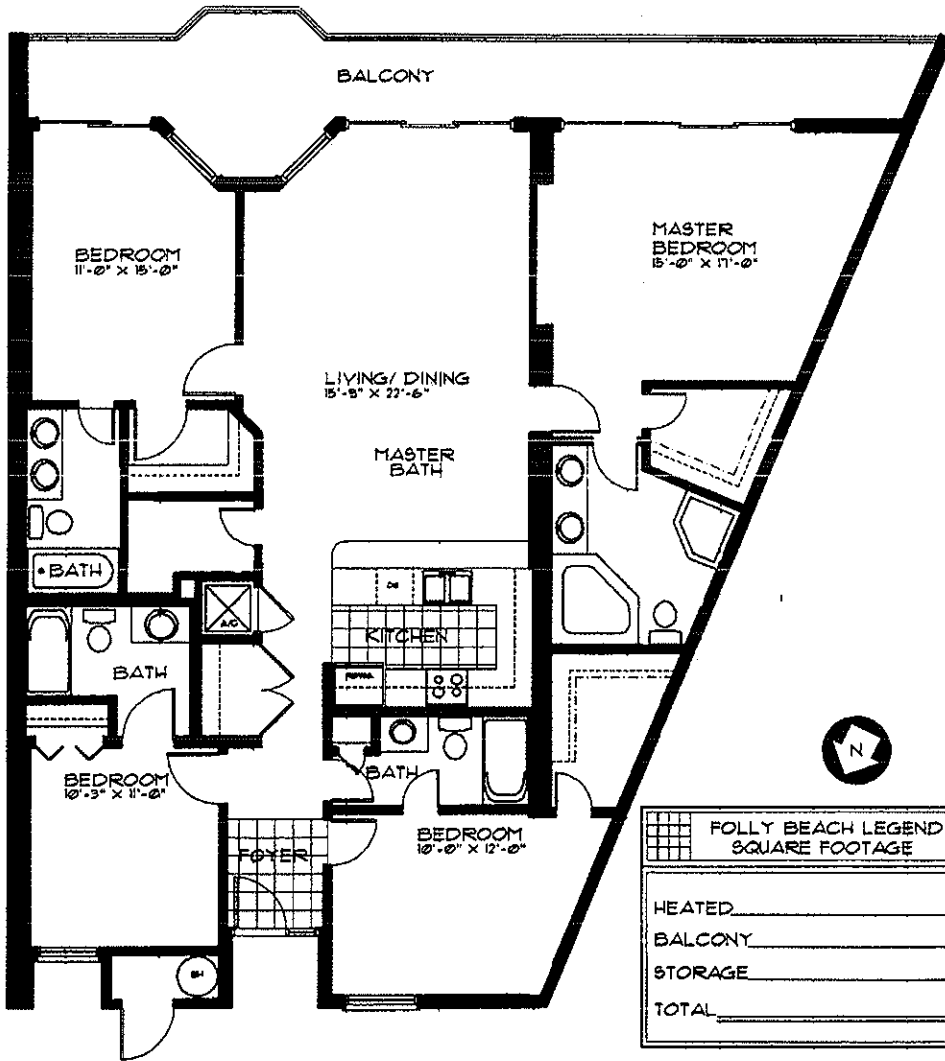
FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
120, 220, 320, 420

**-20 STACK FLOOR PLAN**

SCALE 1/8"=1'-0"

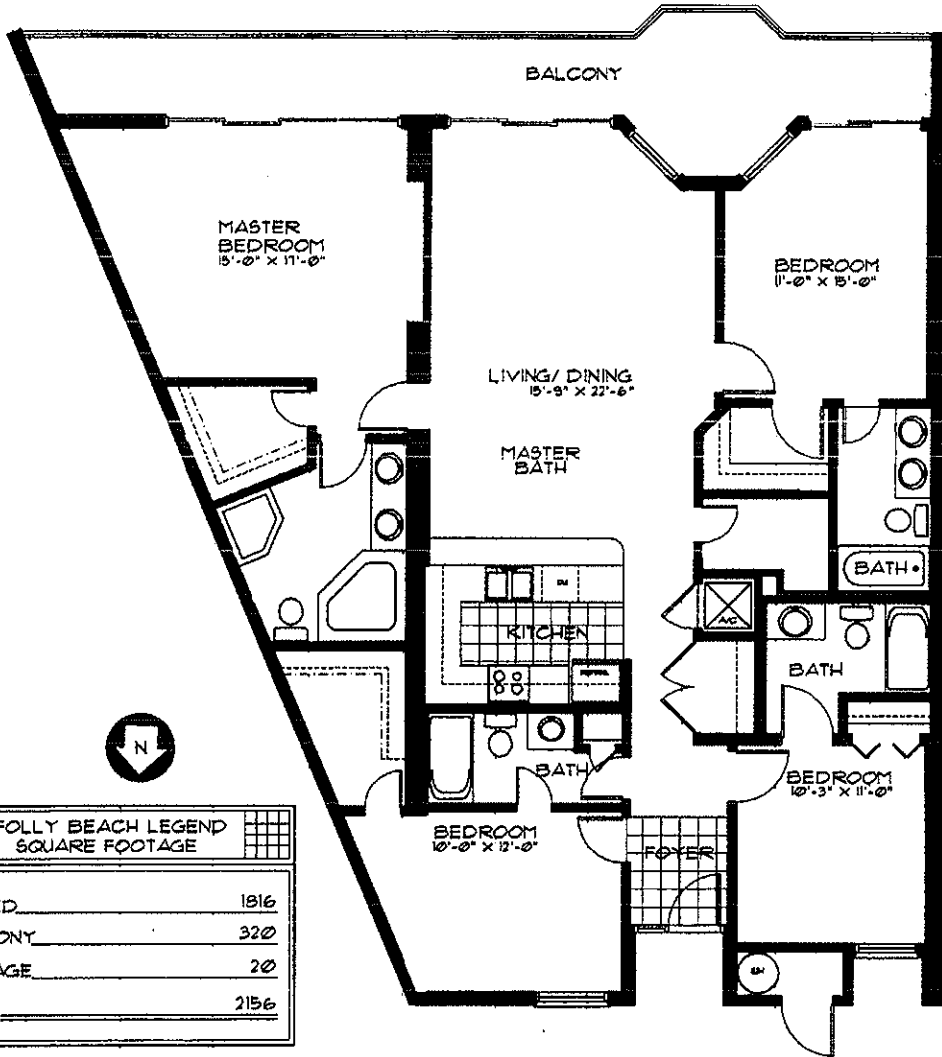
*[Handwritten signature]*



**-21 STACK FLOOR PLAN**  
SCALE 1/8"=1'-0"

APARTMENTS  
121, 221, 321, 421

*[Handwritten signature]*



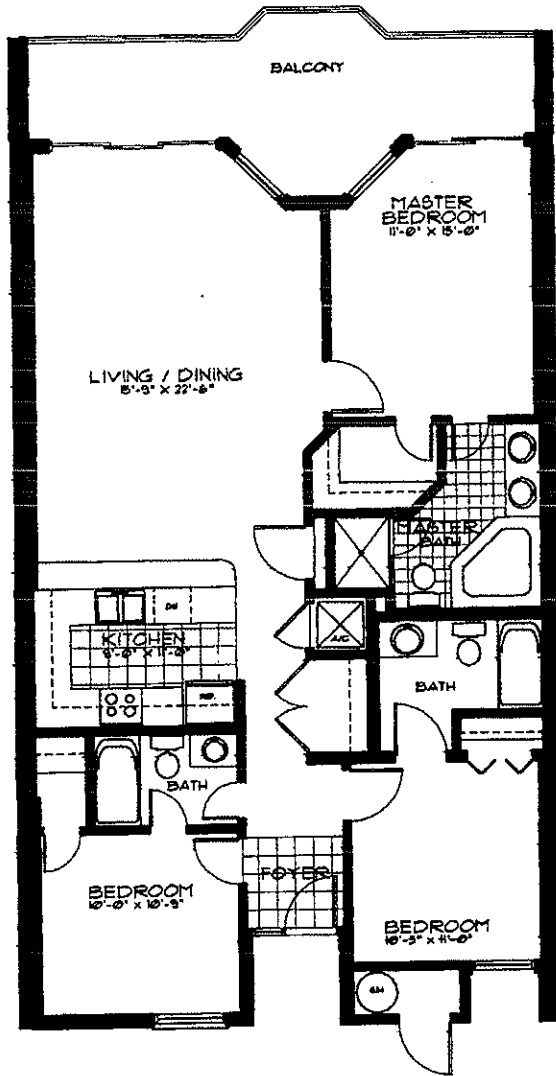
FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1816
BALCONY	320
STORAGE	20
TOTAL	2156

APARTMENTS  
122, 222, 322, 422

-22 STACK FLOOR PLAN

SCALE 1/8" = 1'-0"

BK H 305PG439

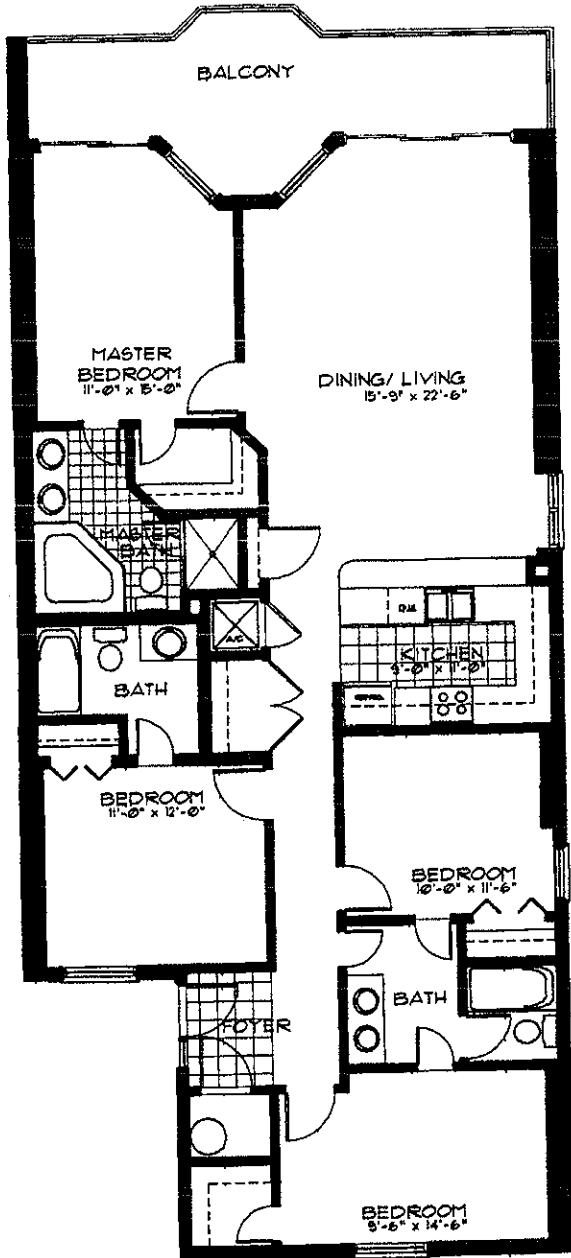


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
123, 223, 323, 423

-23 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

BK H 305PG440



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	20
TOTAL	1835

APARTMENTS  
124, 224, 324, 424.

**-24 STACK FLOOR PLAN**  
SCALE 1/8"=1'-0"

EXHIBIT "D"  
 TO MASTER DEED OF THE OCEAN CLUB AT OCEAN DRIVE  
 TABLE OF VALUES

APT. TYPE	APT. NOS. (in Stage I)	PERCENTAGE INTERESTS STAGE I (56 Apartments)	APT. NOS (in Stages I and II)	PERCENTAGE INTERESTS STAGE I and II (96 Apartments)	BASIC VALUE
A	-12, -13, -14, -15, -16, -17, -20, -23	0.0161000	-02, -05, -12, -13, -14, -15, -16, -17, -20, -23	0.0090148	179,900.00
B	-21, -22	0.0209134	-03, -04, -21, -22	0.0117759	235,000.00
C	-24	0.0200235	-01, -24	0.0112748	225,000.00
D	-11, -18, -19	0.0200235	-06, -07, -08, -09, -10, -11, -18, -19	0.0112748	225,000.00

TOTAL BASIC VALUE OF PROPERTY = \$11,236,800.00 (Stage I only)  
 \$19,956,000.00 (Stage I and II)

BK H 305PG442

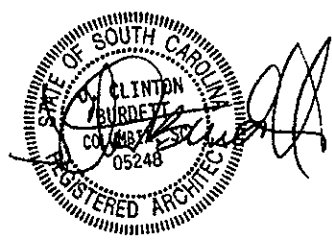
EXHIBIT "E"  
TO MASTER DEED OF  
THE CHARLESTON OCEANFRONT VILLAS HORIZONTAL PROPERTY REGIME  
ARCHITECT'S CERTIFICATE

Pursuant to S. C. Code Ann. § 27-31-110 (1976), I certify that the Regime plans described in the attached Exhibit "B" and the written description of 45 Apartments of The Charleston Oceanfront Villas Horizontal Property Regime (situate upon real estate described in the attached Exhibit "A"), fully depict the layout, dimensions, location, area and number identification of the Apartments and the general and limited common elements of the Regime.

Jenkins, Hancock & Sides

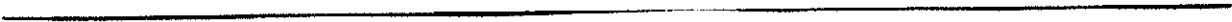
By: J. O. Burdett  
Its: ARCHITECT  
Architect's S.C. License No. 05248

Columbia, South Carolina  
MAY 13, 1998

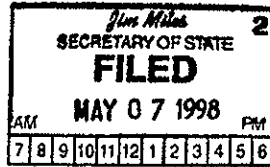


J. O. Burdett

EXHIBIT F  
Articles of Incorporation of Association

Handwritten signature or initials, possibly 'MP', located in the bottom right corner of the page.





STATE OF SOUTH CAROLINA  
SECRETARY OF STATE  
JIM MILES  
NONPROFIT CORPORATION  
ARTICLES OF INCORPORATION

1. The name of the nonprofit corporation is The Charleston Oceanfront Villas Homeowners Association.
2. The initial registered office of the nonprofit corporation is Pinnacle Real Estate Management, 1107 48th Avenue, N., Myrtle Beach, South Carolina, 29577.

The name of the registered agent of the nonprofit corporation at that office is Lisa Johansen.

3. Check (a), (b), or (c) whichever is applicable. Check only one box.
  - a.  The nonprofit corporation is a public benefit corporation.
  - b.  The nonprofit corporation is a religious corporation.
  - c.  The nonprofit corporation is a mutual benefit corporation.

4. Check (a) or (b), whichever is applicable:
  - a.  This corporation will have members.
  - b.  This corporation will not have members.

5. The address of the principal office of the nonprofit corporation is Pinnacle Real Estate Management, 1107 48th Avenue, N., Myrtle Beach, South Carolina, 29577

6. If this nonprofit corporation is either a public benefit or religious corporation (box a. or b. of ¶ 3. is checked), complete either (a) or (b), whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.

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

MAY 07 1998

SECRETARY OF STATE OF SOUTH CAROLINA

RECEIVED BY THE SECRETARY OF STATE  
MAY 07 1998  
ORIGINAL FILED IN THIS OFFICE

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

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

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

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

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

**ADDITIONAL PROVISION TO ARTICLES OF INCORPORATION OF  
THE CHARLESTON OCEANFRONT VILLAS HOMEOWNERS ASSOCIATION**

**ARTICLE I -- POWERS OF THE ASSOCIATION**

The powers of the Association shall include the following provisions:

A. The Association shall have all of the common law and statutory powers of a nonprofit corporation which are not in conflict with the laws of South Carolina or the terms of this Charter.

B. The Association shall have all of the powers and duties prescribed for the "Council of Co-Owners" as set forth in the Act, and all such other powers and duties reasonably necessary to operate the Regime pursuant to the Master Deed, including but not limited to the following:

(i) To make and collect assessments against members as co-owners to defray the costs, expenses and losses of the Regime.

(ii) To use the proceeds of assessments in the exercise of its powers and duties.

(iii) To maintain, repair, replace, improve and operate the property of the Regime.

(iv) To purchase insurance upon the Regime property including all apartments and common elements, and insurance for the protection of the Association and the co-owners.

(v) To reconstruct improvements after casualty.

- (vi) To make and amend reasonable regulations respecting the use of the Regime property.
- (vii) To enforce by legal means the provisions of the Act, the Master Deed and the regulations promulgated thereunder for the use of the Regime property, including, but not limited to, issuing fines for violation of same.
- (viii) To contract for the management of the Regime and to delegate to such manager all powers and duties of the Association except such as are specifically required by the Master deed to have approval of the Board of Directors of the Association or of the co-owners.
- (ix) To employ personnel to perform the services required for proper operation of the Regime and to terminate such employment.
- (x) To foreclose any lien for unpaid assessments in like manner as any mortgagee of real property, as provided in the Master Deed of the Regime and the By-Laws of this Association.

B. All funds and the title to all properties acquired by the Association and the proceeds thereof shall be held in trust for the members in accordance with the provisions of the Act and the Master Deed.

C. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions of the Act and the Master Deed.

D. The Association will not take steps which will serve to facilitate the transaction of specific business by its members or promote the private interest of any member, or engage in any activity which would constitute a regular business of a kind ordinarily carried on for profit, and no part of the net earnings of the Association shall inure to the benefit of any private individual. In the event of the liquidation or dissolution of the Association, whether voluntary or involuntary, no member shall be entitled to any distribution or division of its remaining property or its proceeds, and the balance of all money and other property received by the corporation from any source, after the payment of all debts and obligations of the Association, shall be used or distributed exclusively for such purposes as those set forth in the Code of Laws of South Carolina for nonprofit corporations.

E. The Association holds, or desires to hold, property in common for social or fraternal purposes and is not organized of the purpose of profit or gain to the members, other than is above stated, or for the insurance of life, health, accident or property; and that three days notice in the Charleston Post & Courier, a Newspaper of general circulation published in the County of Charleston, State of South Carolina, has been given that this Charter would be filed.

**ARTICLE II -- MEMBERS**

The qualification of members, the manner of their admission and voting by members shall be as follows:

A. The co-owner of each of the apartments shall be a member of the Association, and no other persons or entities shall be entitled to membership. The Association shall have only so many memberships as there are apartments in the Regime, with each member having a vote equal to the percentage of his right to share in the common elements of the Regime set forth in Exhibit "D" to the Master Deed and in accordance with the Act. Voting rights will be exercised in the manner provided by the By-Laws of the Association.

B. Change of membership in the Association shall be established by the recording in the Office of the Register of Charleston County, South Carolina, of a deed or other instruments establishing a change of record title to an Apartment in the Regime and the delivery to the Association of a certified copy of such instrument, the new co-owner designated by such instrument thereby becoming a member of the Association. The membership of the prior co-owner shall be thereby terminated.

ARTICLE III -- INDEMNIFICATION

Every director, officer, employee or agent of the Association shall be indemnified by the Association to the fullest extent permitted by law, for NonProfit Corporations, against (a) reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, and whether or not brought by or on behalf of the Association, seeking to hold him liable by reason of the fact that he is or was acting in such capacity, and (b) reasonable payments made by him in satisfaction of any judgment, money decree, fine, penalty, or settlement for which he may have become liable in any such action, suit, or proceeding; and whether or not he continues to be such director, officer, or agent at the time of incurring or imposition of such costs, expenses or liabilities.

The Board of Directors of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this Charter including without limitation, to the extent needed, making a good faith evaluation of the manner in which the claimant for indemnity acted and of the reasonable amount of indemnity due him.

Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provisions of this Charter.

The Board of Directors of the Association shall have the power to purchase and maintain insurance on behalf of any such person who has or is such a director, officer, employee or agent against any liability asserted against him in any such capacity, arising out of his status as such.

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

W. Russell Drake 1813 Hampton Street, Columbia, South Carolina 29201

\_\_\_\_\_  
\_\_\_\_\_

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

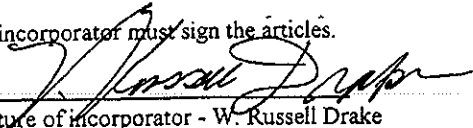
\_\_\_\_\_  
(only if named in articles)                      Signature of director

\_\_\_\_\_  
(only if named in articles)                      Signature of director



11. Each incorporator must sign the articles.

BK H 305PC468

  
\_\_\_\_\_  
Signature of incorporator - W. Russell Drake

\_\_\_\_\_  
Signature of incorporator

\_\_\_\_\_  
Signature of incorporator

#### FILING INSTRUCTIONS

1. Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed.
2. If space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form, or prepare this using a computer disk which will allow for expansion of space on the form.
3. This form must be accompanied by the filing fee of \$25.00 payable to the Secretary of State.



EXHIBIT G  
By-Laws of the Association

A handwritten signature in black ink, consisting of several stylized, overlapping loops and lines, positioned above a horizontal line.

BYLAWS

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## BY-LAWS

OF

## THE CHARLESTON OCEANFRONT VILLAS CONDOMINIUM ASSOCIATION

1. IDENTITY

These are the By-Laws of The Charleston Oceanfront Villas Condominium Association, a non-profit corporation existing under the laws of the State of South Carolina (hereinafter called "the Association"), which has been organized for the purpose of administering The Charleston Oceanfront Villas Horizontal Property Regime, a horizontal property regime established pursuant to S.C. Code Ann. §27-31-10 et seq. (1976) (hereinafter called "the Regime"). The Regime is identified by the name The Charleston Ocean Front Villas and is located upon the real property in Charleston County, South Carolina, described on Exhibit "A" attached hereto and made a part hereof by reference.

(a) The provisions of these By-Laws are applicable to the Regime, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions, and authorizations contained in the Articles of Incorporation and which may be contained in the formal Master Deed which will be recorded in the public records of Charleston County, South Carolina, at the time said property and the improvements now or thereafter situate thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles and Master Deed to be controlling whenever the same may be in conflict herewith.

(b) All present or future co-owners, tenants, future tenants, or their employees, or any other person that might use the Regime or any of the facilities thereof in any manner are subject to the regulations set forth in these By-Laws and in said Charter and Master Deed.

(c) The office of the Association shall be at East Arctic Avenue Folly Beach, South Carolina or such other place as the Board of Directors of the Association may designate from time to time;

(d) The fiscal year of the Association shall be the calendar year;

(e) The seal of the Association shall bear the name of the Association and the words "South Carolina."

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

(a) The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in the Articles of Incorporation of the Association, the provisions of which Articles are incorporated herein by reference.

(b) The quorum at members' meetings shall consist of persons entitled to cast a majority (51% of the value of the property) of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining quorum.

(c) The vote of the co-owners of an Apartment owned by more than one person or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the co-owners of the Apartment and filed with the Secretary of the Association. Such certificate shall be valid until revoked by subsequent certificate. If such a certificate is not on file, the vote of such co-owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.

(d) Votes may be cast in person or by proxy. Proxies must be filed with the secretary before the appointed time of the meeting for which their use is sought.





(e) Approval or disapproval of an Apartment co-owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who casts the vote of such co-owner in an Association meeting.

(f) Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Master Deed, or where the same may otherwise be required by law, the affirmative vote of the co-owners of a majority of the Apartments represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

**3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP**

(a) The annual members' meeting shall be held at the office of the Association or such other place as may be designated by the Board of Directors, at 10:00 a.m., Eastern Daylight Time, on the third Saturday in October, of each year, or at such other date and time as set by the Board of Directors after proper notice for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday. The first annual meeting shall be held in 1998.

(b) Special members' meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors and must be called by such officers upon receipt of a written request from the members of the Association owning a majority of the Apartments.

(c) Notice of all members' meetings, regular or special, shall be given by the President, Vice President, or Secretary of the Association, or other officers of the Association in the absence of said officers, to each member, unless waived, in writing. Such notice is to be written or printed and shall include a description of any matter as required by §33-31-705, of the Code of Laws of South Carolina (1976), as amended, and shall state the time and place of the member's meeting and shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting. Notice shall be mailed first class or registered mail or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed properly given five (5) days after being deposited in the United States Mail, addressed to the member at his post office address as it appears in the records of the Association, the postage thereon prepaid or where otherwise provided by Section 33-31-141 of the Code of Laws of South Carolina (1976), as amended from time to time. Proof of such mailing shall be given by Affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum has not been attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws, or the Master Deed, the members who are present, either in person or by proxy, may adjourn the meeting, from time to time until a quorum, or the required percentage of attendance greater than a quorum, is present.

(d) At meetings of membership, the President shall preside or, in the absence of him, the membership present shall select a chairman.

(e) The order of business at annual members' meeting, and, as far as practical, at any other members' meeting, shall be:

- i) Calling of the roll and certifying proxies;
- ii) Proof of notice of meeting or waiver of notice;
- iii) Reading of Minutes;
- iv) Reports of officers, president and chief financial officer;
- v) Reports of committees;

- vi) Appointment by chairman of inspectors of election;
- vii) Election of directors;
- viii) Unfinished business;
- ix) New business; and
- x) Adjournment.

4. BOARD OF DIRECTORS

(a) The initial Board of Directors of the Association (hereinafter sometimes referred to as the "Board") shall be comprised of three (3) directors until the first members' meeting, at which time five (5) directors will be elected. Thereafter, the Board shall consist of five (5) directors. Subject to the remainder of this paragraph, the Grantor may appoint and remove members of the Board for a period not exceeding three (3) years from the date of the first conveyance of an Apartment to a person other than the Grantor. The period of Grantor control terminates no later than sixty (60) days after conveyance of seventy-five percent (75%) of the Apartments to Apartment owners other than the Grantor. In determining whether the period of Grantor control has terminated or whether Apartment Owners other than Grantor are entitled to elect members of the Board, the percentages of the Apartments conveyed shall be calculated as if all Apartments to be built in Stage II were included in the Regime. The Grantor may voluntarily surrender the right to appoint and remove members of the Board before termination of that time period.

Whenever Grantor shall be entitled to designate and select any person or persons to serve on any Board of Directors of Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association and Grantor shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any director or directors so removed for the remainder of the unexpired term of any director or directors so removed. Any director designated and selected by Grantor need not be a resident in the Regime. Anything to the contrary notwithstanding, the power in the Grantor to designate directors shall terminate on June 1, 2003.

Any representative of Grantor serving on the Board shall not be required to disqualify himself upon any vote upon any management contract or other matter between Grantor and Association where the said Grantor may have a pecuniary or other interest. Similarly, Grantor as a member of the Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract or other matter between Grantor and Association where Grantor may have a pecuniary or other interest. This provision does not limit or restrict the requirement of Section 33-31-831, Code of Laws of South Carolina (1976), as amended.

An individual Co-owner other than Grantor engaged by the Regime in a commercial operation or otherwise earning monies from servicing the premises, i.e. rental company, contractor, hardware store, painter, or property manager may not serve on the Board as long as the individual is engaged in a business performing a service in connection with the Regime.

(b) Election of directors shall be conducted in the following manner:

i) Grantor, as Sponsor of the Regime, shall, at the beginning of the election of the Board designate and select that number of the members of the Board which it should be entitled to designate and select in accordance with the provisions of these By-Laws, and upon such designation and selection by Grantor by written instrument presented to the meeting at which such election is held, said individuals so designated and selected by Grantor shall be deemed and considered for all purposes directors of the Association, and shall thenceforth perform the duties of such directors until their successors shall have been selected or elected in accordance with the provisions of these By-Laws;

ii) All members of the Board whom Grantor shall not be entitled to designate and select under the terms and provisions of these By-Laws shall be elected by a plurality of the votes cast at the annual meeting of the members of the Association immediately following the designation and selection of the members of the Board whom Grantor shall

be entitled to designate and select;

iii) Vacancies in the Board may be filled until the date of the next annual meeting by the remaining directors, except that should any vacancy in the Board be created in any directorship previously filled by a person designated and selected by Grantor, such vacancy shall be filled by Grantor designating and selecting, by written instrument delivered to any officer of the Association, the successor director to fill the vacated directorship for the unexpired term thereof;

iv) At the first annual meeting of the members held after the property identified herein has been submitted to the plan of condominium ownership, the Master Deed has been recorded in the public records of Charleston County, South Carolina, the term of office of the three (3) directors receiving the highest plurality of votes shall be established as two (2) years, and the terms of office of the other two (2) directors shall be established as one (1) year. Hereafter, as many directors of the Association shall be elected at the annual meeting as there are regular terms of office of directors expiring at such time, and the term of the directors so elected at the annual meeting of the members each year shall be for two (2) years expiring at the second annual meeting following their election, and thereafter until their successors are duly elected and qualified or until removed in the manner elsewhere provided or as may be provided by law for the removal of directors of South Carolina Nonprofit Corporation Act. If, at the time of the first annual meeting, Grantor still has the right to appoint directors, then Grantor shall have the right to designate and select two (2) directors whose term of office shall be established at two (2) years, and one (1) director whose term of office shall be established at one year;

v) In the election of directors, there shall be appurtenant to each Apartment as many votes for directors as there are directors to be elected, provided, however, that no member or co-owner of any Apartment may cast more than one vote for any person nominated as director, it being the intent hereof that voting for directors shall be non-cumulative;

vi) In the event that Grantor, in accordance with the privilege granted unto it, selects any person or persons to serve on any Board, the said Grantor shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or persons to serve on said Board. Replacement of any person or persons designated by Grantor to serve on any Board shall be made by written instrument delivered to the President or Secretary of the Association or to the presiding officer of the Board, which instrument shall specify the name or names of the person or persons designated as successor or successors to the person or persons so removed from said Board. The removal of any director and designation of his successor shall be effective immediately upon delivery of such written instrument by Grantor to such officer of the Association and the director;

(c) The organizational meeting of newly elected Board shall be held within ten (10) days of its election, at such time and at such place as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary provided a quorum shall be present;

(d) Regular meetings of the Board may be held without notice at such time and place as shall be determined from time to time by a majority of the directors;

(e) Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board or upon written petition signed by the Co-owners of one-third (1/3) of the Apartments. Not less than two (2) days notice of a meeting shall be given to each director personally, or by mail, telephone, or telegram, which notice shall state the time, place, and purpose of the meeting;

(f) Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice;

(g) A quorum at a directors' meeting shall consist of the directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board, except as specifically otherwise provided in the Articles of Incorporation, these By-Laws, or the Master Deed. If any director's meeting cannot be organized because a quorum has not attended

or because the greater percentage of the directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws, or the Master Deed, the directors who are present may adjourn the meeting, from time to time, until a quorum, or the required percentage of attendance greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring the minutes thereof shall constitute the presence of such director for the purpose of determining a quorum;

(h) The presiding officer of directors' meetings shall be the President. In the absence of the President, the directors present shall designate one of their number to preside;

(i) Directors' fees, if any, shall be determined by the members of the Association;

(j) The Board shall manage and direct the affairs of the Association and subject to any restrictions imposed by law, by the Master Deed, or these By-Laws, may exercise all of the powers of the Association subject only to approval by the members when such is specifically required of these By-Laws. The Board shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Master Deed, or these By-Laws, as it may deem necessary or appropriate in the exercise of its powers and shall include, without limiting the generality of the foregoing, the following:

i) To make, levy, and collect assessments against members and members' Apartments to defray the cost of the common areas and facilities of the Regime, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

ii) To carry out the maintenance, care, upkeep, repair, replacements, operation, surveillance, and the management of the general and limited elements, services, and facilities of the Regime wherever the same is required to be done and accomplished by the Association for the benefit of its members;

iii) To carry out the reconstruction of improvements after casualty and the further improvement of the property, real and personal;

iv) To make and amend regulations, after Notice and Consent, governing the use of the property, real and personal, in the Regime and to establish fines for the violation of same, so long as such regulations or amendments thereto and fines do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Master Deed;

v) To acquire, operate, lease, manage, and otherwise trade and deal with property, real and personal, including Apartments in the Regime, as may be necessary or convenient in the operation and management of the Regime, and in accomplishing the purposes set forth in the Master Deed; provided, however, that any agreement for professional management of the Regime, or any other contract providing for services of the Grantor, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice; provided, further, that any contract entered into prior to passage of control of the Association from the Grantor may be terminated by the Association without cause and without penalty at any time after the transfer of control upon not more than ninety (90) days notice to the other party thereto unless ratified by a majority of the Board after passage of control;

vi) By competitive bidding, to contract for the management of the common areas and facilities in the Regime and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Master Deed to have approval of the Board or membership of the Association;

vii) To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the

Association, the Master Deed, and the regulations and fines hereinafter promulgated governing use of the property in the Regime;

viii) To pay all taxes and assessments which are liens against any property of the Regime, other than Apartments and the appurtenances thereto, and to assess the same against the members and their respective Apartments subject to such liens;

ix) To carry insurance for the protection of the members and the Association against casualty and liability;

x) To pay all costs of power, water, sewer, and other utility services rendered to the condominium and not billed to the owners of the separate Apartments; and

xi) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association, as well as to dismiss said personnel.

(k) The first Board shall be comprised of three (3) persons designated to act and serve as directors in the Articles of Incorporation. Said persons shall serve until their successors are elected or appointed at the first meeting of the members of the Association called after the property identified herein has been submitted to the plan of condominium ownership and the Master Deed has been recorded in the public records of Charleston County, South Carolina. Should any member of said first Board be unable to serve for any reason, a majority of the remaining members of the Board shall have the right to select and designate a party to act and serve as a director for the unexpired term of said director who is unable to serve;

(l) The undertakings and contracts authorized by said first Board shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board duly elected by the membership after the property identified herein has been submitted to the plan of condominium ownership and said Master Deed has been recorded in the Charleston County public records, so long as any undertakings and contracts are within the scope of powers and duties which may be exercised by the Board in accordance with all applicable Regime Documents;

(m) Directors may be removed from office in the manner provided by law for the removal of directors of South Carolina nonprofit corporations.

#### 5. ADDITIONAL PROVISIONS ABOUT MEETINGS OF MEMBERS AND DIRECTORS

(a) Notwithstanding anything contained in these By-Laws to the contrary, any meeting of members or Board may be held at any place within or without the State of South Carolina or by telephone conference.

(b) To the extent now or from time to time hereafter permitted by the laws of South Carolina, the Board may take any action which they might take at a meeting of directors without a meeting. One or more written consents of any such action so taken, signed by each director, is to be retained in the Association's minute book and given equal dignity by all persons to the minutes of meetings duly called and held.

(c) Any action of the members may be taken by written ballot in accordance with §33-31-704, Code of Laws of South Carolina (1976), as amended, or by written consent in accordance with §33-31-704 of said Code.

#### 6. OFFICERS

(a) The executive officers of the Association shall be a President, who shall be a director, a Vice President, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be

peremptorily removed by vote of the directors at any meeting. No person may hold more than two (2) offices. The Board, shall from time to time, elect such other officers or committees and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

(b) The President shall be the principal executive officer of the Corporation and subject to the control of the Board. He or she shall, in general, supervise and control all of the business and affairs of the Corporation. He or she shall preside at all meetings of the shareholders and of the Board. He or she may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board.

(c) The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

(d) The Secretary shall keep the minutes of all proceedings of the directors and the members. He shall attend to the giving and serving of all notices to the members and directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, perform all other duties incident to the office of Secretary of any association, and as may be required by the directors or President.

(e) The Treasurer shall have custody of all of the property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the assessment rolls, the accounts of members, and the books of the Association in accordance with good accounting practices. He shall perform all other duties incident to the office of Treasurer.

(f) The compensation of all officers and employees of the Association shall be fixed by the Board. This provision shall not preclude the Board from employing the Grantor as an employee of the Association, nor preclude the contracting with the Grantor for management of the Regime. Officers need not be apartment owners.

#### 7. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Master Deed and Articles of Incorporation shall be supplemented by the following provisions:

(a) The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Apartment. Such an account shall designate the name and address of the Co-owner or Co-owners, the amount of each assessment against the amounts paid upon the account and, the balance due upon assessments;

(b) The initial Board shall adopt a budget for the period commencing upon submission of the property to Horizontal Property Regime, continuing through the end of the following calendar year, and shall establish assessments for that period;

(c) The Board shall adopt a budget for each calendar year, which shall contain estimates of the cost of performing the functions of the Association, including, but not limited to, the following items:

i) Common expense budget, which shall include without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of General Common Elements, landscaping, street and walkways, office expenses, swimming pool, utility services, casualty insurance, liability insurance, administration, and reserves (operating and replacement); and

ii) Proposed assessments against each member. Copies of the budget and proposed assessments shall be given to each member at each annual meeting. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished to each concerned member. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board, at any time, in their sole discretion to levy an additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

(d) The Board shall determine the method of payment of such assessments and the due dates thereof and shall notify the members thereof. The assessments will initially be on a monthly-in-advance basis unless changed by a vote of the majority of the Board;

(e) The depository of the Association shall be such bank, savings and loan, or other Federally Insured depositories as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the directors.

(f) The Board shall require fidelity bonds from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the directors, but shall be at least the amount of the total annual estimated operating expense and revenues. The premiums on such bonds shall be paid by the Association as a common expense.

#### 8. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the statutes of the State of South Carolina.

#### 9. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Board, as and for the co-owners, is given the authority to administer the operation and management of the Regime, it being recognized that the delegation of such duties to one entity is in the best interests of the co-owners of all Apartments. To properly administer the operation and management of the project, the Association will incur, for the mutual benefit of all of the co-owners of Apartments, costs and expenses which will be continuing or non-recurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "common expense." To provide the funds necessary for such proper operation and management, the said Board is hereby granted the right to make, levy, and collect assessments against the co-owners of all Apartments and said Apartments. In furtherance of said grant of authority to the Board to make, levy, and collect assessments to pay the costs and expenses for the operation and management of the Regime, the following provisions shall be operative and binding upon the co-owners of all Apartments, to wit:

(a) All assessments levied against the co-owners of Apartments and said Apartments shall be uniform and, unless specifically otherwise provided for in these By-Laws, the assessments made by the Board shall be in such proportion that the amount of assessment levied against each co-owner of an Apartment and his Apartment shall bear the same ratio to the total assessment made against all co-owners of Apartments and their Apartments as does the undivided interest in General Common Elements appurtenant to each Apartment bear to the total undivided interest in the Regime;

(b) The Board, in establishing said annual budget for operation, management, and maintenance of the project shall include therein a sum to be collected and maintained as reserve fund for replacement of General Common Elements, which reserve fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the General Common Elements as well as the replacement of personal

property which may constitute a portion of the General Common Elements held for the joint use and benefit of all the co-owners of all Apartments. The amount to be allocated to such reserve fund for replacements shall be established by said Board so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacements of said General Common Elements. The amount collected and allocated to the reserve fund for replacements from time to time shall be maintained in a separate account by the Association, although nothing herein contained shall prohibit the Association from applying any monies in such reserve fund for replacements to meet other needs or requirements of the Association in operating or managing the project in the event of emergencies or in the event the sums collected from the co-owners of Apartments are insufficient to meet the then fiscal financial requirements of the Association, but it shall not be a requirement that these monies be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Board in the sole discretion of said Board;

(c) Additionally, a working capital fund must be established for the initial months of the project operation equal to at least a two months' estimated common area charge for each Apartment. Each Apartment's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each Apartment estate and maintained for the use and benefit of the Association. The contribution to the working capital fund for each unsold Apartment shall be paid to the Association within sixty (60) days after the date of the conveyance of the first Apartment in the project. The purpose of the fund is to ensure that the Association will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Board. Amounts paid into the fund are not to be considered as advance payment of regular assessments. The Grantor shall not use the working capital funds to pay any of its expenses, reserve contributions, construction costs, or to make up any budget deficits while it is in control of the Association. However, when unsold Apartments are sold, the Grantor may reimburse itself for funds it paid the Association for an unsold Apartment's share of the working capital fund by using funds collected at Closing when the Apartment is sold;

(d) The Board, in establishing said annual budget for operation, management, and maintenance of the project, shall include therein a sum to be collected as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies existing from time to time as a result of delinquent payment of assessments by co-owners of Apartments, emergencies, or other reasons placing financial stress upon the Association;

(e) All monies collected by the Association shall be treated as the separate property of the Association and such monies may be applied by the said Association to the payment of any expense of operating and managing the Regime or to the proper undertaking of all acts and duties imposed upon it by virtue of these By-Laws and the Articles of Incorporation and Master Deed of the said Association. As the monies for any assessment are paid unto the Association by any co-owner of an Apartment the same may be commingled with the monies paid to the Association by the other Co-owners of Apartments. All funds and other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of General Common Elements, shall be held for the benefit of the members of the Association, who shall own any common surplus in the proportions of their percentage of undivided interest in the Regime. No member of the Association shall have the right to assign, hypothecate, pledge, or in any manner transfer this interest therein, except as an appurtenance to his Apartment;

(f) The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid unto the Association on or before the due dates for such payment. When in default, the Board may accelerate the remaining installments of the annual assessment upon notice thereof to the Apartment co-owner, whereupon the entire unpaid balance of the annual assessment shall become due upon the date stated in the notice which shall not be less than ten (10) days after the date of the notice. In the event any assessment, installment, or accelerated assessments are not paid within twenty (20) days after their due date, the Association, through its Board, may proceed to enforce and collect the said assessments against the Apartment co-owner owing the same in any manner provided for by the Act, including the right of foreclosure and sale. When in default, the delinquent



assessment or delinquent installment thereof due to the Association shall bear interest at the highest rate allowed by law until such delinquent assessment or installment thereof and all interest due thereon has been paid to the Association. If any assessment or installment thereof is not paid when due, the Board may assess such late fees and interest as it deems appropriate from time to time;

(g) The co-owner or co-owners of each Apartment shall be personally liable to the Association for the payment of all assessments, regular or special, which may be levied by the Association while such party or parties are co-owner or co-owners of an Apartment in the Regime. In the event that any co-owner or co-owners are in default in payment of any assessment or installment thereof owed to the Association, such co-owner or co-owners of any Apartment shall be personally liable for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit is brought or not.

(h) No co-owner may exempt himself from liability for any assessment levied against such co-owner and his Apartment by waiver of the use or enjoyment of any of the General Common Elements, by abandonment, or in any other manner.

(i) Recognizing that the necessity for providing proper operation and management of the project entails the continuing payment of costs and expenses therefor which results in benefit to all of the co-owners of Apartments and that the payment of such common expense represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of the co-owner of each Apartment, the Association is hereby granted a lien upon such Apartment and its appurtenant undivided interest in General Common Elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the co-owner of each Apartment, such lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association and all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said Apartment and its appurtenant undivided interest in the General Common Elements. The lien granted to the Association may be foreclosed in the same manner as mortgages may be foreclosed in the State of South Carolina. In any suit for the foreclosure of said lien, the Association shall be entitled to rental from the co-owner of any Apartment from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a receiver for said Apartment. The rental required to be paid shall be equal to the rental charged on comparable type of Resort Apartments in Charleston County, South Carolina. The lien granted to the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien. The Association shall further be entitled to interest at the highest rate allowed by law on any such advance made for such purpose. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any Apartment, are hereby placed on notice of the lien granted to Association and shall acquire such interest in any Apartment expressly subject to such lien. The lien shall be subordinate to all mortgages or other liens duly recorded prior to the filing of the lien encumbering the Apartment;

(j) The lien herein granted unto Association shall be effective from and after the time of recording in the public records of Charleston County, South Carolina, a claim of lien stating the description of the Apartment encumbered thereby, the name of the record co-owner, the amount, and the date when due. The lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney fees, advances to pay taxes and prior encumbrances, and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record;

(k) In the event that any person, firm, or corporation shall acquire title to any Apartment and its appurtenant undivided interest in General Common Elements by virtue of any foreclosure, judicial sale, or deed in lieu of foreclosure, such person, firm, or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for said Apartment and its appurtenant undivided interest in General Common Elements subsequent to the date of acquisition of such title and shall not be liable for the payment of any assessments

which were in default and delinquent at the time it acquires such title. In the event of the acquisition of title to an Apartment by foreclosure, judicial sale, or deed in lieu of foreclosure, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all co-owners of all Apartments as part of the common expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure;

(l) Whenever any Apartment may be sold or mortgaged by the co-owner thereof, which sale shall be concluded only upon compliance with other provisions of these By-Laws, Association, upon written request of the co-owner of such Apartment, shall furnish a statement verifying the status of payment of any assessment which shall be due and payable to Association by the owner of such Apartment to the proposed purchaser or mortgagee. Such statement shall be executed by an officer of the Association and any purchaser or mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, as Association shall be bound by such statement. Any holder of any mortgage on any Apartment shall have the right at all reasonable times and frequency to inquire as to the past due status of any assessment payments. The Association shall, upon request, promptly notify any such mortgagee when any assessment payment becomes more than sixty (60) days past due or when any default in the performance of any obligation required by the Master Deed or these By-Laws as to such Apartment is not cured within sixty (60) days;

(m) In the event that an Apartment is to be sold or mortgaged at the time when payment of any assessment against the co-owner of said Apartment is due to the Association, such Apartment shall be in default, whether or not a claim of lien has been recorded by the Association. Then the proceeds of such purchase or mortgage shall be applied by the purchaser or mortgagee first to payment of any then delinquent assessment or installment thereof due to the Association before the payment of any proceeds of purchase or mortgage proceeds to the co-owner of any Apartment who is responsible for payment of such delinquent assessment;

(n) Institution of a suit at law to attempt to effect the collection of payment of delinquent assessments shall not be deemed to be an election by the Association which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing it; and

(o) Notwithstanding anything in these By-Laws to the contrary, it is declared that until December 31, 1998, but no later than sixty (60) days after conveyance by Grantor of the first Apartment to a co-owner, each Apartment shall be exempt from the assessment created herein until such time as the Apartment is conveyed by the Grantor to a Co-owner. Except as expressly provided herein, no Apartment and its appurtenant percentage interest shall be exempt from said assessment.

10. MANAGER

(a) Employment. The Board may employ a professional Manager to assist in or take charge of the administration of the Council and the Property. The Board shall solicit competitive bids for such management.

(b) Authority and Duties. The Manager shall have such authority and duties as may be determined by the Board and shall report to the Board or to the President, as the Board may determine.

(c) Compensation. The Manager shall receive such compensation as the Board may determine.

11. DEFINITIONS

The definitions contained in § 27-31-20 S.C. Code Ann. (1976), are hereby incorporated herein and made a part hereof by reference. The word "Unit" shall have the same meaning as "Apartment".

12. CONFLICTS

In the event of any conflict between the provisions of the Master Deed and the provisions of these By-Laws, the provisions of the Master Deed shall control.

13. SEVERABILITY

The provisions of these By-Laws are severable, and the invalidity of one or more provisions thereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

14. CAPTIONS

The captions herein are inserted only as a matter of convenience and or reference and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision hereof.

15. GENDER AND NUMBER

All pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, as well as and the singular and the plural whenever the context requires or permits.

16. AMENDMENT TO BY-LAWS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

(a) Amendments to these By-Laws may be proposed by the Board acting upon vote of the majority of the directors, or by members of the Association owning a majority of the total value of the property in the Regime, whether meeting as members or by instrument in writing signed by them;

(b) Upon any amendment or amendments to these By-Laws being proposed by said Board or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in absence of the President, who shall thereupon call a special joint meeting of the members of the Board and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as set forth herein;

(c) In order for amendment or amendments to become effective, the same must be approved by an affirmative vote of the members owning not less than two-thirds (2/3) of the total value of the property in the Regime and the vote of any Mortgagees as required by the Master Deed. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof recorded in the public records of Charleston County, South Carolina, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the directors and members. The Grantor may amend the By-Laws as necessary to add Stage II without the approval of the members or mortgagees;

(d) At any meeting held to consider such amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting; and

(e) Notwithstanding the foregoing provisions of this Article 16, no amendment to these By-Laws which shall abridge, amend or alter the right of The Grantor to designate and select members of the Board, as provided in Article 4 hereof, may be adopted or become effective without the prior written consent of the Grantor. No amendment shall be

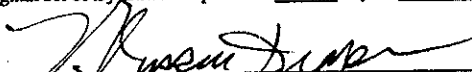
effective until all the requirements of the Master Deed have been met.

17. Right to Notice and Comment. Before the Board adopts or amends Rules, whenever the Master Deed or By Laws or Articles of Incorporation require that an action be taken after "Notice and Comment," and at any other time the Board determines, the Co-owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action shall be given to each Co-owner in writing and shall be delivered personally or by mail to all Co-owners at such address as appears in the records of the Association or published in a newsletter or similar publication routinely circulated to all Co-owners. The notice shall be given not less than five (5) days before the proposed action is to be taken. It shall invite comment to the Board orally or in writing before the scheduled time of the meeting. The right to Notice and Comment does not entitle a Co-owner to be heard at a formally constituted meeting.

18. Right to Notice and Hearing. Whenever the Master Deed or By Laws or Articles of Incorporation require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Co-owners or Occupants of Apartments whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time, and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing, or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Such evidenced shall be considered in making the decision, but shall not bind the decision makers. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given. Failure to provide such notice shall not invalidate any action taken.

19. Appeals. Any person having a right to Notice and Hearing shall have the right to appeal to the Board from a decision of persons other than the Board by filing a written notice of appeal with the Board within ten (10) days after being notified of the decision. The Board of shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.

The foregoing is the original set of By-Laws adopted this 17<sup>th</sup> day of June, 1998.

  
Secretary of The Charleston Oceanfront Villas  
Condominium Association



**EXHIBIT H**






**Stage I and II Floor Plans and Plot Plans**

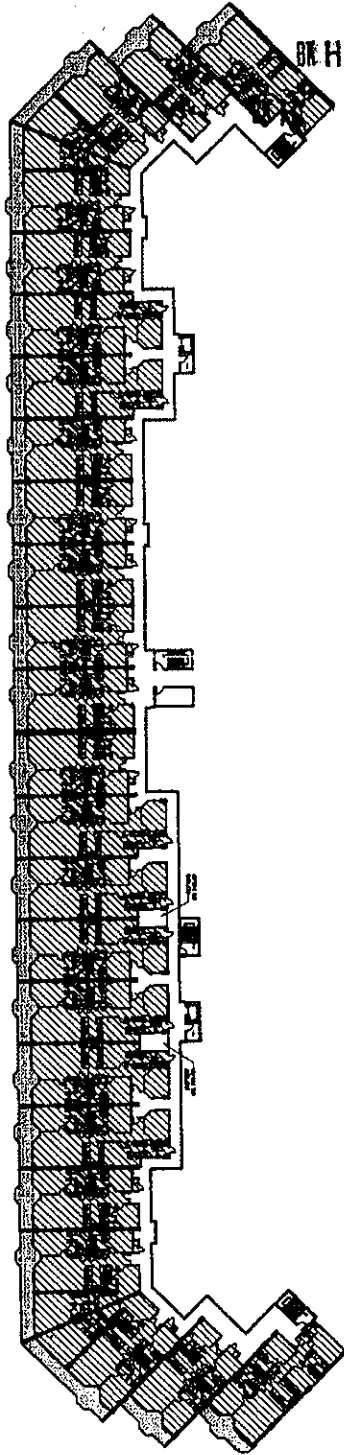
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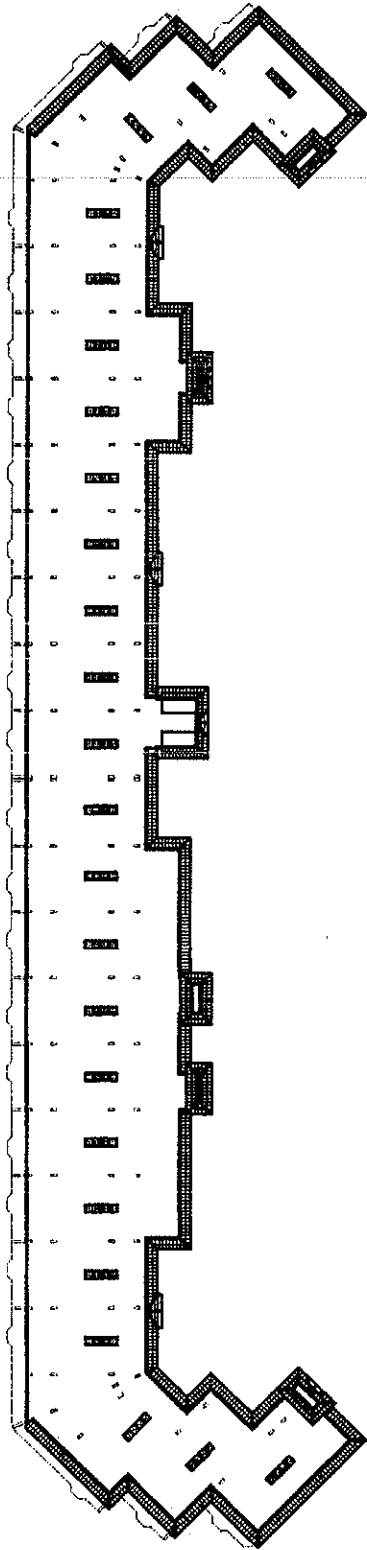
OVERALL 1ST - 4TH FLOOR PLAN  
IN 1981

	UNIT AREA	1981
	LIMITED COMMON AREA	1981
	COMMON AREA	1981
	STAIR	1981
	NEW UNITS NOT YET BUILT	1981



*[Handwritten signature]*

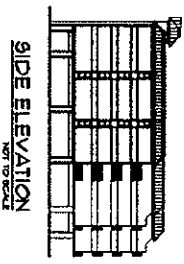
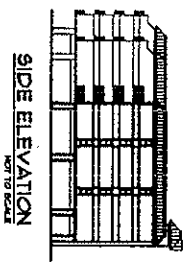
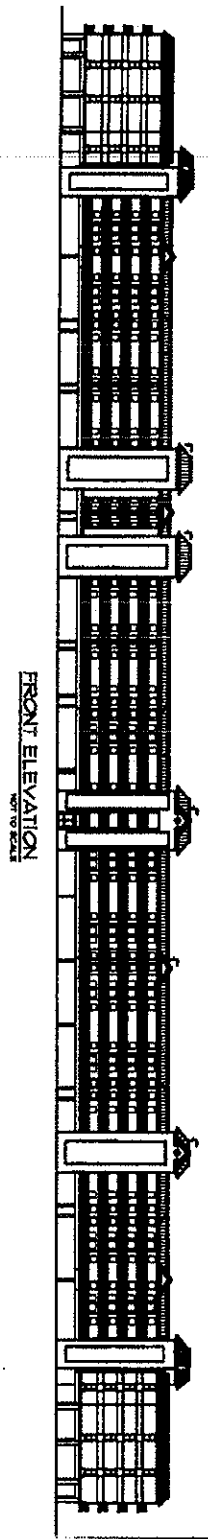
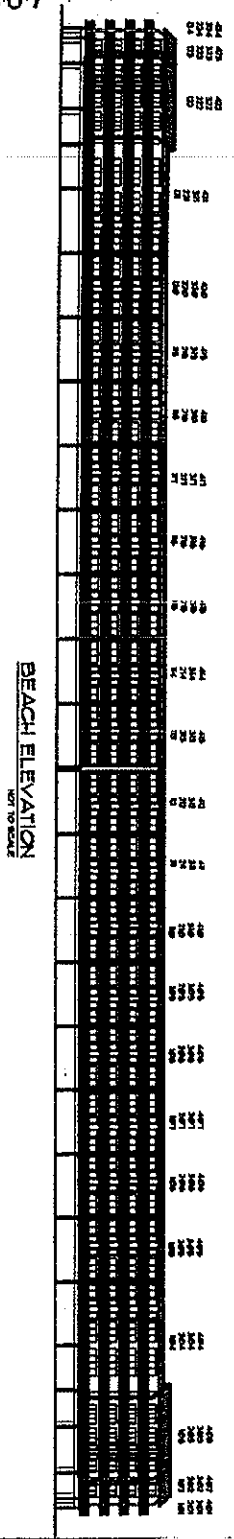
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ROOF PLAN  
SEE TO SCALE

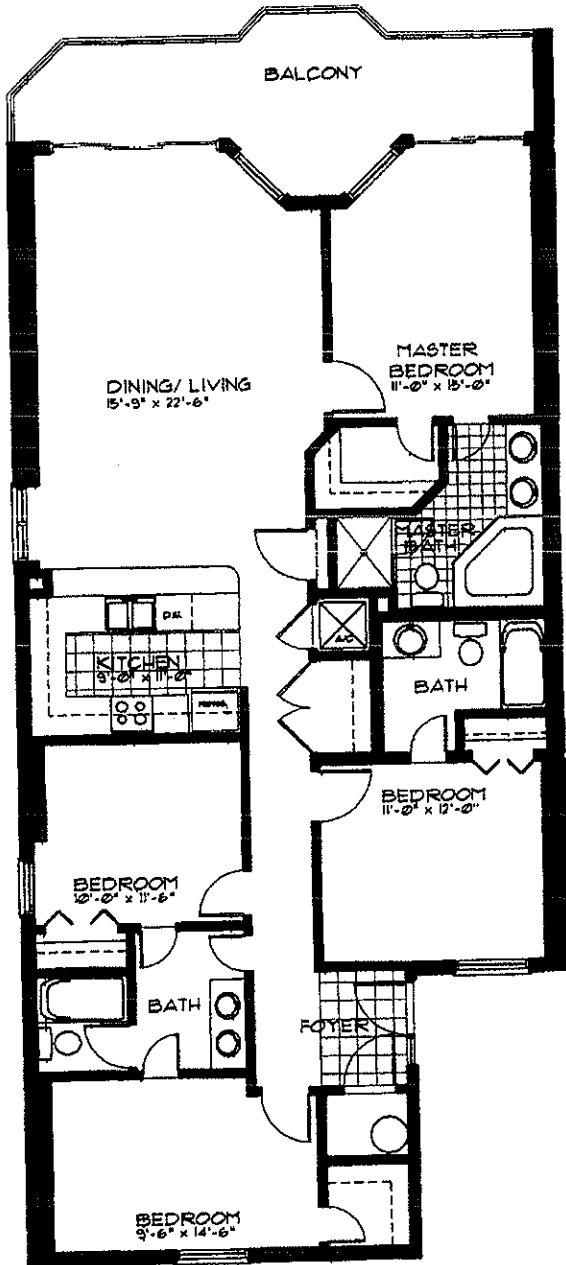


TOTAL AREA (SQ. FT.)	
UNIT AREA	4,114
COMMON AREA	9
UNFITTED COMMON AREA	244



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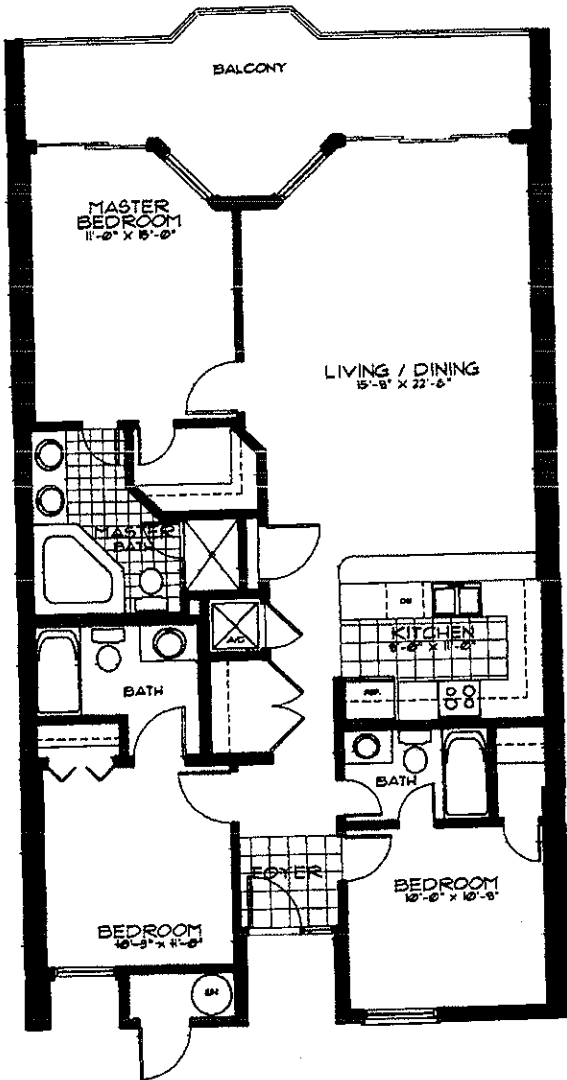


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	191
STORAGE	20
TOTAL	1831

APARTMENTS  
101, 201, 301, 401.

-01 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"

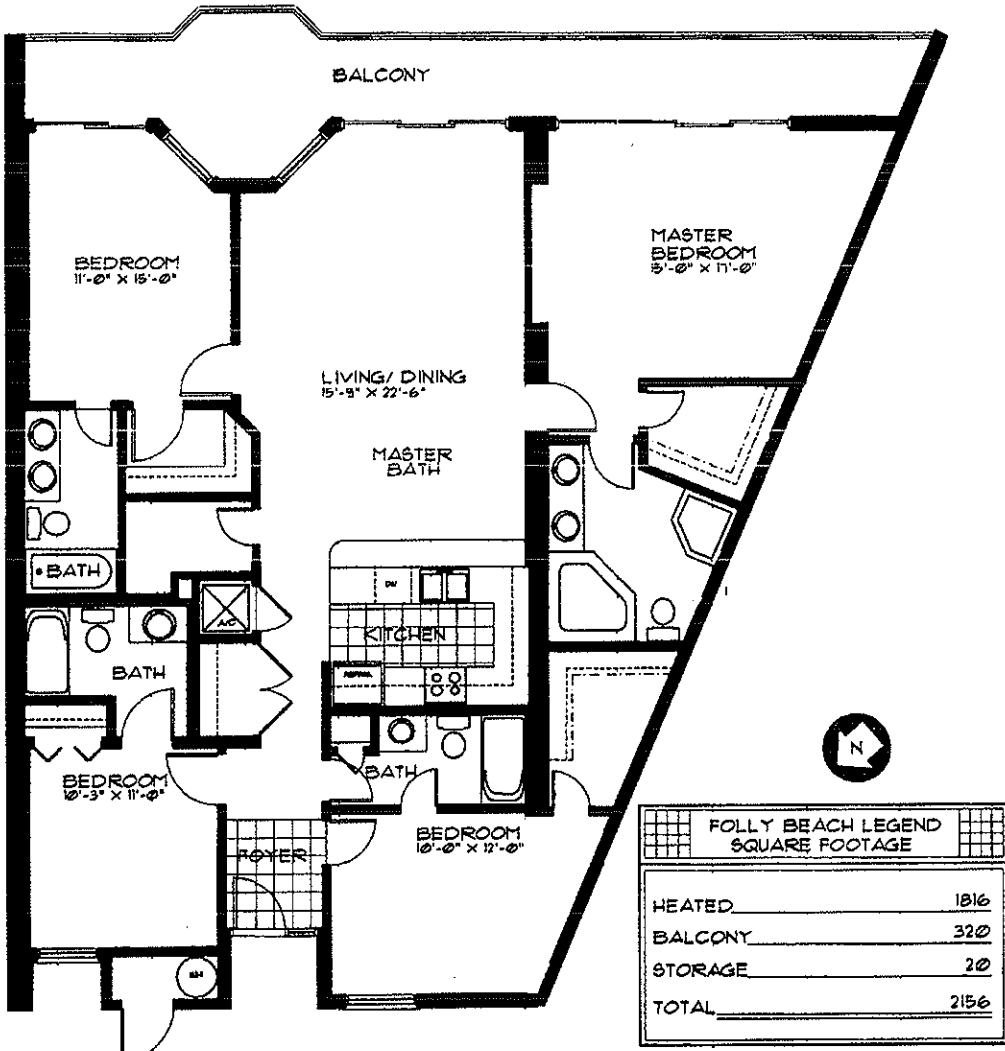
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FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
102, 202, 302, 402

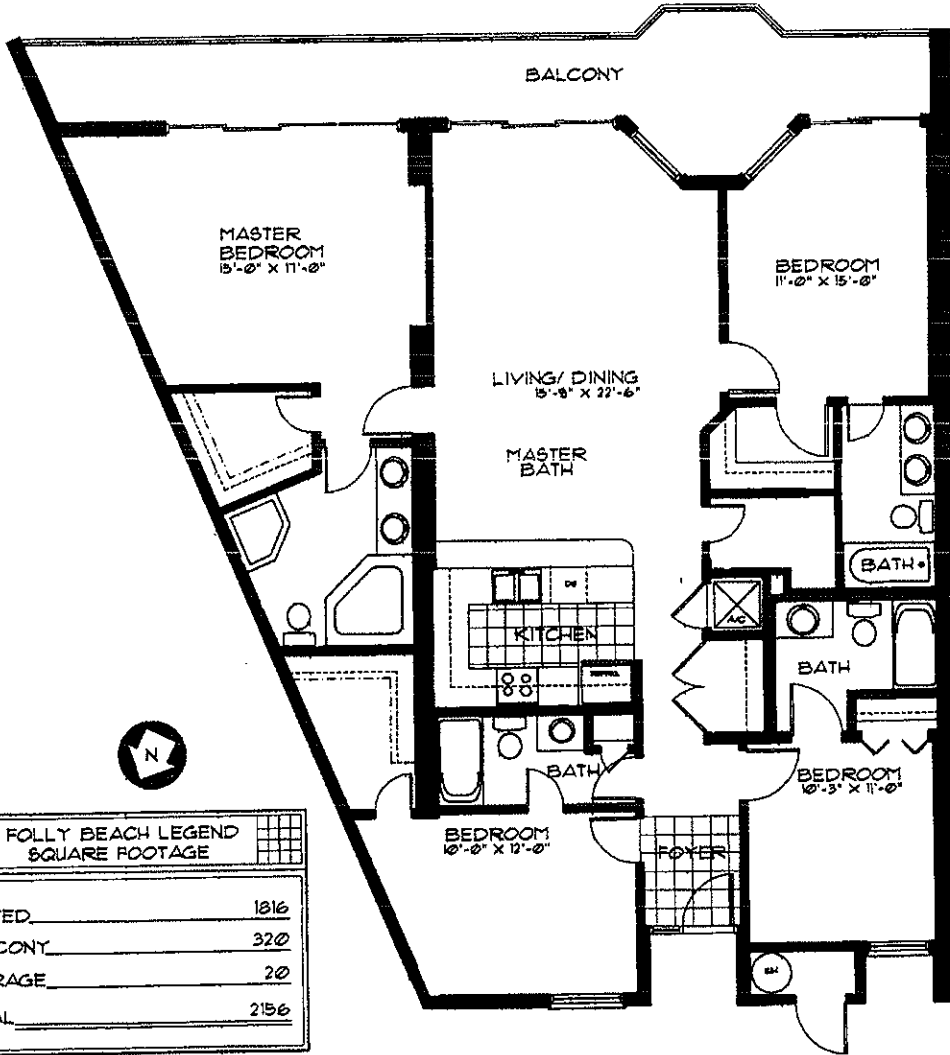
-02 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"



**-03 STACK FLOOR PLAN**  
SCALE 1/8" = 1'-0"

APARTMENTS  
103, 203, 303, 403

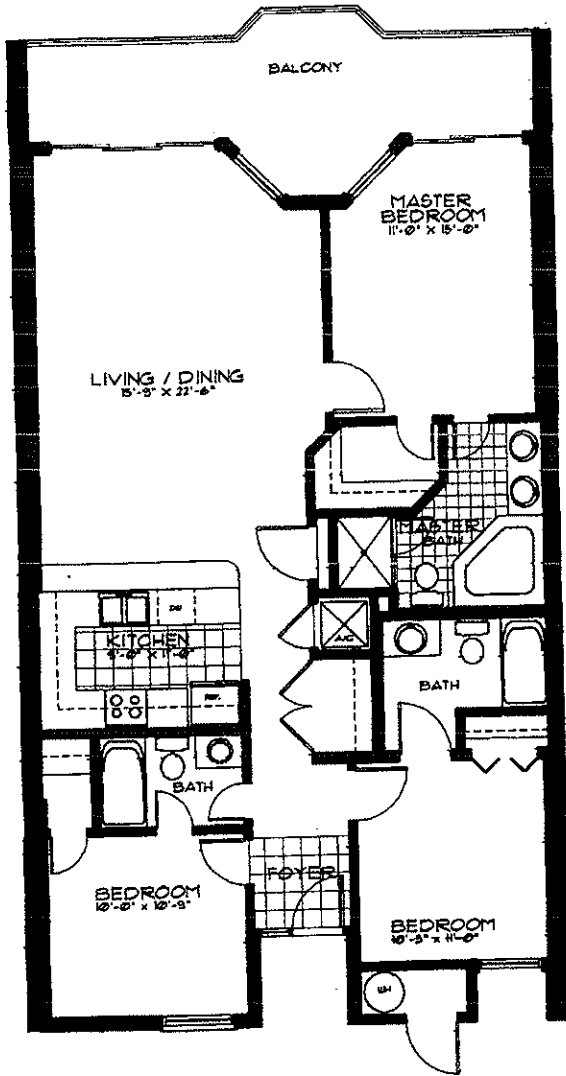
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FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1816
BALCONY	320
STORAGE	20
TOTAL	2156

APARTMENTS  
104, 204, 304, 404

-04 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

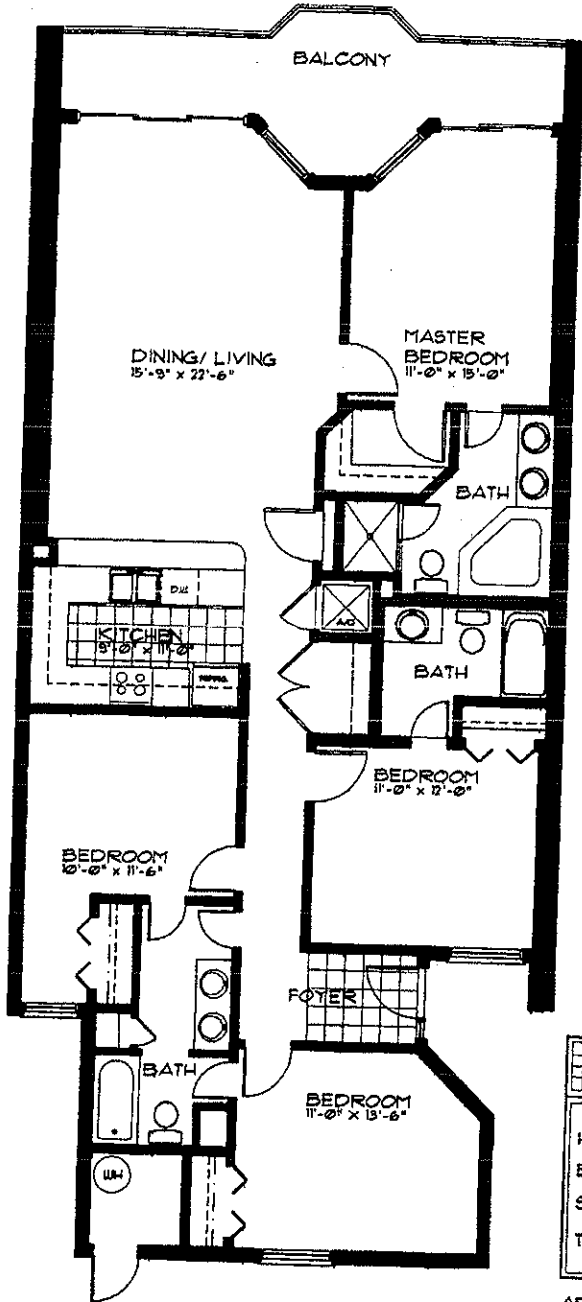


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
105, 205, 305, 405

-05 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

BK H 305PG473

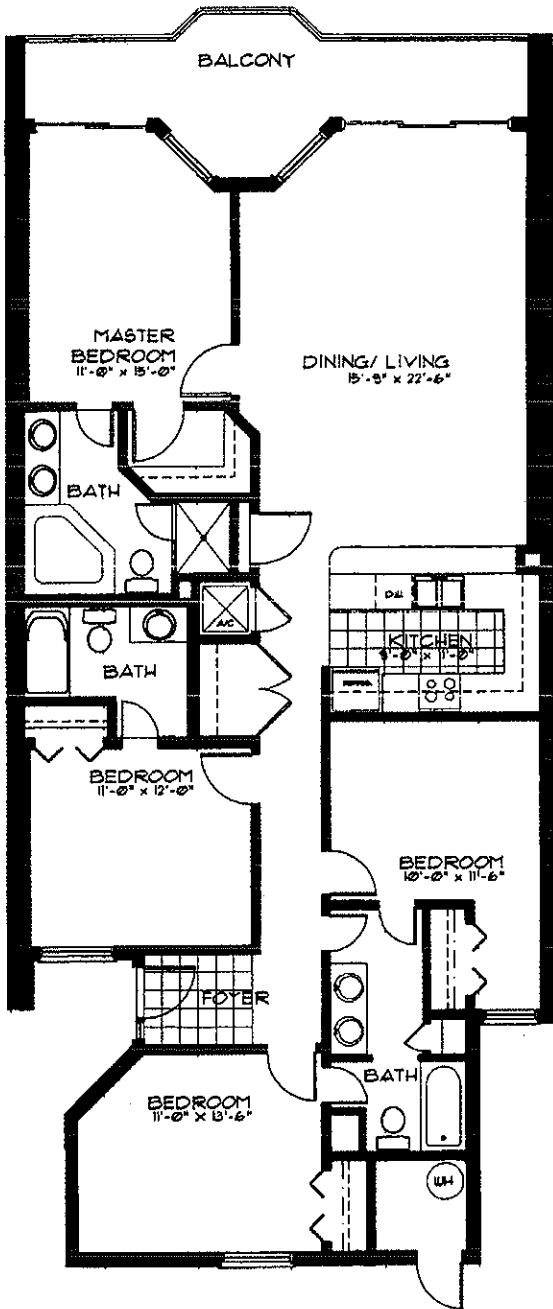


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
106, 206, 306, 406

-06 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

BK H 305PG474

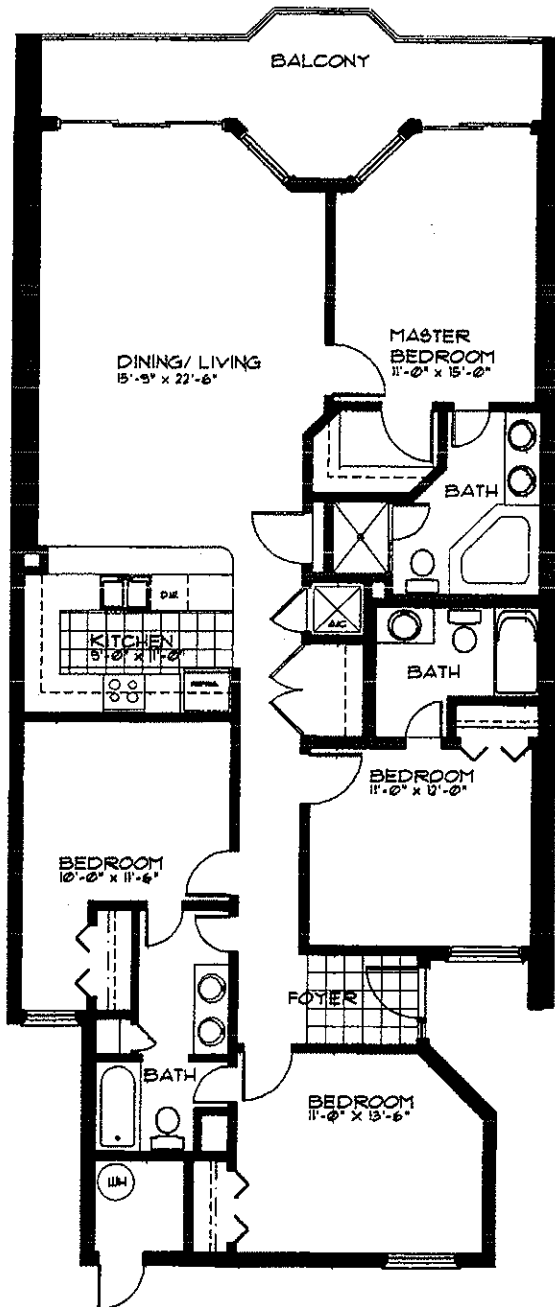


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
101, 201, 301, 401

-01 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

BK H 305PG475

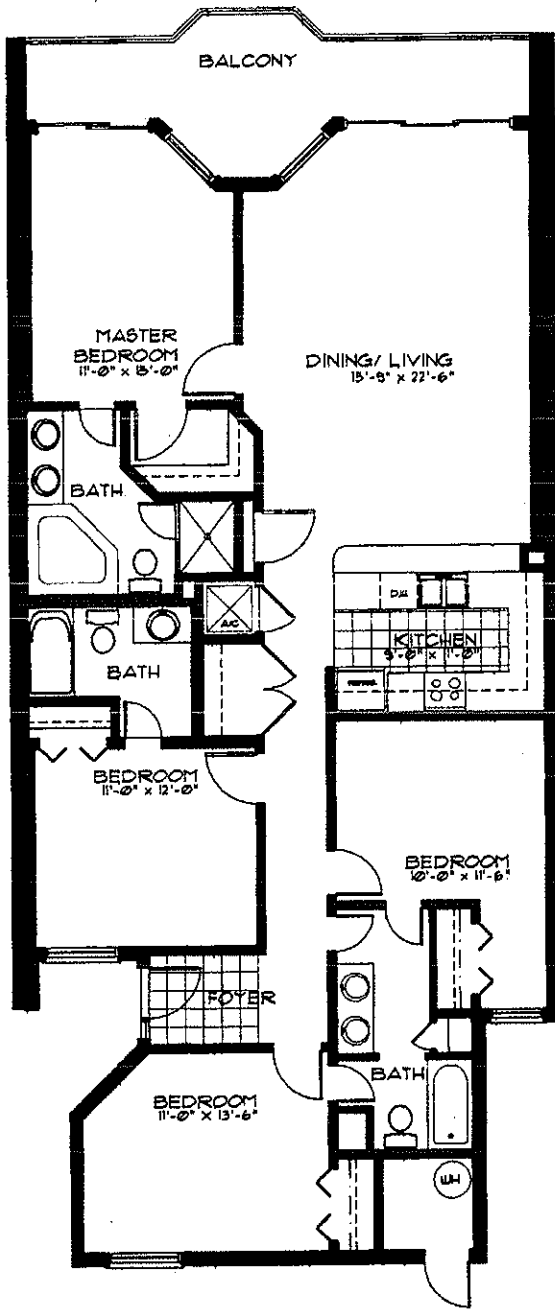


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
10B, 20B, 30B, 40B

-08 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

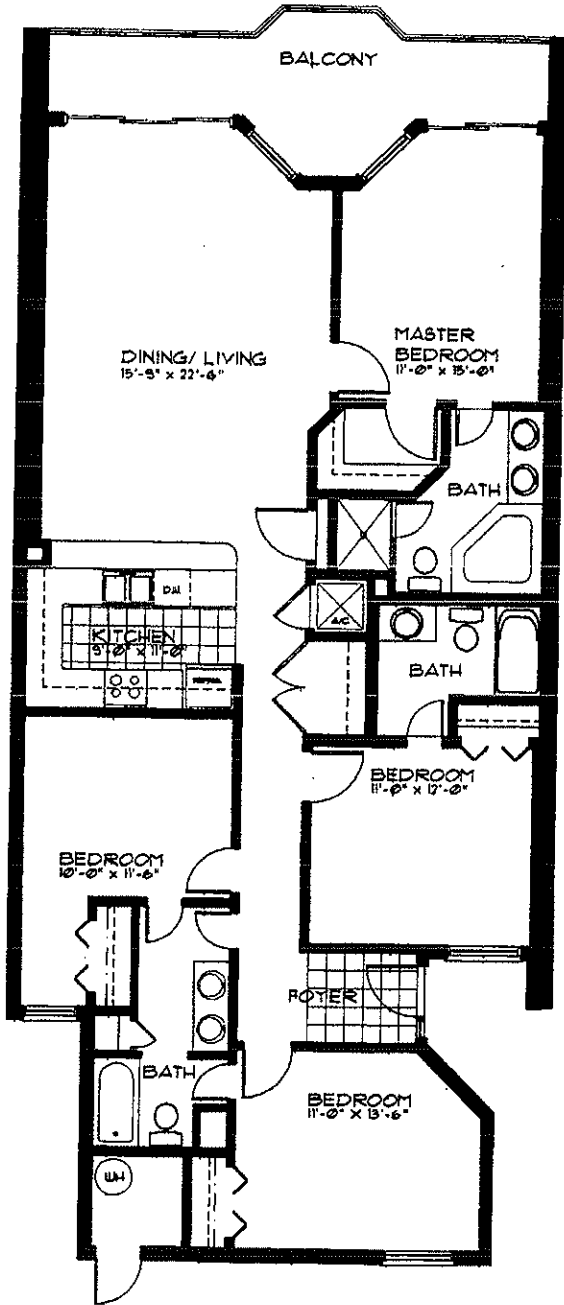




FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
109, 209, 309, 409

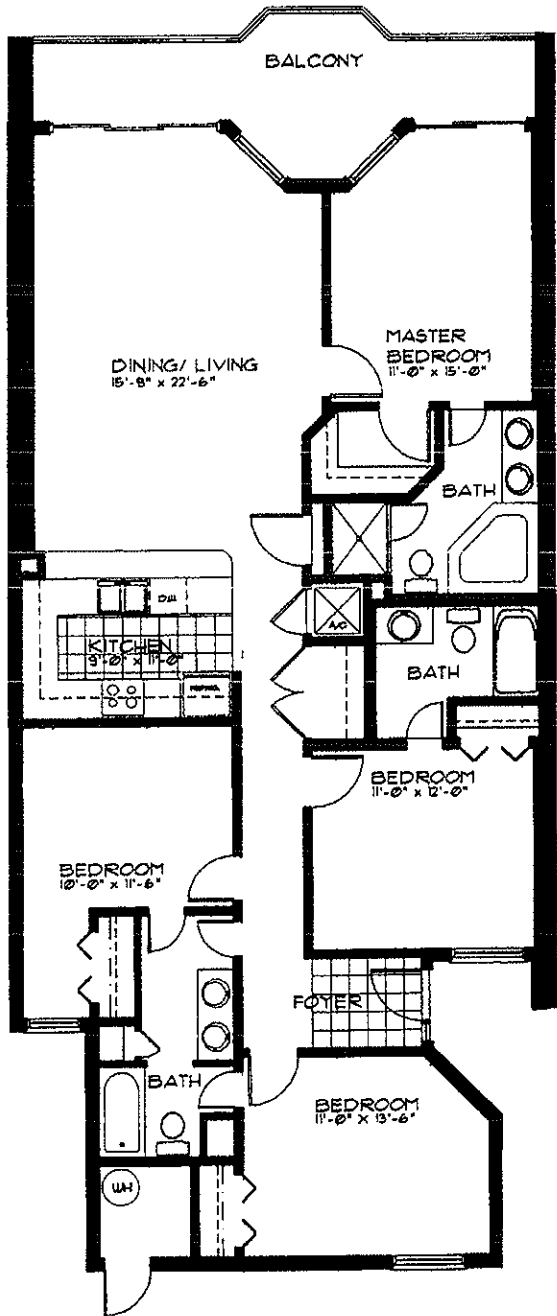
-09 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
110, 210, 310, 410

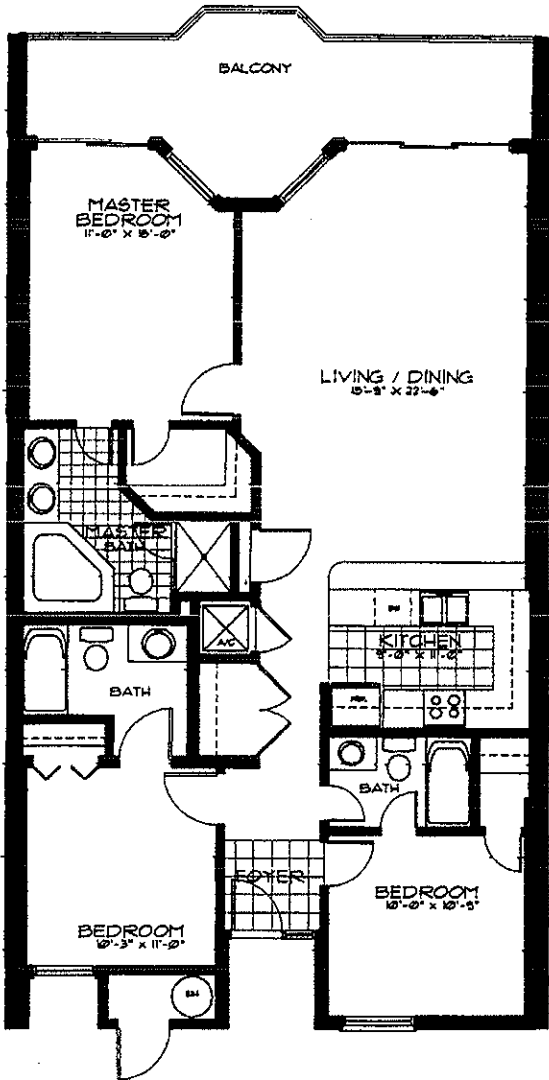
**-10 STACK FLOOR PLAN**  
SCALE 1/8" = 1'-0"



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
111, 211, 311, 411

-11 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"



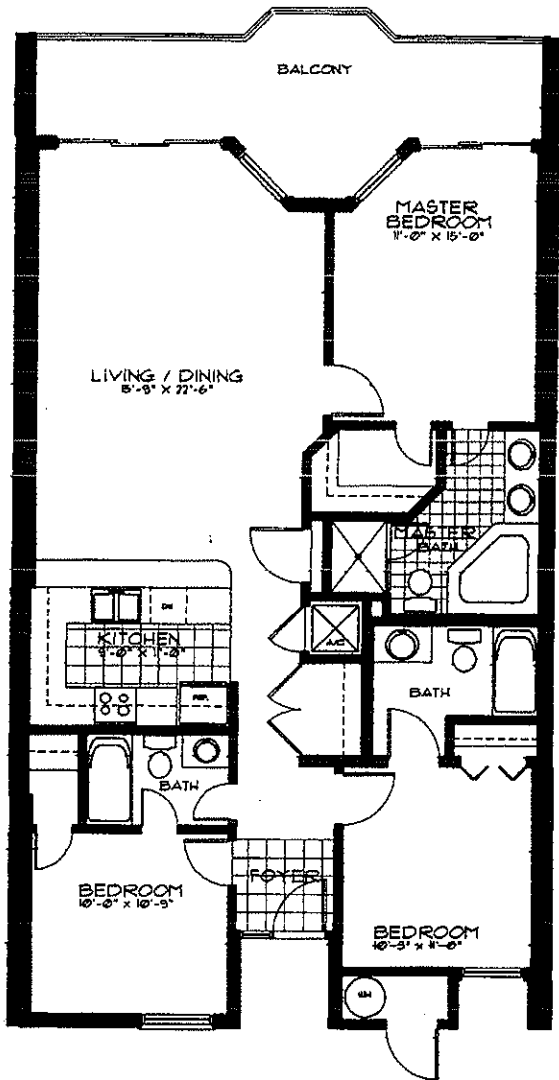
FOLLY BEACH LEGEND	
SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
112, 212, 312, 412

**-12 STACK FLOOR PLAN**

SCALE 1/8"=1'-0"

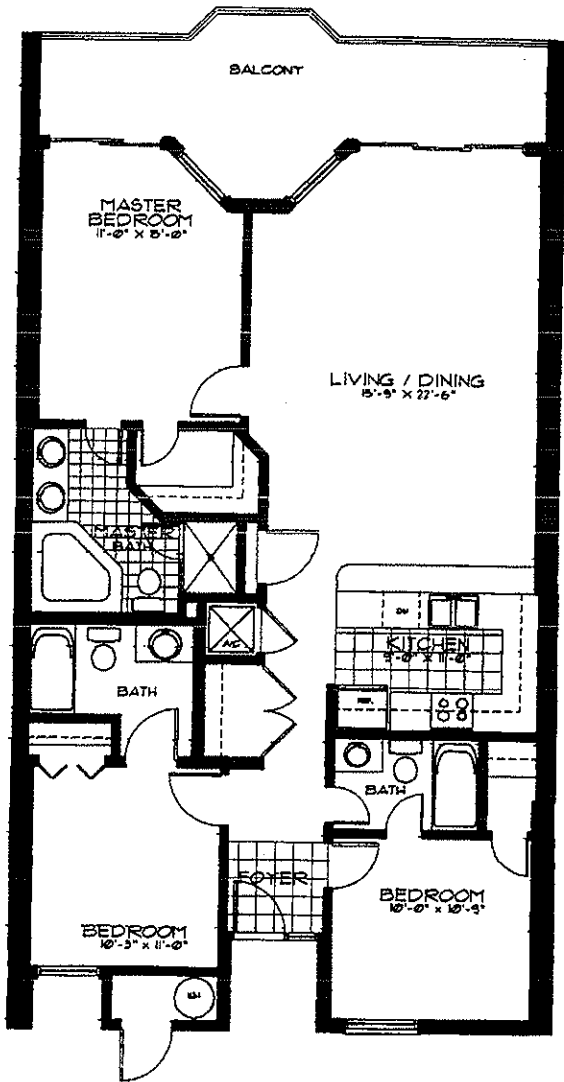
BK H 305PG480



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
113, 213, 313, 413

-13 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

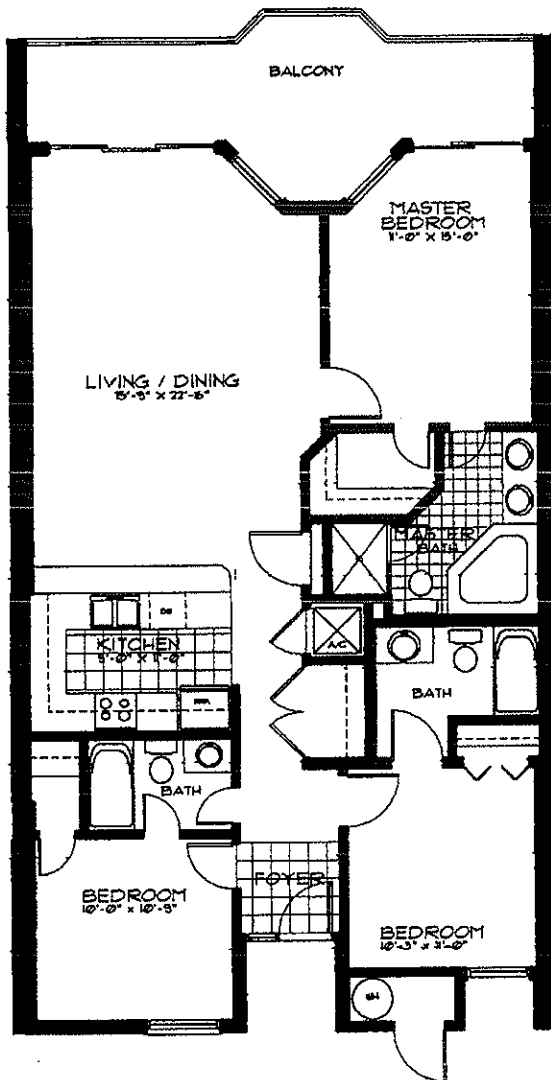


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
114, 214, 314, 414

**-14 STACK FLOOR PLAN**

SCALE 1/8"=1'-0"



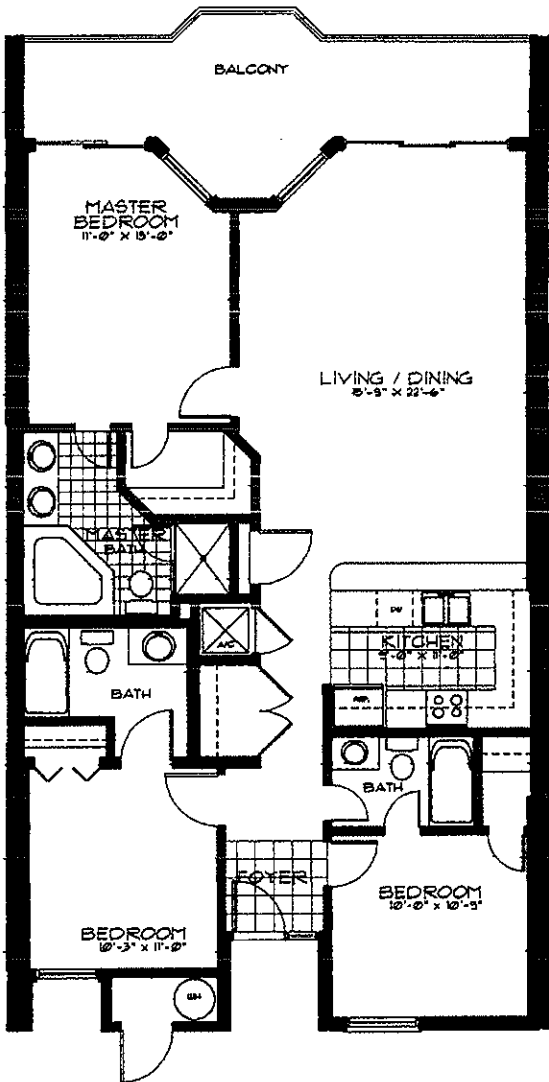
FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
115, 215, 315, 415

**-15 STACK FLOOR PLAN**  
SCALE 1/8" = 1'-0"

*Handwritten signature*

BK H 305PG483



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

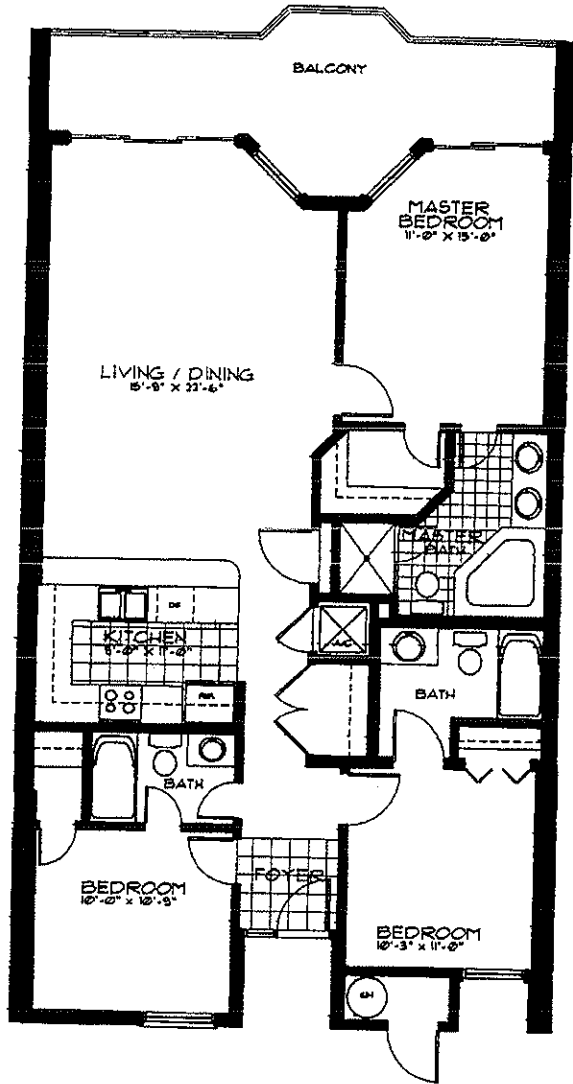
APARTMENTS  
116, 216, 316, 416

-16 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

*WJH*



BK H 305PG484

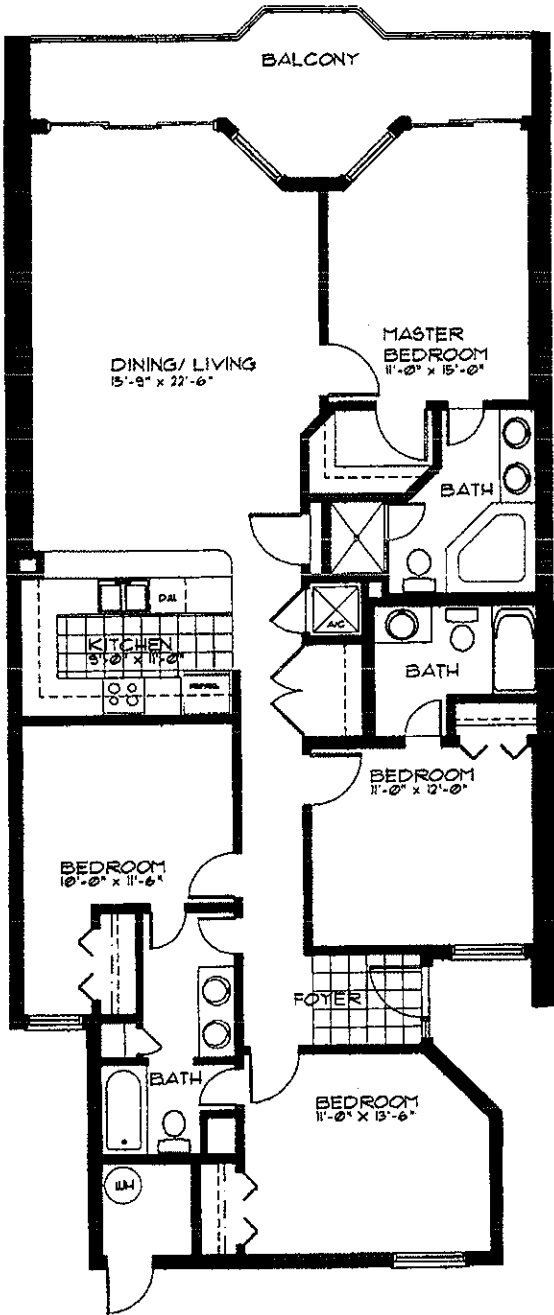


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
117, 217, 317, 417

-17 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"

*Handwritten signature*

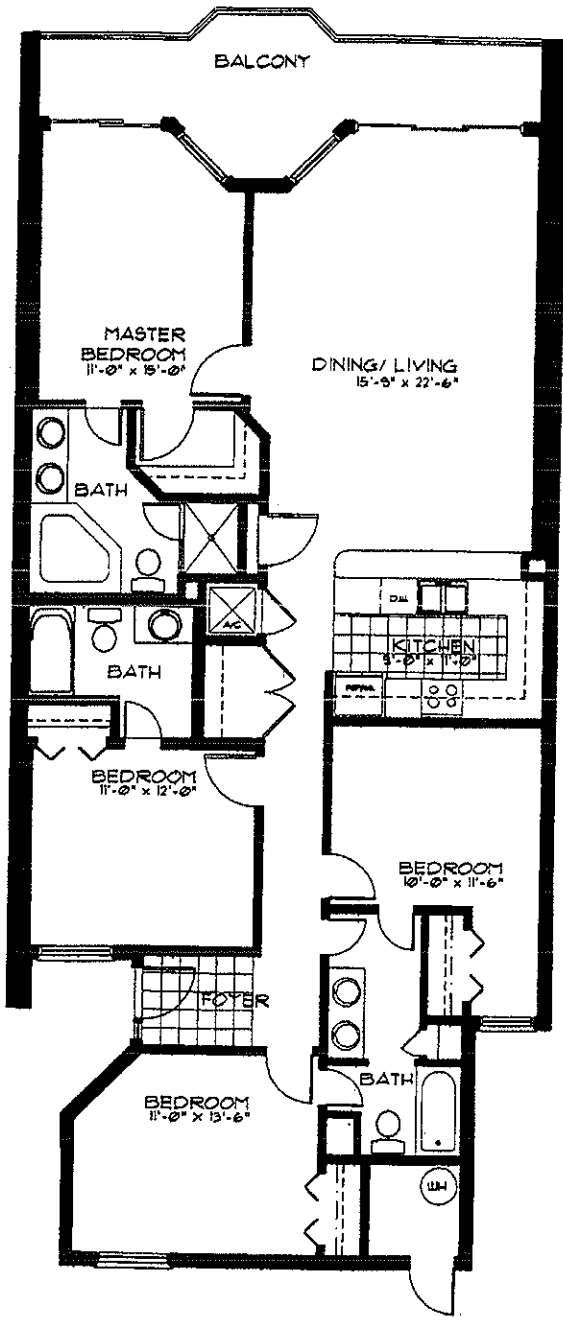


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
118, 218, 318, 418

-18 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

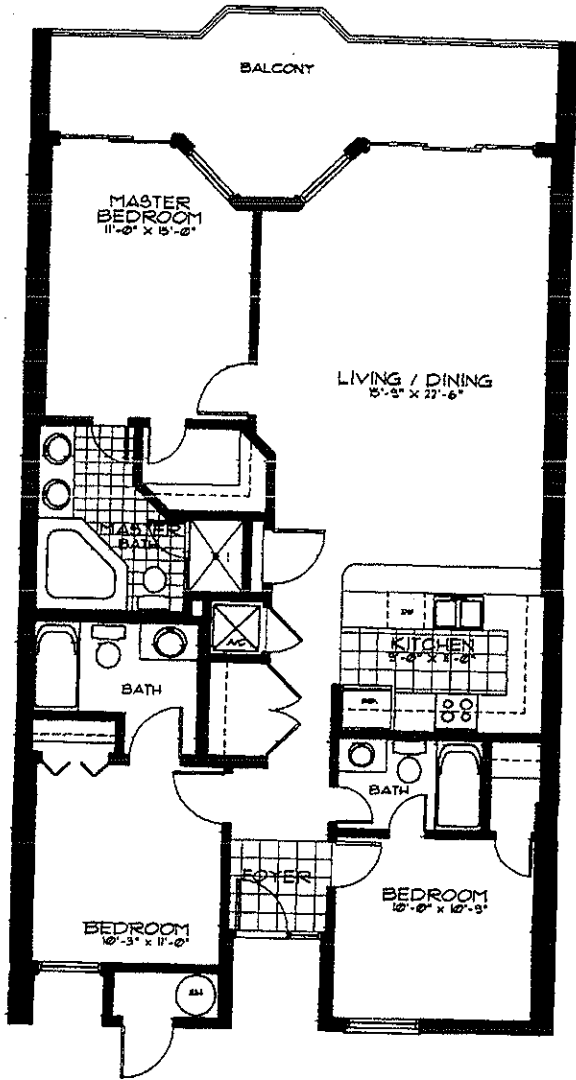
*WMB*



FOLLY BEACH LEGEND	
SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	25
TOTAL	1840

APARTMENTS  
119, 219, 319, 419

-19 STACK FLOOR PLAN  
SCALE 1/8"=1'-0"

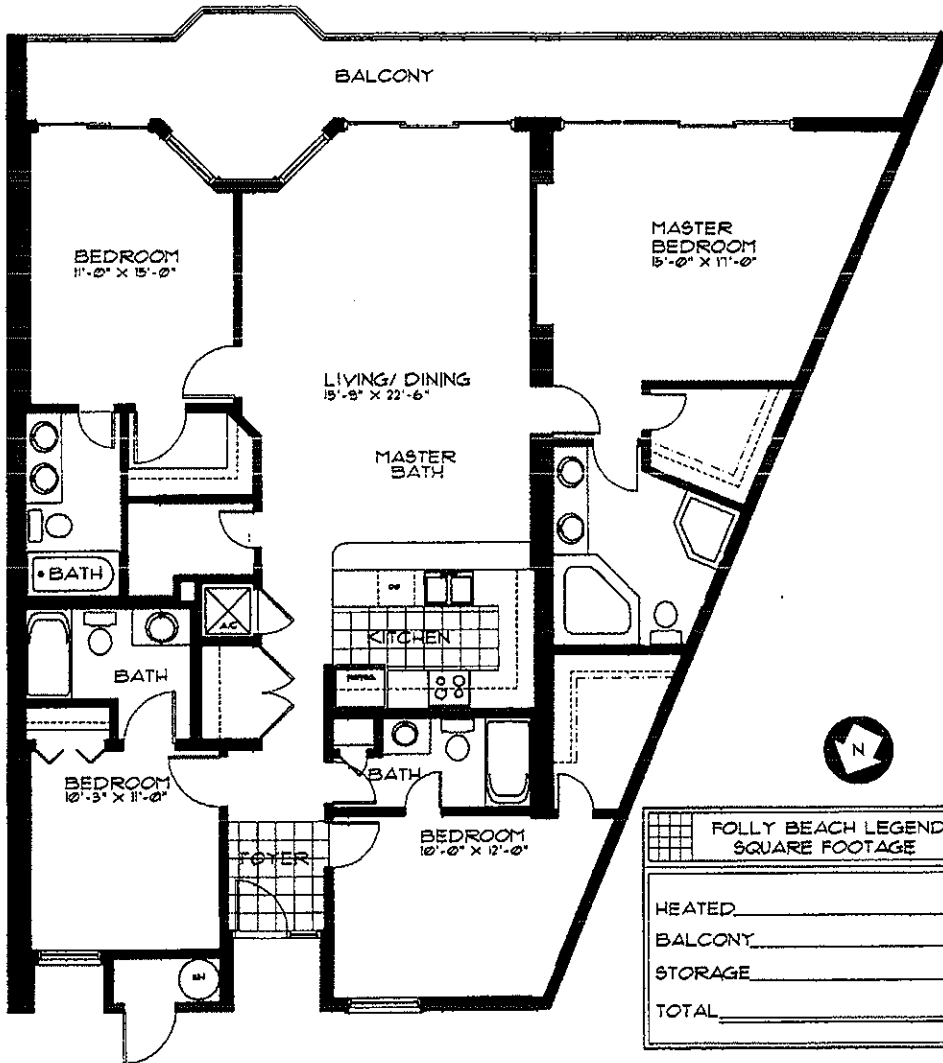


FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
120, 220, 320, 420

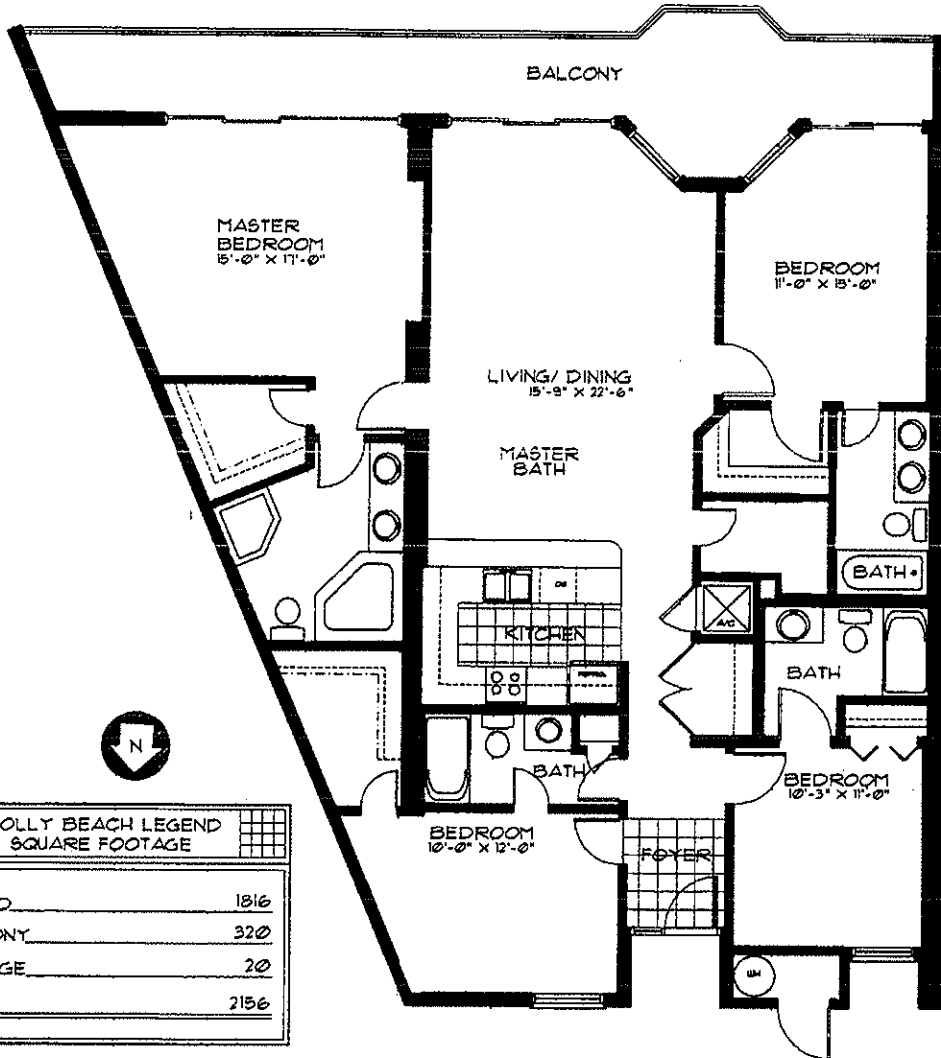
**-20 STACK FLOOR PLAN**

SCALE 1/8" = 1'-0"



**-21 STACK FLOOR PLAN**  
SCALE 1/8"=1'-0"

APARTMENTS  
121, 221, 321, 421



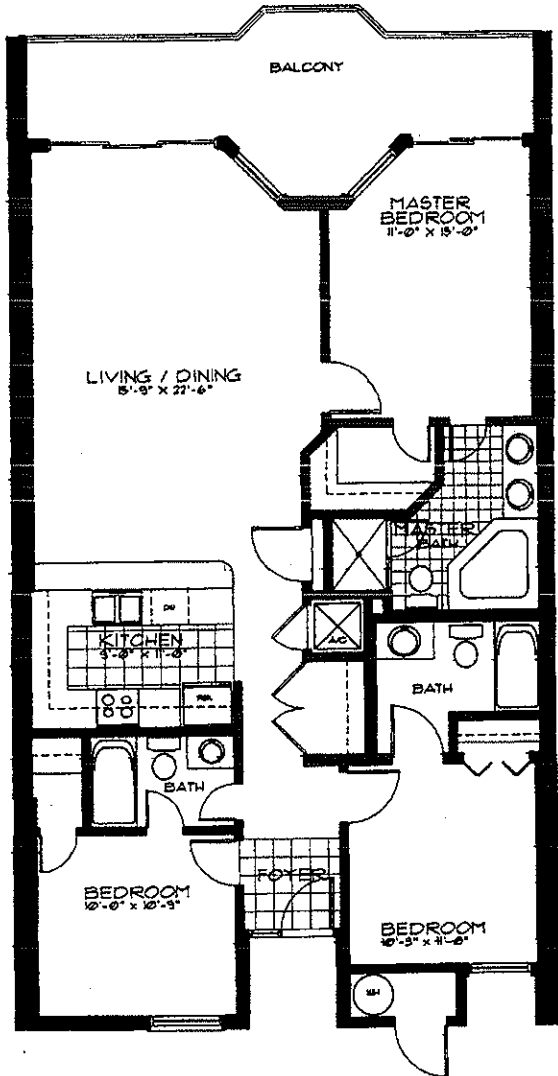
FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1816
BALCONY	320
STORAGE	20
TOTAL	2156

APARTMENTS  
122, 222, 322, 422

**-22 STACK FLOOR PLAN**

SCALE 1/8"=1'-0"

*Handwritten signature*



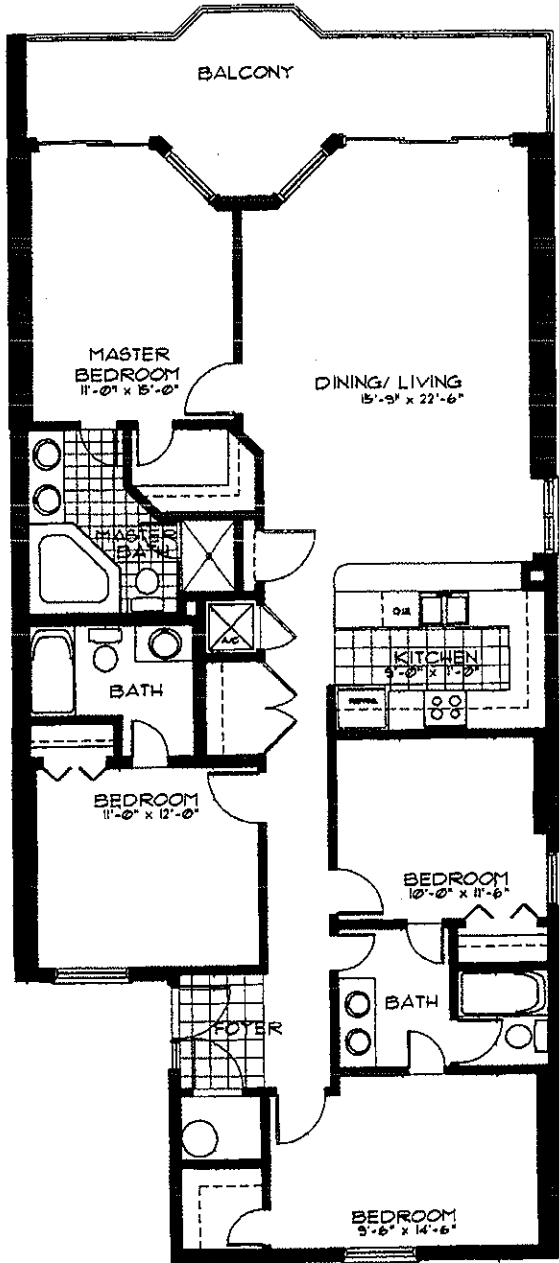
FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1305
BALCONY	195
STORAGE	20
TOTAL	1520

APARTMENTS  
123, 223, 323, 423

**-23 STACK FLOOR PLAN**  
SCALE 1/8" = 1'-0"

*Handwritten signature*

BK H 305PG491



FOLLY BEACH LEGEND SQUARE FOOTAGE	
HEATED	1620
BALCONY	195
STORAGE	20
TOTAL	1835

APARTMENTS  
124, 224, 324, 424.

-24 STACK FLOOR PLAN  
SCALE 1/8" = 1'-0"



BK H 305PG492

ROGERS TOWNSEND & THOMAS, PC  
ATTORNEYS AND COUNSELORS AT LAW  
1441 MAIN STREET, 10TH FLOOR  
POST OFFICE BOX 100200  
COLUMBIA, SOUTH CAROLINA 29202-3200

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CHARLIE LYBRAND  
REGISTER  
CHARLESTON COUNTY SC

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PID VERIFIED  
ASSR BB  
DTD 6-25-98

Recorded this 23 day of June Year 1998  
On Property Record Card  
*Gregory A. W. [Signature]*  
Auditor Charleston County