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STATE OF SOUTH CAROLINA)
)
 COUNTY OF CHARLESTON) **MASTER DEED:
 ELLIOTT HOUSE INN
 HORIZONTAL PROPERTY REGIME**

THIS MASTER DEED, made by SUNCOAST PROPERTIES OF SOUTH CAROLINA, LLC, a South Carolina limited liability company ("Declarant"), pursuant to the Horizontal Property Act of South Carolina (the "Act"), is for the purpose of creating a horizontal property regime and establishing certain easements, covenants, and restrictions to run with the land. The Declarant, by executing and recording this Master Deed, submits the property described in Exhibit A herein (the "Property") to the provisions of the Act, and creates, with respect to the Property, a condominium to be governed by and subject to the provisions of this Master Deed and the Act. To that end the Declarant declares the following:

1. DEFINITIONS.

1.1. SPECIFIC DEFINITIONS

The definitions contained in Section 27-31-20 of the Act are incorporated in this Master Deed unless it clear from the context that a definition in the Act is contradictory to a definition in this Master Deed, in which event the definition in this Master Deed shall apply.

1.1.1. "Act" means the Horizontal Property Act, Section 27-31-20 et seq. of the 1976 Code of Laws of South Carolina, as amended from time to time. References to specific sections of the Act contained herein refer to the sections as designated at the time of recordation of this Master Deed.

1.1.2. "Added Property(s)" means real property or interest in real property, whether or not owned by the Declarant, that is made subject to this Master Deed with the written recorded approval of the Declarant.

1.1.3. "Apartment" means a "Unit", as defined herein.

1.1.4. "Assessment" means the charges from time to time assessed against a Unit by the Association in the manner herein provided, and includes both regular and special assessments.

1.1.5. "Association" means Elliott House Inn Owners Association, Inc., a South Carolina not-for-profit corporation created to manage the affairs of the Regime. It constitutes the "Association of Co-Owners" as defined in the Act.

1.1.6. "Board of Directors" means the Board of Directors of the Association. The Board shall constitute that body referred to in the Act of South Carolina as "the board of administration."

1.1.7. "Building" means a structure or structures, containing in the aggregate two or more Units, comprising a part of the Property.

1.1.8. "Bylaws" means the Bylaws adopted by the Association that govern the administration and operation of the Association, as amended from time to time. The initial Bylaws are attached as Exhibit B.

1.1.9. "Co-owner" or "Owner" means any Person that owns a Unit. (Also see "Unit Owner", below.)

1.1.10. "Common Elements" means "general common elements" as defined in the Act and more specifically defined in Section 3 of this Master Deed. It includes, without limitation, all areas shown and designated as a Common Elements, or similar wording clearly indicating such intent, on or in (a) this Master Deed, including the exhibits attached to this Master Deed, as it may be amended from time to time, or (b) any recorded plat of the Property or recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant. THE DESIGNATION OF ANY OF THE PROPERTY AS COMMON ELEMENTS SHALL NOT

MEAN THAT THE PUBLIC AT LARGE ACQUIRES ANY EASEMENT OF USE OR ENJOYMENT THEREIN.

1.1.11. "Common Expense" means all liabilities or expenditures made or incurred by or on behalf of the Association, including, without limitation, expenses of administration, insurance, operation, and management; expenses of maintenance, repair or replacement of the Common Elements (including Limited Common Elements, unless expressly excluded by this Master Deed); and other expenses declared to be Common Expenses by this Master Deed or the Bylaws.

1.1.12. "Condominium" or "condominium ownership" means the form of ownership intended by the Master Deed, that is, ownership by Owners of individual Units, with a common right to a share of the Common Elements.

1.1.13. "Declarant" means Suncoast Properties of South Carolina, LLC, a South Carolina limited liability company, its successors and assigns. The Declarant may assign its rights as Declarant, in whole or in part, by a written assignment signed by the Declarant and the assignee and duly recorded in the Register of Mesne Conveyance Office for Charleston County, South Carolina. Conveyance by Declarant or an Owner of a deed to a Unit or the existence of a mortgage on a Unit or the Property shall not be deemed to make the grantee or the mortgagee a "Declarant."

1.1.14. "Elevations" means the drawings showing the exterior characteristics and dimensions of the Buildings or other improvements on the Property, or showing the vertical location of Units or Common Elements in such improvements, which drawings are attached hereto as Exhibit E and by this reference made a part hereof, and any amendment or supplement thereto set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.15. "Floor Plans" means the plans for the Buildings that show the general location of Units, which plans are attached hereto as Exhibit D and by this reference made a part hereof, and any amendment or supplement thereto set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.16. "Joint Owner" means a Person that owns a Unit with any other entity and the combination of which constitutes a single Unit Owner. Where a Person is a Joint Owner of a Unit, the Association may establish such procedures as it deems appropriate to govern which Joint Owner or Owners has the right to act or communicate on behalf of the Unit in matters governed by this Master Deed.

1.1.17. "Limited Common Elements" means Common Elements that are reserved for the use of a certain Unit or Units to the exclusion of the other Units, and that are shown and designated as a Limited Common Element, or similar wording or graphics clearly indicating such intent, on or in (a) this Master Deed and the exhibits thereto, as amended from time to time, or (b) any recorded plat of the Property or Supplement to the Master Deed, including any exhibits thereto, that has been approved in writing by the Declarant. (Also see Section 3.)

1.1.18. "Majority of Co-owners", "Majority of Owners" or "Majority in Interest" means fifty-one percent (51%) or more of the Percentage Interests, as shown in Exhibit G to this Master Deed.

1.1.19. "Management Agent" means any entity retained by the Association as an independent contractor to supervise the use, maintenance and repair of the Common Elements, or portions thereof, or manage the business affairs of the Association.

1.1.20. "Master Deed" means this Master Deed, including any exhibits thereto, and all amendments filed of record from time to time in the Register of Mesne Conveyance Office for Charleston County, South Carolina.

1.1.21. "Occupant" means any individual lawfully occupying any Unit, including,

without limitation, any Owner or tenant, their resident family members, and their guests, invitees, and licensees.

1.1.22. "Owner" means any Person that owns fee simple title to any Unit, and includes a "Co-Owner" of a Unit, as that term is defined in the Act. "Owner" shall not mean (i) a mortgagee unless such mortgagee has acquired title to the Unit or (ii) any Person having a contract to purchase a Unit but to which title has not been conveyed of record.

1.1.23. "Owner's Agent" means any Person retained by an Owner to coordinate use or rental of a Unit for transient guest accommodations. (See Sections 10.5 and 10.6.)

1.1.24. "Operation of the Property" means and includes matters relating to the administration, use, operation, maintenance, repair, replacement, renovation or development of the Property or portions of the Property, including the Common Elements.

1.1.25. "Percentage Interest" means the percentage of undivided interest in the Common Elements then appertaining to each Unit, as set forth in Exhibit G to this Master Deed.

1.1.26. "Person" means an individual, firm, corporation, limited liability company, partnership, association, trust or other legal entity.

1.1.27. "Plot Plan" means the plat(s) or survey(s) of the Property showing the location of any Building or other significant improvements on the Property, as shown in Exhibit C to this Master Deed, and any amendment or supplement thereto showing Added Property and set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.28. "Property" means the property described in Exhibit A to this Master Deed and any Added Property.

1.1.29. "Regime" means the Elliott House Inn Horizontal Property Regime created by the recordation of this Master Deed, as set forth in Section 27-31-30 of the Act.

1.1.30. "Rules and Regulations" means those standards governing the use, administration and operation of the Property, as more specifically identified in Section 7.4, below.

1.1.31. "Unit Plans" means the plans showing the general configuration and horizontal dimensions of each type of Unit, as shown in Exhibit F, and any amendment or supplement thereto set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.32. "Unit" means an "Apartment" as that term is defined in the Act, and includes one or more rooms and adjoining patio and/or balcony designated as part thereof, and occupying one or more floors or a part or parts thereof, designed or intended for independent use, together with its undivided Percentage Interest in the Common Elements. (Also see Section 2.2.)

2. GENERAL DESCRIPTION; STAGING; UNITS.

2.1. GENERAL DESCRIPTION AND STAGING OF DEVELOPMENT

2.1.1. General Description and Staging.

The Property is located in the City of Charleston, Charleston County, South Carolina. The Property contains twenty-six (26) Units located on the first (ground), second and third floor of a single L-shaped Building located at 78 and 80 Queen Street. An elevator and two (2) sets of stairs on the first (ground) floor provide access to the second and third floors. In addition to the building containing the Units, the Property contains a one (1) story building in which there is currently an office, a smaller one (1) story storage building, a first (ground) floor open courtyard surrounded on two sides (rear and right sides, as viewed from the entry on Queen Street) by the three-story L-shaped Building and by low walls on the other two sides (left and

entry sides). The courtyard contains a hot tub, trellis over the hot tub, and planters. The Property does not contain any parking. A Plot Plan showing, in plan, the configuration of the Building, on-site parking, on-site amenities, the location of Elliott House, and other information is attached as Exhibit C. All Units are completed.

2.1.2. Number of Units.

The Regime contains a total of twenty-six (26) Units.

2.1.3. Subdividing or Consolidating Units.

No additional Units may be established by subdivision of existing Units, conversion of Common Elements, or otherwise. A lesser number of Units may be established by consolidating two or more existing Units into a single Unit provided that (i) such consolidation is approved in writing by the Board of Directors, the Owners of the Units to be consolidated, and any applicable regulatory entities, (ii) such consolidation shall not modify the Percentage Interests of any Units not involved in such consolidation unless expressly approved in a recordable writing evidencing the approval by Owners of such Units, and (iii) in the absence of the approval referenced in (ii), above, the resulting consolidated Unit shall have a Percentage Interest that is the sum of the previous Percentage Interests of the Units being consolidated into a single Unit. After confirmation of the approvals referenced in (i) and/or (ii), above, the Board of Directors shall cause to be recorded an amendment to this Master Deed amending any applicable provisions of this Master Deed (including any Exhibits). The Board of Directors may, in its sole discretion, determine whether any expenses of the Association in creating, approving, and recording such amendment shall be payable by the Owner or Owners of the Units being consolidated.

2.2. DIVISION INTO CONDOMINIUM UNITS

2.2.1. Units in Buildings.

Each Unit in the Building is depicted on the Plans (as identified below) and, in addition to any Limited Common Elements belonging to such Unit and the Unit's Percentage Interest in the Common Elements, consists of enclosed space within the Building bounded by the Perimeter Walls, Unfinished Ceiling, Unfinished Floor, exterior doors, and windows forming the Unit. For the purpose of further defining a Unit in the Building:

- (a) "Unfinished Wall" means the studs, supports, and other wooden, metal, or similar structural materials to which the interior wall material, such as drywall, is attached, but not the interior wall material visible from the interior of the Unit.
- (b) "Perimeter Wall" means Unfinished Walls surrounding all or part of the Unit.
- (c) "Unfinished Ceiling" means the beams, joists, and wooden, concrete or other structural materials to which the interior ceiling material, such as drywall, is attached, but not the interior ceiling material visible from the interior of the Unit.
- (d) "Unfinished Floor" means the beams, floor joists, and wooden, concrete or other floor or deck materials to which the interior floor material, such as wood, plywood subflooring or tile, is attached, but not the interior floor material visible from the interior of the Unit.
- (e) A Unit includes (i) any non-bearing walls within the Unit; (ii) the drywall, plaster, insulation, wall paneling, wood, tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering attached to Perimeter Walls and non-bearing walls within the Unit, ceilings, or floors; (iii) interior doors and door hardware; (iv) removable appliances, equipment, wiring, fans, fixtures and hardware and all improvements contained within the Perimeter Walls, ceilings, and floors that serve only the Unit; and (v) any heating and cooling elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, ducts, chases, channels, compressors, air handling systems, controls, fans, registers, diffusers and all other related equipment required to provide heating, air-conditioning, hot and cold water, electrical, or other utility services solely to the Unit, wherever located. A Unit does not include any of the structural components of the Unit or utility or service lines, fireplace flues or utility chases located within the Unit that serve more than one Unit.

2.2.2. Attaching Items to Interior of Unit.

An Owner shall have the right to attach to the interior surface of the Perimeter Walls, ceiling, and floors of such Owner's Unit usual electrical wiring or fixtures, wall ornaments,

and similar accessories if such action complies with applicable codes and does not, in the opinion of the Board of Directors or its authorized designee (such as the Management Agent), (a) damage any structural element, Common Elements, another Unit, or any equipment or system serving another Unit or Common Elements, (b) unreasonably increase loads on the Regime's electrical, heating and air conditioning, or other utility systems; (c) appear likely to increase insurance premiums or safety risks to another Unit, the Common Elements, or persons occupying the Unit; or (d) violate the provisions of this Master Deed or the Rules and Regulations. Such attachments shall constitute Modifications that must be approved in accordance with the Rules and Regulations.

2.3. SUMMARY OF PLANS

In accordance with Section 27-31-110 of the Act, attached hereto and made a part of this Master Deed are the following documents, which cumulatively constitute the "Plans":

- (a) Plot Plan (Exhibit C).
- (b) Floor and Unit Plans (Exhibit D)
- (c) Elevations (Exhibit E).
- (d) Unit Sizes and Designations (Exhibit F).
- (e) Percentage Interests (Exhibit G)

The Plot Plan shows the location the Building, significant improvements, and some of the areas that are Common Elements. The Floor Plans show the general location of Units and the general location and dimensions, area and location of Common Elements affording access to each Unit (such as corridors, stairwells and elevators), as well as some other areas intended as Common Elements, such as storage areas. The Elevations show the exterior characteristics and dimensions of the Building(s). The Unit Sizes and Designations show the Unit sizes and designations of each Unit. The Unit Plans show the configuration and dimensions of each type of Unit. Whenever square footage or other dimensions are shown on the Plans, they are approximate, reflecting such factors as (a) the measurement of square footage or dimensions can vary depending on the technique used (e.g. whether measured from interior finished or unfinished wall, floor or ceiling; from exterior wall, floor or ceiling; from beginning or finished grade; etc.) and (b) minor modifications may have been made during the construction process. The Plot Plan, Floor Plans, Elevations and Unit Plans are certified by an architect or engineer authorized and licensed to practice in South Carolina.

2.4. DESIGNATION OF UNITS

In accordance with Section 27-31-120 of the Act, the location, approximate size and designation of each Unit is shown on the Floor and Unit Plans (Exhibit D) or Unit Sizes and Designations (Exhibit F).

2.5. GENERAL DESCRIPTION OF BUILDINGS

2.5.1. Construction System Generally.

The exterior of the building containing the Units is constructed primarily of stucco applied over masonry (brick) walls. The walls between the Units are primarily constructed of wood studs faced with gypsum board or plaster. The floor of the Units is primarily wood supported by wood floor joists. Ceramic tile is the primary floor finish for Unit bathrooms. Interior walls primarily have a wallpaper finish or a paint finish. Roofs are constructed primarily of standing seam metal roofs on wood framing. Each Unit has an individual through-wall electric heat pump heating and air conditioning system.

2.5.2. Description of Building Layout and Units.

General information regarding the Property is set forth in Section 2.1.1, above. The L-shaped Building containing the twenty-six (26) Units has the following characteristics.

The ten (10) first (ground) floor Units (Units 1.01 through 1.10) are accessed from the first (ground) courtyard. The ten (10) second floor Units (Units 2.01 through 2.10) and six (6) third floor Units (Units 3.01 through 3.06) are accessed from an open corridor outside the Unit which is itself accessed by one (1) elevator and two (2) sets of stairs.

Each Unit contains a single bedroom and a bathroom. First (ground) floor Units 1.01 through 1.04 each has a small private courtyard (each a Limited Common Element of that

Unit) that can only be accessed through a door inside the Unit.

Approximate Unit configurations are shown on the Floor and Unit Plans attached as Exhibit D.

3. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

3.1. COMMON ELEMENTS

The Common Elements consist of the entire Property other than the Units (see Section 2, above). In addition to any other Common Elements shown or described on the Plans, Common Elements include the open courtyard; the stairs, elevator and open corridors; exterior windows, window frames, doors, door hardware and door frames; walkways; plantings in or on Common Elements; areas containing mechanical, electrical, telecommunications or other equipment serving more than one Unit, plus the equipment therein, unless such equipment is the property of others; maintenance, laundry and housekeeping rooms; electrical, mechanical and storage spaces; vending area; office area; trash rooms and storage rooms serving more than one Unit; Unfinished Perimeter Walls, Unfinished Ceilings and Unfinished Floors (as defined in Section 2.2) and adjacent insulation; joists, beams, supporting walls, columns, and other structural elements; roofs, slabs, footings and foundations; alarm and communications systems; mechanical equipment, electrical equipment, heating and air conditioning equipment; gates; walls surrounding the courtyard; built-in fixtures, pipes, wiring, conduits, channels, drains, ducts, chases or other utility lines and similar elements that serve more than one Unit; plus other real or personal property and assets held and maintained for the joint use, benefit or enjoyment of all the Unit Owners.

3.2. LIMITED COMMON ELEMENTS GENERALLY

Limited Common Elements are not part of a Unit but are Common Elements that are reserved or reasonably required for the use of one or more, but not all, Units. The only Limited Common Elements are the four (4) private courtyards for Units 1.01 through 1.04, as set forth in Section 2.5.2, above. Except as otherwise expressly stated in this Master Deed or any Supplement to the Master Deed, the costs of maintaining, repairing and replacing Limited Common Elements shall be Common Expenses of the Association as a whole. The Board of Directors may re-designate Common Elements as Limited Common Elements and re-assign the use of Limited Common Elements to specific Units to the fullest extent permitted by the Act.

3.3. DISPUTES REGARDING STATUS OR BOUNDARIES

Because of the structural characteristics and arrangement of the Property, disputes may arise regarding issues such as whether an element is part of a Unit, a Limited Common Element, or a Common Element. Unit Owners shall attempt to resolve such matters in a fair manner. If a dispute arises between Unit Owners or between a Unit Owner and the Association as to what portion of the Property constitutes a Unit, Common Element or Limited Common Element, or the proper allocation of any costs or expenses relating to such areas, the Board of Directors shall have the authority to determine the proper designation of the disputed element and the allocation of any costs or expenses involved, after such consultation with others as it may determine to be appropriate. The determination of the Board of Directors shall be set forth in writing, shall be made in good faith, and shall not be clearly inconsistent with this Master Deed.

3.4. PERCENTAGE INTERESTS OF UNITS IN COMMON ELEMENTS

A chart showing the Percentage Interest of each Unit Owner in the Regime is set forth in Exhibit G.

4. REPAIR AND MAINTENANCE

4.1. UNIT REPAIR, MAINTENANCE AND DECORATION

Units shall be maintained in a good, safe state of repair consistent with applicable codes, this Master Deed, and applicable Rules and Regulations. An Owner shall not allow any action or work that will impair the structural soundness of a Building or Unit; impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of a Building or Unit, impair any easement; or, without express approval by the Board of Directors, damage or adversely affect Common Elements. All maintenance, repairs and replacements to a Unit shall be the responsibility

of the Owner of the Unit. Each Owner shall be responsible for all damages to any other Unit or to Common Elements caused by the failure of the Owner to maintain or make timely and appropriate repairs that are the responsibility of such Owner except to the extent that the cost of such repair is paid or payable from insurance proceeds to the Association. Each Owner shall have the exclusive right and duty to paint, tile, paper, or otherwise decorate or redecorate and to maintain and repair the interior surfaces of the walls, floors, ceilings, and doors forming the boundaries of such Owner's Unit and all walls, floors, ceilings, and doors within such boundaries.

4.2. COMMON ELEMENTS MAINTENANCE AND REPAIR

All maintenance, repairs and replacements to Common Elements shall be made by the Association and shall be charged to all Units as a Common Expense; provided that this shall exclude any maintenance, repairs and replacements to Limited Common Elements by others expressly required by another provision of this Master Deed or any Supplement to the Master Deed. If any maintenance, repair, or replacement of any portion of the Common Elements is required because of the negligent or willful act or omission of an Owner or Occupant of a Unit, then such Owner and/or Occupant shall be responsible for such maintenance, repair, or replacement. Any expense incurred by the Association for such maintenance, repair, or replacement that is not paid by or on behalf of the responsible Person, or is not paid or payable to the Association from insurance proceeds, shall be a personal obligation of such Owner. If the Owner fails to repay or cause to be repaid such expense incurred by the Association in a timely manner after notice to the Owner of the amount owed, then the expense incurred as a result of the failure to so repay shall be collectible as a Special Assessment against the Unit and the Owner.

5. EASEMENTS.

5.1. EASEMENTS FOR ASSOCIATION, MANAGEMENT AGENT OR OWNER'S AGENT

The Association and its directors, officers, agents and employees, including, but not limited to, any Management Agent of the Association and its officers, agents and employees, shall have a general right and easement to enter upon the Property for any purposes reasonably required in the performance of their respective duties, including, without limitation, the management, inspection, repair, maintenance and replacement of Common Elements. Except in situations that may then reasonably be thought to be emergencies or situations in which access may be needed to prevent damage to the Property or to persons on the Property, or unless otherwise expressly approved by the Owner(s) directly affected thereby, the Owner's Agent, or another authorized agent of the Owner, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner(s) directly affected thereby or to the Owner's Agent. If the Unit Owner has entered into an agreement with another Person to serve as the Owner's Agent for the Unit, the Owner's Agent shall have such right of access as may be permitted by such agreement, subject to the provisions of this Master Deed and such rules, regulations or procedures that may be established by the Association for security, safety or administrative reasons.

5.2. EASEMENT FOR DECLARANT

Declarant, its successors and assigns, shall have an alienable and transferable right and easement on, over, through, under, and across the Property for the purposes of (a) constructing, installing, inspecting, maintaining, repairing and replacing portions of the Property, and (b) the construction, sale, rental and management of the Units. Such rights shall not unreasonably interfere with the occupancy, use or enjoyment of a Unit by its Owner or Occupants. Except in situations that may then reasonably be thought to be emergencies or situations in which access is may be needed to prevent damage to the Property, or unless otherwise expressly approved by the Owner(s) directly affected thereby, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to any Owner(s) directly affected thereby or to such Owner's authorized agent. The exercise of such right and easement by Persons other than Declarant shall be undertaken only with the express approval of the Declarant. The Declarant shall have a transferable, perpetual power and authority to grant and accept easements to and from any private entity or public authority, agency, public service district, public or private utility or other Person, upon, over, under and across the Common Elements for constructing, installing, maintaining, repairing, inspecting and replacing television antennae or television cable systems, data transmission systems, security and similar systems, landscaping, walkways, lighting, and all utility facilities and services, including, but not limited to, storm and sanitary sewer systems

and electrical, gas, telephone, water and sewer lines. The rights of the Declarant hereunder shall automatically be assigned to the Association upon conveyance of the last Unit by the Declarant to another Person, or such earlier time as Declarant records a Supplement to the Master Deed relinquishing its rights under this Master Deed or this section.

5.3. EASEMENT FOR REPAIR, MAINTENANCE AND EMERGENCIES

Some Common Elements may be conveniently accessible only through one or more Units. The Owners of other Units and the Association shall have an irrevocable easement, to be exercised by the Association as the Owners' agent, to have access to each Unit and to all Common Elements from time to time for the maintenance, repair, removal, or replacement of any of the Common Elements accessible therefrom or for making repairs necessary to prevent damage to the Common Elements or to any Unit. Except in a situation that is then reasonably thought to be an emergency or a situation in which access is then reasonably thought to be needed to prevent damage to the Property, or unless otherwise expressly approved by the Owner(s) directly affected thereby, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner(s) of the Unit(s) directly affected thereby, or to such Owner's authorized agent.

5.4. EASEMENTS FOR ENCROACHMENTS

The Property is subject to the following easements for encroachments between Units and the Common Elements:

5.4.1. In favor of all Owners so that they shall have no legal liability if any part of the Common Elements (including Limited Common Elements) encroaches upon a Unit or other Common Elements;

5.4.2. In favor of the Owner of each Unit so that the Owner shall have no legal liability if any part of such Owner's Unit encroaches upon the Common Elements or upon another Unit; and

5.4.3. In favor of all Owners, the Association, and the Owner of any encroaching Unit for the maintenance and repair of such encroachments.

Encroachments referred to this Section include, but are not limited to, encroachments caused by error, omission or variance from the original plans in the construction of the Common Elements or any Unit; by error in the Plans or this Master Deed; by settling, rising, or shifting of the earth; or by changes in position caused by the passage of time or repair or reconstruction of any part of the Common Elements or any Unit in substantial conformity to the Plans.

5.5. PRIOR RECORDED EASEMENTS

The Property shall be subject to any easements shown on any prior recorded plat of the Property or shown or defined in this Master Deed.

5.6. GOVERNMENTAL EASEMENT

Police, fire, water, health and other authorized governmental officials, employees and vehicles shall have the right of ingress and egress to the Property, and any portion thereof, for the performance of their official duties, to the extent permitted by applicable law and any Rules and Regulations not contrary to applicable law that are adopted by the Board of Directors.

6. PERCENTAGE INTERESTS.

The Percentage Interest of Units is shown in Exhibit G.

7. ASSOCIATION; ADMINISTRATION; VOTING; RECORDS.

7.1. THE ASSOCIATION; BOARD OF DIRECTORS

In order to provide for the effective administration of the Regime by the Unit Owners, the Association has been formed. The Association shall operate and manage the Regime and undertake and perform all acts and duties incident thereto in accordance with the provisions of this Master Deed and Bylaws of the Association, and the Rules and Regulations promulgated by the Association from time to time. The Board of Directors of the Association shall have authority to

take all actions on behalf of the Association that do not require, by law, this Master Deed, or the Bylaws, the vote of a Majority of Owners, and the decision of the Board of Directors shall be binding upon the Association and the Owners. A copy of the initial Bylaws is made a part hereof as Exhibit B.

7.2. MEMBERSHIP

The Owner of each Unit shall automatically be a member of the Association upon acquiring an ownership interest in a Unit. Membership in the Association shall be appurtenant to and not separable from ownership of a Unit. The membership of an Owner shall terminate automatically upon conveyance of title to the interest in a Unit previously owned by such Owner, regardless of the means by which such conveyance of title occurs. No Person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled solely by virtue of such lien, mortgage or other encumbrance to membership in the Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Regime, the Association shall have authority and power to enforce the provisions of this Master Deed, levy and collect Assessments in the manner hereinafter provided, and adopt, promulgate and enforce such rules and regulations governing the use of the Units, Common Elements, and Limited Common Elements as the Association may deem to be in the best interest of the Regime.

7.3. VOTING

The Owner of a Unit shall have the right to cast the number of votes attributable to the Percentage Interest of such Unit. Votes may be cast in person or by written proxy at all meetings of the Association. The holder of a proxy need not be an Owner. Unless a different number, and not less than a Majority in Interest, is specified in this Master Deed or in the Bylaws, all actions requiring a vote of the Owners shall require approval of a Majority in Interest. Cumulative voting is prohibited. Further details regarding voting shall be set forth in the Bylaws.

7.4. RULES AND REGULATIONS

The Board of Directors shall have authority to adopt Rules and Regulations from time to time governing the use, administration and operation of the Property, subject to the terms of this Master Deed and the Bylaws. Any initial Rules and Regulations are set forth in Exhibit I attached hereto and incorporated herein by reference.

7.5. EMPLOYEES, MANAGEMENT AGENT AND MANAGEMENT AGREEMENT

The Board of Directors may employ and dismiss persons on behalf of the Association and/or select one or more Management Agents, each of which shall have such authority and shall receive such compensation as is set forth in writing and approved by the Board of Directors. The Declarant or an affiliate of Declarant may serve as Management Agent. A copy of any agreement between the Association and the Management Agent shall be provided to any Owner upon written request to the Board of Directors, provided that the Association may charge a reasonable fee for any expenses of reproduction, postage or personnel incurred. No management agreement shall be for a term longer than three (3) years, provided that a management agreement may provide for automatic extension for additional terms of not longer than the initial term unless either party notifies the other party within a defined period prior to the expiration of the existing term that it wishes to terminate the agreement or re-negotiate the agreement.

7.6. INDEMNIFICATION

The Declarant, Board of Directors, officers of the Association, and such employees of the Association and/or the Management Agent as the Board of Directors shall specify by written resolution from time-to-time (cumulatively, "Non-Liable Persons"), shall not be liable to the Owners or the Association for any mistake in judgment or acts or omissions unless such act or omission was made in bad faith or was the result of gross negligence or fraud by such Person. The Association shall indemnify and hold harmless such Non-Liable Persons against all liabilities to others arising out of any agreement made by such Non-Liable Persons on behalf of the Association unless such agreement was made in bad faith, was the result of gross negligence or fraud by such Non-Liable Person, or was in clear violation of a contractual obligation of such Non-Liable Person to the Association. Notwithstanding, the Association and a Management Agent may agree to impose a greater degree of liability on the Management Agent.

7.7. BOOKS AND RECORDS

Current financial records of the Association shall be available for inspection by an Owner or an agent authorized in writing by an Owner, at the offices of the Association or such other location in Charleston County as may be designated by the Association. The inspection shall occur at reasonable times during normal business hours. The Association may require written notice of the particular financial records to be inspected not more than five (5) business days prior to the inspection date (or such longer period as may be reasonable if the records sought are not readily available). The inspection shall be scheduled and conducted in such a manner that the operations of the Association or its Management Agent are not unduly disrupted and the integrity of the records is ensured. The Association may charge a reasonable fee to cover the reproduction, postage, administrative and personnel expenses incurred by the Association as a result of an inspection.

8. INSURANCE.**8.1. TYPES OF INSURANCE**

If such insurance is available at reasonable cost, the Association shall endeavor to obtain insurance coverage, in such amounts and with such deductibles as it shall reasonably determine, for the Units, other property of the Association, and the activities of the Association, to cover the insurable interests in such property of (a) the Owners and their mortgagees, (b) the Association, and (c) if required by agreement between a Management Agent and the Association, the Management Agent, together with (d) the directors, officers, employees and agents, if any, of such Persons. Such coverage shall exclude personal property of an Owner (see Section 8.3), but the Association may provide information to Owners regarding coverage that is available for such personal property. The insurance coverage that the Association shall endeavor to obtain shall include:

(i) loss or damage by fire, flood, earthquake or other casualty covered by standard extended coverage policies, based upon current replacement cost;

(ii) risks to the Property, such as vandalism, theft and malicious mischief;

(iii) comprehensive general public liability (in an amount not less than \$2,000,000, unless otherwise agreed by the Association and the Management Agent); and, if applicable, automobile liability coverage, covering losses or damages resulting from accident or occurrences on or about the Property;

(iv) any coverage mandated by law or regulation, including, without limitation, worker's compensation coverage;

(v) fidelity insurance covering any person having access to or control over substantial funds of the Association;

(vi) officers and directors, providing coverage against claims brought against the Board of Directors or any administrator or officers of the Association acting in such capacity; and for

(vii) such other insurance as the Association shall determine to be reasonable and desirable from time to time.

8.2. OTHER INSURANCE CRITERIA

The insurance coverage obtained by the Association shall, if feasible, provide that:

(i) the interest of the insured parties shall not be invalidated by any act or neglect of any Owner or any officer or member of the Board of Directors of the Association;

(ii) the coverage shall not be terminated for non-payment of premiums without at least thirty (30) days' prior written notice to the Association;

(iii) subrogation shall be waived by the insurer with respect to the Association and

its Board of Directors, employees and agents, and with respect to Owners, members of their families or household, and mortgagees;

(iv) each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association; and

(v) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

8.3. COLLECTION OF PREMIUMS FOR INSURANCE

Because consistent coverage for Units is essential as a result of their structural relationship and problems could ensue for other Owners and the Association if an Owner failed to properly insure the Owner's Unit, insurance premiums and deductibles for the coverage set forth in Section 8.1 shall be a Common Expense of the Association, except as set forth below. The Board of Directors may determine that the similarity of the furnishings, other personal property and conditions in the Units is such that it is desirable for the Association to include in its insurance coverage a defined level of insurance for such furnishings and other personal property. If an insurer requires that coverage for the property value of a Unit or personal property of an Owner within a Unit or insurable events occurring within a Unit shall be in the name of the Association, rather than in the name of individual Owners, then premiums for such coverage shall (a) be allocated among Units in the same manner as the insurer determines to be reasonably allocable to each Unit and (b) be collected as a Special Assessment against the applicable Unit, pursuant to Section 12.3.1. If the insurer does not allocate such premiums by Unit, the premiums shall (a) be allocated among Units based on each Unit's Percentage Interest and (b) be collected as part of the Regular Assessment or as a Special Assessment against the applicable Unit, as the Board of Directors shall determine. No Unit Owner may elect not to pay its proportionate share of the cost of insurance obtained by the Association.

8.4. INSURANCE BY OWNERS

Unless the Board of Directors has determined that the similarity of the furnishings, other personal property and conditions in the Units is such that it is desirable for the Association to include in its insurance coverage a defined level of insurance for such matters (as authorized by Section 8.3, above), then each Owner, at such Owner's expense, shall obtain such insurance as the Owner determines is desirable for (a) furnishings and other personal property in the Unit, (b) for liability insurance covering insurable events occurring within the Unit of such Owner, and (c) such other insurance coverage in relation to the Owner's Unit as the Owner determines is desirable, including property coverage for improvements to the Unit made by the Owner or a predecessor Owner that cause such Unit to differ materially from standard Units of a similar type. The Board of Directors may determine that the Association shall collect and pay premiums for such insurance as a Special Assessment against the applicable Unit(s), pursuant to Section 12.3.1. The existence of insurance coverage obtained directly by an Owner is not intended to affect or replace any insurance coverage obtained by the Association, or give the Owner the right to refuse to pay such Owner's share of the premium for the insurance obtained by the Association, or cause the diminution or termination of such coverage obtained by the Association, or result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of the existence or non-existence of insurance coverage maintained or required by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a Special Assessment. Any insurance obtained by an Owner shall include a provision waiving the insurance company's right of subrogation against the Association and other Owners. Notwithstanding the above provisions, the Board of Directors may determine that the Association will obtain some or all of the insurance set forth in the first sentence of this section, in which event the cost thereof shall be allocated among Owners in the same manner as in Section 8.3.

8.5. INSURANCE TRUSTEE

The Board of Directors may, at its discretion, retain any bank, trust company, or South

Carolina attorney or law firm, certified public accountant, the Management Agent, or other Person authorized by law to act as trustee, agent or depository (the "Insurance Trustee") on behalf of the Association for the purpose of receiving or distributing any insurance proceeds. If so, the Board of Directors may delegate to the Insurance Trustee any powers or duties of the Association set forth in this Section 8. The Insurance Trustee shall not be liable for payment of premiums, the renewal or sufficiency of the policies, or failure to collect any insurance proceeds. The fees and reasonable expenses of the Insurance Trustee shall be a Common Expense.

8.6. USE OF PROCEEDS IF DAMAGE TO UNITS ONLY

If a loss occurs only to a Unit, without any loss to Common Elements, the Owner and any mortgagee of such Unit shall use the proceeds of any insurance of the Association to effect necessary repairs to the Unit. The Owner shall promptly obtain estimates and/or bids for the cost of repairing and reconstructing the damaged Unit. The Owner shall provide adequate information to the Association to confirm the cost of repairing and reconstructing the damaged Unit, the existence of a valid contract to repair and reconstruct the damaged Unit, and that the insurance proceeds are sufficient to pay for the same. The Association shall disburse the net insurance proceeds received because of the loss directly to the Owner of the damaged Unit(s) pursuant to such procedures as the Association shall reasonably determine. Because of the problems that could ensue for other Owners and the Association if an Owner failed to properly repair or reconstruct the Owner's Unit, if the insurance proceeds are insufficient to pay the cost of the repair of the damaged Unit, the Board of Directors may, in its sole discretion, subject the damaged Unit to a Special Assessment for the remaining funds necessary to repair the Unit.

8.7. USE OF PROCEEDS IF DAMAGE TO COMMON ELEMENTS ONLY

If loss occurs only to Common Elements (including Limited Common Elements), the Board of Directors or the Insurance Trustee shall obtain estimates and/or bids for the cost of repairing and reconstructing the damaged Property and determine whether insurance proceeds are sufficient to pay for the same. If the insurance proceeds are insufficient to pay the cost of the repair and reconstruction, the Board of Directors may, in its sole discretion, impose a Special Assessment on all Units to provide the remaining funds necessary to repair or reconstruct the Common Elements or fund a loan for such purposes. The Association shall then promptly contract for the necessary repairs or reconstruction to the Common Elements.

8.8. USE OF PROCEEDS IF DAMAGE TO UNITS AND COMMON ELEMENTS

Because of the administrative and construction coordination complications that can occur if a loss occurs to one or more Units and to Common Elements (including Limited Common Elements), the Board of Directors may determine that all insurance proceeds received as a result of such loss shall be delivered to the Association or Insurance Trustee. The Association or Insurance Trustee shall obtain estimates and/or bids for the cost of rebuilding and reconstructing the damaged Property and determine whether insurance proceeds are sufficient to pay for the same. Because of the problems that could ensue for other Owners and the Association if an Owner failed to properly repair or reconstruct the Owner's Unit, if the insurance proceeds are insufficient to pay the cost of the repair of the damaged Units, the Board of Directors may, in its sole discretion, subject the damaged Units to a Special Assessment to provide the remaining funds necessary to repair the Units or fund a loan for such purposes. If the insurance proceeds are insufficient to pay the cost of the repair and reconstruction of the damaged Common Elements, the Board of Directors may, in its sole discretion, impose a Special Assessment on all Units to provide the remaining funds necessary to repair or reconstruct the Common Elements or fund a loan for such purposes. The Association shall then promptly contract for the necessary repairs and reconstruction of the Common Elements and the damaged Units. If, however, in the sole opinion of the Board of Directors, the necessary repairs to the damaged Units are repairs that can be accomplished without detrimentally affecting other Owners or the Common Elements, then the Association may allow the Owner of the Unit to contract directly for the repair of the Unit. In such event, the Owners or mortgagees of the damaged Units shall apply the insurance proceeds and any applicable Special Assessment to effect necessary repair and restoration to the Units.

8.9. USE OF EXCESS PROCEEDS

If funds of the Association remain after completion of repairs and reconstruction and

payment of any Insurance Trustee's fees and other fees or expenses, such funds shall be distributed (i) first, to the Unit Owners who paid Special Assessments for repair and reconstruction in the same proportion as their Special Assessment bears to all Special Assessments for repair and reconstruction, until all Special Assessments (and such imputed interest thereon, if any, as the Board of Directors determines is appropriate and reasonable) have been repaid, (ii) second, to such reserves of the Association as the Board of Directors shall determine is reasonable, and (iii) third, to the Unit Owners in proportion to their Percentage Interests. Any excess insurance proceeds of Unit Owners that are held by the Association shall be distributed to the applicable Unit Owners.

8.10. WHEN RECONSTRUCTION NOT REQUIRED

In accordance with Section 27-31-250 of the Act, reconstruction is not mandatory if more than two-thirds of the Property must be reconstructed. If such provision of the Act is amended, then the amended provision shall apply.

8.11. CONTRACT ADMINISTRATION DURING RECONSTRUCTION

The Board of Directors, Insurance Trustee and Unit Owners shall endeavor to require all substantial contractors, suppliers and providers of services during repair and reconstruction to deliver waivers of mechanics liens on the Property and execute any affidavit required by law or reasonably required by any insurer or the Association.

8.12. RIGHTS OF MORTGAGEES

No holder, insurer or guarantor of the mortgage on a Unit (a "Mortgagee") shall have any right to participate in the determination of whether property is to be rebuilt or whether insurance proceeds shall be used to repay the Mortgagee's loan, except in accordance with this Section 8. Notwithstanding, any Mortgagee that has provided to the Association the information required by Section 10.2, below, shall have the right to timely written notice by the Association of (a) any condemnation or casualty loss that is known to adversely affect either a material portion of the Property or the Unit securing the mortgage of such Mortgagee; (b) any delinquency exceeding 60 days in the payment of the Assessments or charges owed to the Association by the Owner of the Unit securing the mortgage of such Mortgagee; (c) a lapse, cancellation or material modification of any insurance policy maintained by the Association relating to the Unit securing the mortgage of such Mortgagee; and (d) any proposed action that requires the consent or approval of a specified percentage of Mortgagees. The Association may charge a reasonable fee to cover the administrative and delivery costs to the Association for providing such written notice. Such fee shall be payable, as a Special Assessment, by the Owner of the Unit subject to the mortgage of such Mortgagee.

8.13. ATTORNEY-IN-FACT FOR OWNER

Each Owner irrevocably constitutes and appoints the Board of Directors and any Insurance Trustee, or either of them, as such Owner's true and lawful attorney-in-fact for the purpose of dealing with any matters relating to the Unit of the Owner and arising under this Section 8. As attorney-in-fact, the Board of Directors and any Insurance Trustee, or either of them, may execute all documents with respect to the interest of the Owner that may be necessary or appropriate to the powers granted hereby, as determined by the attorney-in-fact.

9. CONDEMNATION.

9.1. IF RESTORATION WILL OCCUR

If the Property or any part thereof shall be taken or condemned by any authority having a power of eminent domain, any compensation for such taking or condemnation shall be payable to the Association or such bank, trust company or law firm authorized to do business in South Carolina as the Board of Directors shall designate as Trustee for all Unit Owners and mortgagees affected thereby, and allocated in proportion to the respective loss or damages to the Common Elements and the Units. To the extent deemed feasible by the Board of Directors, such proceeds shall be used by the Association to restore or replace the condemned Property or the remaining Property. In so doing, the Association shall follow the concepts and procedures set forth in the preceding Section 8, as applicable.

9.2. IF RESTORATION WILL NOT OCCUR

If the Board of Directors determines that such restoration or replacement is impracticable, the Association shall, with the proceeds received from such condemnation or taking, remove all

necessary remains of such improvements so taken or condemned, restore the remaining Property affected to good and orderly condition, and equitably distribute any remaining proceeds from such condemnation or taking to the Association or Unit Owners affected thereby. In so doing, the following principles shall apply:

9.2.1. The total amount allocated to a taking of or injury to the Common Elements shall be apportioned among Owners on the basis of each Owner's Percentage Interest in the Common Elements.

9.2.2. The respective amounts allocated to the taking of or injury to a particular Unit shall be apportioned to the Owner of the particular Unit involved.

9.2.3. The total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board of Directors determines to be equitable.

10. MISCELLANEOUS.

10.1. UNIT MORTGAGES

Each Unit Owner shall have the right, subject to the provisions hereof, to make a separate mortgage or encumbrance on his Unit. No Unit Owner shall have the right to make or create, or cause to be made or created, any mortgage, encumbrance or other lien on or affecting the Property or any part hereof, except the Unit of such Owner.

10.2. RIGHTS OF MORTGAGEES

Any holder, insurer or guarantor of the mortgage on a Unit (a "Mortgagee") may provide to the Association from time-to-time, in writing, current information regarding its mortgage interest in any Unit. Such information shall include the Unit number and address; the name of the Owner of the Unit; the name, address, telephone and facsimile number of the Mortgagee, and the name of a contact person or persons for the Mortgagee. If the interest of the Mortgagee is terminated or the interest of the Mortgagee is lawfully assigned to another entity, the Mortgagee shall promptly notify the Association of such termination or assignment, including comparable information regarding any assignee of its interest; and failure to do so shall automatically terminate any rights of the Mortgagee under this Master Deed that require notice to or approval by such Mortgagee. If any request for approval or consent is sent by certified or registered mail to a Mortgagee at its address of record by the Association, the Declarant, or their authorized agent, and no responsive written answer is received from the Mortgagee within fourteen (14) calendar days of such notice, then the approval or consent requested shall be deemed to have been given by the Mortgagee.

10.3. REAL ESTATE TAXES

It is intended that real estate taxes, assessments, and other charges of any taxing or assessing authority shall be separately assessed against each Unit and the Unit's corresponding Percentage Interest in the Common Elements. If such taxes, assessments or charges are taxed on the Property as a whole, then each Unit Owner shall pay its proportionate share thereof in accordance with the Unit's respective Percentage Interest. The Board of Directors shall determine the amount due and notify each Unit Owner as to the real estate taxes payable for such Unit. No forfeiture or sale of the Property as a whole for delinquent taxes, assessments, or charges shall ever divest or in any way affect the title to an individual Unit so long as the applicable tax, assessment, or charge on the Unit is currently paid in a timely manner.

10.4. INTERVAL OWNERSHIP PROHIBITED

Units shall not be divided into, operated as, or leased as "timeshares" or interval ownership segments. This shall not be deemed to prevent ownership of Units by legal entities such as corporations, limited liability companies, partnerships, trusts, etc. or by forms of joint ownership such as tenancies in common.

10.5. USE LIMITED TO TRANSIENT GUESTS

Because of the size and configuration of Units, the absence of kitchen and dining facilities, and security, safety and insurance considerations, no Unit Owner shall occupy or use such Owner's Unit, or permit the occupancy or use of such Owner's Unit, for any purpose other than transient guest accommodations. Notwithstanding, the Unit Owner may personally use the

Unit as a transient guest on such terms as may be agreed upon by the Unit Owner and the Owner's Agent, subject to the provisions of this Master Deed and such rules and regulations of the Association as may be adopted in accordance with this Master Deed. In order to promptly address any problems that arise in coordinating use of Units, such transient guest accommodations and any rental of the Unit shall be managed by a professional, properly licensed, hotel or rental management company doing business in the City of Charleston, South Carolina (the "Owner's Agent"). The Management Agent for the Association may serve as an Owner's Agent.

10.6. SELECTION OF OWNER'S AGENT; PERSONAL USE OF UNIT

The Owner's Agent shall be selected by the Unit Owner.

10.7. INFORMATION TO BE PROVIDED TO MANAGEMENT AGENT

If the Owner's Agent is an entity other than the Management Agent for the Association, the Unit Owner shall notify the Management Agent (or such other entity as the Board of Directors shall determine) in writing regarding the name, address, telephone and facsimile number, and internet address of such Owner's Agent, and the name of the contact person or persons for such Owner's Agent. If requested by the Management Agent or the Board of Directors, the Owner's Agent shall notify the Management Agent, prior to occupancy by the Unit Owner or any guest of the Unit Owner, of the name of any persons occupying the Unit and the anticipated dates of occupancy for the Unit.

10.8. NOTICE OF SALE OR OTHER CONVEYANCE

If an Owner sells or otherwise conveys a Unit, the conveying Owner shall promptly cause to be furnished to the Association, in writing, the name, home address and home telephone number of such purchaser or transferee and the forwarding address of the conveying or leasing Owner. The Association may require a transferor or transferee Owner to provide a copy of the deed or other instrument by which the Unit was conveyed. When any Person receives title to a Unit by devise or inheritance, or by any other method not heretofore considered, it shall be the responsibility of the Person acquiring title to notify the Association that such transfer has occurred and to provide the information set forth above.

11. NOTICES.

11.1. NOTICE PROCEDURE

Whenever notice is required or permitted under the terms of this Master Deed, it shall be in writing and (a) personally delivered or (b) sent postage or delivery charges prepaid either (i) by United States mail, certified, return receipt requested, in which case notice shall be deemed to occur on the certified date of delivery or rejection of delivery or (ii) if within the United States, by First Class or Priority United States mail, in which case notice shall be deemed to occur four (4) calendar days after date of postmark, or (iii) by any dependable delivery service that provides evidence of delivery, in which case notice shall be deemed to occur on the certified date of delivery. Notices by other methods, such as facsimile or e-mail transmission, shall be valid if the recipient thereof acknowledges receipt in writing.

11.2. ADDRESSES

All notices to Owners shall be sent to such address as has been provided, in writing, from time to time, by the Owner to the Association, or if no address has been so provided to the Association or no current address is known, then at the address of the Owner of the Unit on the property tax records of Charleston County, South Carolina or at any other address that would constitute a valid address for service of process.

All notices to Declarant shall be sent to:

Suncoast Properties of South Carolina, LLC
 Attn: Managing Member
 3 Craigmillar Place
 Greer, SC 19650

or to such other address as has been provided, in writing, from time to time, by the Declarant to the

Association.

All notices to the Association shall be sent to:

Elliott House Inn Owners Association, Inc.
c/o Elliott House Inn Management Agent
78 Queen Street
Charleston, SC 29401

or to such other address as has been provided, in writing, from time to time, by the Association.

All notices to Mortgagees shall be sent to such address as has been provided, in writing, from time to time, to the Association in accordance with Section 10.2, or to any other address and by any procedure that would constitute a valid address for service of process.

12. ASSESSMENTS.

12.1. PURPOSE OF ASSESSMENTS

The Assessments shall be used to accomplish the provisions set forth in this Master Deed and to promote the health, safety, convenience and general welfare of the Owners, including the improvement and maintenance of the Common Elements.

12.2. REGULAR ASSESSMENTS AND BUDGET

12.2.1. Fiscal Year and Annual Budget

The fiscal year of the Association shall be the calendar year. Unless otherwise determined by the Board of Directors, the Board of Directors shall prepare or cause to be prepared by December 1 an operating budget (the "Budget") for the next fiscal year setting forth the estimated Common Expenses and anticipated revenues of the Association for such fiscal year, and any projected deficit or surplus from the preceding fiscal year. (In the initial year after recordation of this Master Deed, the Board of Directors may, in its sole discretion, prepare or cause to be prepared the Budget for the balance of the current fiscal year.) The Budget, once approved by the Board of Directors, shall serve as the basis for Assessments to all Owners (the "Total Assessments") for such fiscal year and the primary guideline under which the Association is projected to be operated during such fiscal year; provided, however, that the Board of Directors may, in its sole discretion, submit the proposed Budget to a vote of the Owners or amend the Budget for good cause. If the Association fails for any reason to adopt a Budget for the fiscal year, then until such time as it is adopted, the Budget and Total Assessments then in effect for the current year shall automatically be increased effective the first day of the fiscal year in the same proportion as any percentage increase during the current Year over the preceding Year, in the Consumer Price Index, all Urban Consumers, United States City Average, All Items (the "CPI") or its successor index, as determined by the Board of Directors. In order to provide time to determine any applicable increase, the "Year" for determining the CPI shall be measured from October 1 through September 30. Such adjusted Budget shall be the Budget for the succeeding year, until a new Budget is adopted. The Association shall furnish to each Unit Owner a copy of the Budget for the forthcoming fiscal year and a statement of the amount of the Assessment payable by such Owner for the fiscal year.

12.2.2. Financial Statement

Within ninety (90) days following the close of the Association's fiscal year, the Board of Directors shall endeavor in good faith to cause an unaudited or audited financial statement of the Association (the "Annual Report") to be prepared by a public accountant licensed to practice in the State of South Carolina. Upon written request, a copy of the Annual Report shall be provided to any Owner of any Unit, but the Association may charge a reasonable fee to cover the reproduction, postage and administrative expenses incurred.

12.2.3. Elements of Budget

The Budget and the Assessments shall be based upon annual estimates by the Association of its revenues and its cash requirements to pay all estimated expenses and costs arising out of or connected with the use, maintenance and operation of the Common Elements and the operation of the Association. Such estimated expenses and costs may include, among other things, the following: expenses of management, including compensation of any Management Agent; taxes

and assessments; insurance premiums and deductibles; repairs and maintenance; wages and personnel expenses for Association employees; utility charges for Common Elements and Units (because the Units are not separately metered); legal and accounting fees; any deficit remaining from a previous period; creation of one or more reasonable contingency reserves and/or sinking funds for existing or anticipated expenses or costs of the Association; any principal and interest payments due for debts of the Association; and any other expenses, costs and existing or projected liabilities that may be incurred by the Association. All such expenses and costs shall constitute the "Common Expenses".

12.2.4. Apportioning Assessments

Except as expressly stated in this Master Deed, the Owner of each Unit shall pay that percentage of the Assessments as the Owner's Percentage Interest bears to all Percentage Interests.

12.2.5. When Assessments Are Payable

Unless the Board of Directors elects a different payment period, Regular Assessments shall be due and payable quarterly, prior to the first day of the calendar quarter to which the Regular Assessments apply. After a Unit Owner has been notified of the amount of the periodic Regular Assessment, no further notice of the Regular Assessment due shall be required.

12.3. SPECIAL ASSESSMENTS

12.3.1. Special Assessments by Board of Directors

In addition to the Regular Assessments authorized above, the Board of Directors may levy Special Assessments applicable to no more than a three (3) year period to cover costs such as any unbudgeted property taxes or assessments; in the event of an insured loss or claim, any deductible amount under the insuring policy or unfunded amount to repair the loss or satisfy the claim; and unbudgeted repairs, costs, fees or expenses, etc. of any construction, reconstruction, repair, demolishing, replacement, renovation or maintenance of the Common Elements. Except as set forth below, Special Assessments shall be allocated among Units in the same manner as other Assessments. In addition to Special Assessments of all Units, the Association may levy a Special Assessment against a particular Unit (i) to cover the costs of providing services to or on behalf of a particular Unit or Owner of such Unit at the request of such Owner or (ii) to cover costs incurred as the result of the failure of the Owner or Occupants of the Unit, their agents, guests, invitees or licensees, to execute any responsibility they may have under this Master Deed, the Bylaws or the Rules and Regulations.

12.3.2. Special Assessments with Owner Approval

Any other Special Assessment shall be approved by a Majority of Owners, as defined in Section 1. Meetings or votes of Owners for the special purpose of considering a Special Assessment shall be held only after written notice by the Association to the Owners of the Units, in accordance with the notice procedure set forth in the Bylaws. The meeting or vote shall occur no earlier than the date specified in the Bylaws for a special meeting of the Association. The notice shall state generally the purpose and amount of the proposed Special Assessment.

12.3.3. When Special Assessments Are Due

Special Assessments shall be payable by the date determined by the Board of Directors, but no earlier than fourteen (14) days after notice of such Special Assessment shall have been given to the Owner.

12.4. INITIAL WORKING CAPITAL ASSESSMENT

In order to provide the Association with adequate working capital funds, the Association shall collect from the initial Owner of a Unit, at the time of transfer of ownership to the initial Owner (other than the Declarant), an amount equal to three (3) months of the annual Regular Assessment for such Unit in effect at the time of closing of the purchase. The Association may maintain the working capital funds in a reserve account to meet unforeseen expenditures or use the funds to acquire additional equipment or services for the benefit of the Association. Such payments shall not be considered advance payments of Regular Assessments and shall not be refundable at the time of transfer of ownership by the Owner making the payment.

12.5. EFFECT OF NON-PAYMENT OF ASSESSMENTS

Any Assessment that is not paid to the Association when due, shall be delinquent. The Board of Directors may levy a "late charge" not to exceed five percent (5%) of the amount due, plus simple interest at a rate not to exceed five (5) percent over the Prime Lending Rate as set forth in The Wall Street Journal from the date when the Assessment is due until the date it is received by the Association. Such charges shall be added to and collected in the same manner as other Assessments. The Board of Directors may, in its sole discretion, waive all or any portion of such charges or interest if it determines that the failure to pay the Assessment or charge when due was caused by circumstances beyond the control of the Owner or other good cause. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Unit.

12.6. LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS

Assessments, including interest and charges thereon, and costs of collection thereof (including reasonable attorneys' fees and expenses) shall be (i) the personal obligation of the Person who was the Owner of such Unit at the time when the Assessment was due and agreed by the Association, also of any subsequent Owner (other than a mortgagee, to the extent provided in Section 12.7, below), (ii) a charge on the Unit to which such Assessments are applicable and (iii) a continuing lien and encumbrance upon such Unit in favor of the Association. To evidence a lien for sums assessed pursuant to this Section, the Association may prepare a written notice of lien setting forth the amount of the unpaid Assessment, the due date, the amount remaining unpaid, including any interest or charges, the name of the Owner of the Unit, and a description of the Unit. Such notice shall be signed and acknowledged by a duly authorized officer of the Association or any Management Agent of the Association and may be recorded in the Register of Mesne Conveyance Office for Charleston County. No notice of lien shall be recorded until there is a delinquency in payment of the Assessment, but notice of lien shall not be a condition precedent to or delay the attachment of the lien, which shall attach on the date that the Assessment is levied or the date of the event that gives rise to the obligation to pay the Association. Such lien may be enforced as set forth in this Master Deed or otherwise permitted by law.

12.7. SUBORDINATION OF LIEN; MORTGAGEE RIGHTS

Unpaid Assessments then due and payable on a Unit shall be paid by the conveying Owner at the time of any conveyance of the Unit, or, if not paid, shall be payable by the Person to which the Unit is conveyed. Pursuant to Section 27-31-210 of the Act, the lien on a Unit for unpaid Assessments shall be subordinate to the liens for any unpaid taxes and any duly recorded prior mortgage or other duly recorded lien on the Unit. Sale or transfer of any Unit shall not affect the lien for unpaid Assessments. However, pursuant to Section 27-31-210(b) of the Act, if a mortgagee of any mortgage of record or other purchaser of a Unit obtains title at a foreclosure sale, the Person acquiring title shall not be liable for Assessments allocable to the Unit that accrued after the date of recording of the mortgage and prior to the acquisition of title at the foreclosure sale. Unless the Board of Directors determines that such unpaid Assessments shall be waived or reduced by the Association, or deferred pending efforts to recover from the delinquent Owners, such unpaid Assessments shall be deemed Common Expenses collectible from all Unit Owners, including the Person acquiring title, its successors and assigns, in accordance with their respective Percentage Interests.

12.8. STATEMENT OF ACCOUNT

Upon written request of any Owner, Mortgagee, bona fide prospective Mortgagee, lessee, or bona fide prospective purchaser or lessee of a Unit, the Association or its duly authorized agent shall issue a written statement, in care of the address shown on the records of the Association or the written request (which shall be conclusive upon the Association) setting forth the following:

- (i) The amount of any unpaid Regular Assessment, Special Assessment or Working Capital Assessment, if any, applicable to such Unit.
- (ii) The amount of the current Regular Assessment and any current Special Assessment and the date or dates upon which any payment thereof shall become due.
- (iii) The amount of any credit for advance payments of Regular Assessments or Special

Assessments.

The Association may charge a reasonable fee to cover the reproduction, postage, personnel and administrative expenses incurred in providing such a statement. Unless such written statement is delivered within twenty-one (21) calendar days after receipt of the request (or such longer period as is authorized in the request) and any reasonable fee charged by the Association, the Association shall have no right to assert a priority lien on the Unit for the amount of unpaid Regular Assessment or Special Assessment then applicable to such Unit.

13. REMEDIES OF ASSOCIATION.**13.1. REMEDIES AND ENFORCEMENT**

Each Owner shall comply with this Master Deed, the Bylaws and the Rules and Regulations adopted pursuant to this Master Deed, as they may be amended from time to time. Failure to comply shall be grounds for the Association to impose fines (as a Special Assessment and after notice as set forth in this Master Deed); institute an action to recover sums due, for damages, for injunctive or equitable relief, or for specific performance; or exercise any other enforcement right that may exist in law in equity. Such actions shall be maintained by the Board of Directors on behalf of the Association. The Association may bring an action at law against a delinquent Owner personally for the collection of any delinquent Regular Assessment, Special Assessment, or Working Capital Assessment, or foreclose the lien against the delinquent Owner's Unit in the same manner in which a mortgage on real property may be foreclosed in the State of South Carolina. The Association shall have the right to bid in at any foreclosure sale, and, upon conveyance to the Association, thereafter hold, lease, mortgage, or convey the subject Unit. Failure on the part of Declarant or the Association to exercise any right, power or remedy herein provided shall not be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach, or as to any violation or breach occurring prior to subsequent thereto. No right of action shall accrue in favor of and no action shall be brought or maintained by any Person against Declarant or the Association because of its failure to bring an action as a result of any purported or threatened violation or breach by any Person of the provisions of this Master Deed, the Bylaws or any Rules and Regulations of the Association.

13.2. ATTORNEYS FEES AND COSTS

In any suit, arbitration, counterclaim or other legal action by the Declarant or the Association to enforce any of the provisions of the Master Deed or the Bylaws, or any appeal thereof, if the Declarant or the Association is the prevailing party, the Declarant or the Association shall be entitled to recover its costs and disbursements and reasonable attorneys' fees and expenses from any other party to the suit or action that is subject to this Master Deed.

13.3. DISCHARGE OF MECHANIC'S LIENS

The Association may cause to be discharged any mechanic's lien or other encumbrance that in the opinion of the Association may constitute a lien against the Common Elements. If less than all of the Owners are responsible for the existence of said lien, the Owners responsible, as determined by the Board of Directors, shall be jointly and severally liable for the amount necessary to discharge the same, and for all related costs and expenses, including attorney's fees and court costs, incurred by reason of the lien.

14. AMENDMENTS.**14.1. AMENDMENT TO MASTER DEED BY ASSOCIATION**

Amendments to this Master Deed, other than those authorized by Sections 14.2 and 14.3, below, shall be approved by at least two-thirds (2/3rds) of the Percentage Interests then existing, in accordance with the procedure set forth in the Bylaws; provided, however, (a) no amendment that imposes a greater economic or legal burden on Declarant than the burden that exists under the current provisions of this Master Deed shall be valid unless it is approved, in writing, by Declarant, and (b) no amendment that increases the Percentage Interest of any Owner shall be valid unless it is approved, in writing, by the affected Owner(s).

14.2. AMENDMENTS TO MASTER DEED BY DECLARANT

Notwithstanding any other provision herein or in the Bylaws, Declarant may amend or supplement this Master Deed without the consent of the Association, any Owner, any easement

grantee, or any mortgagee if, in Declarant's opinion, based on advice of legal counsel, such amendment is necessary to (a) correct any scrivener's error in this Master Deed; (b) bring any provision of the Master Deed into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination that is in conflict with this Master Deed; (c) enable any reputable title insurance company to issue title insurance coverage with respect to any Units subject to this Master Deed; (d) enable any mortgagee to make mortgage loans on reasonable terms; (e) enable any insurer to provide insurance required by this Master Deed; or (f) clarify any provision of this Master Deed or eliminate any conflict between provisions of this Master Deed; provided, however, that, except as set forth in Section 14.3, below, amendments other than those in (a) or (b) shall not, without the express written permission of the affected Owner(s), increase any Owner's share of Common Expenses, increase the purchase price of any Unit, or materially and adversely affect the rights of other Owners.

14.3. AMENDMENTS TO RULES AND REGULATIONS

Amendments to Rules and Regulations may be made by a majority of the Board of Directors.

15. GENERAL.

15.1. TITLE

Every Unit Owner shall promptly cause to be duly recorded with the Register of Mesne Conveyance Office for Charleston County the deed or other document conveying the Unit to such Owner. Upon written request of the Association, the Owner shall file a true copy of such evidence of title with the Association or its designee.

15.2. APPLICABLE LAW AND INTERPRETATION

This Master Deed and the Bylaws shall be construed in accordance with the laws of the State of South Carolina. In all cases, the provisions set forth or provided for in this Master Deed shall be construed together, given that interpretation that is reasonable, be liberally interpreted and, if necessary, be extended or enlarged by reasonable implication as to make them fully effective. The captions herein as to the contents of various portions of the Master Deed are inserted only for convenience and are not to be construed as defining, limiting, extending or otherwise modifying or adding to the particular provisions to which they refer. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to any Person, as defined herein, shall in all cases be assumed where reasonably required. The effective date of this Master Deed shall be the date of its filing for record in the Register of Mesne Conveyance Office for Charleston County, South Carolina.

15.3. CONFLICTS WITH ACT OR LAW

This Master Deed is intended to comply with the Act and, to the extent reasonable, shall be so construed. If any provision of this Master Deed clearly conflicts with a mandatory provision of the Act or applicable law, the provisions of the Act or applicable shall apply and control. If such conflict invalidates any provision of this Master Deed, such invalidation will not affect any of the other provisions contained herein unless the result would clearly be inequitable, and the other provisions shall remain in full force and effect.

15.4. TRANSFER OF DECLARANT'S RIGHTS

Unless the transfer of a right or interest of Declarant is expressly stated in this Master Deed to occur upon the earlier happening of a defined event, any right or interest of Declarant reserved or contained in this Master Deed may be transferred or assigned by the Declarant to any Person, either separately or with other rights or interests, by written instrument executed by both Declarant and the transferee and recorded in the Register of Mesne Conveyance Office for Charleston County, South Carolina.

15.5. MODIFYING SYSTEM OF ADMINISTRATION OF ASSOCIATION

The system of administration of the Association may be modified in accordance with the provisions of South Carolina Code Section 27-31-160 or any successor statute defining the applicable procedure.

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IN WITNESS WHEREOF, the Declarant has hereunto set its Hand and Seal this

2 day of June, 2005.

WITNESSES:

SUNCOAST PROPERTIES OF SOUTH CAROLINA, LLC

Carel R. Lindsey
Kristen Williams

G. Peter Manos by M. Kevin Williams, his
Atty in Fact
By: G. PETER MANOS, by M. KEVIN WILLIAMS
his ATTY in FACT.
Its: Member

STATE OF SOUTH CAROLINA)

COUNTY OF Charleston)

ACKNOWLEDGMENT

I, Kristen Williams, a Notary Public, hereby certify that

G. Peter Manos by Kevin Williams his atty in fact, as a Member of Suncoast Properties of South Carolina, LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Subscribed to and sworn before me this 2 day of JUNE, 2005.

Kristen Williams
Signature of Notary Public

(SEAL)

Notary Public for South Carolina

My Commission Expires: 9/18/10

EXHIBIT "A": LEGAL DESCRIPTION

ALL that lot, piece or parcel of land, with the buildings and improvements thereon, situate, lying and being on the North side of Queen Street, in the City of Charleston, State of South Carolina, and known by the present number system of Queen Street as number 78.

Measuring and containing on the North and South lines twenty feet, more or less, and on the East and West lines, one hundred forty-five feet, more or less.

Butting and bounding North on land now or formerly of Carrington; East on lands now or formerly of Harvey; West on lands now or formerly of McKeeyan; and South on Queen Street.

ALSO

ALL that lot, piece or parcel of land, situate, lying and being on the North side of Queen Street, in the City of Charleston, County of Charleston, State of South Carolina, and known in the present numbering of streets in the City as No. 80 Queen Street.

Measuring and containing in front on Queen Street thirty-eight and fifty-five one hundredths (38.55'); on the rear line forty and forty-five one hundredths feet (40.45'); in depth on the west line one hundred fifty-two and sixty-five one hundredths feet (152.65'); and in depth on the East line one hundred fifty and one tenth feet (150.1'), be same dimensions more or less.

Being the same premises shown on a plat entitled "CITY OF CHARLESTON, S.C. NO. 80 QUEEN STREET SURVEYED BY LINES OF OCCUPATION ABOUT TO BE CONVEYED TO BETTY K. GOLDBERG", which survey was made by E. M. Seabrook, Jr., Civil Engineer & Land Surveyors, dated April 5, 1963, and is of record with the RMC office for Charleston County in Plat Book N at Page 173, reference to which is craved for a more full and complete description of the premises herein conveyed.

The above described property is further more fully shown and described on the plat of Moses A. Thomas, Land Surveyor, dated December 9, 1985, and recorded in the RMC Office for Charleston County in Plat Book BG at Page 159, reference to which is craved for a more full and complete description, said plat being revise December 11, 1986 but not re-recorded.

All of the above property being the same property conveyed to Suncoast Properties of South Carolina, LLC by deed from Boerman-Eldridge Corporation dated May 26, 2005, and recorded May 26, 2005 in Book 1538 at Page 367 in the RMC Office for Charleston County, South Carolina.

Being TMS Number 457-08-04-011.

Declarant's Address:

Suncoast Properties of South Carolina, LLC
Attn: Managing Member
3 Craigmillar Place
Greer, SC 19650