

the Office of the Clerk of Court for Beaufort County, South Carolina.

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Section 10.7 Other Easements. There is hereby granted to the Association, its Directors, Officers, agents, and employees and to any manager employed by the Association and to all policemen, firemen, ambulance personnel, and all similar emergency personnel, an easement to enter upon the Project or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 10.7 shall be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

ARTICLE XI

Assigned Value and Unit Vote

Section 11.1 Unit and Property Values. The Schedule of Percentage Interests contained in Exhibit "F", attached hereto, shows the assigned value of each Unit as of the date of this Master Deed and the Percentage Interests appurtenant to such Unit for all purposes. The value of the Project is equal to the total value of all Units, which includes the value of the appurtenant Percentage Interests in the Common Area and Limited Common Area.

Section 11.2 Unit Votes. Owners shall be entitled to a vote in the Association and for all other purposes therein equivalent to the Percentage Interests appurtenant to their respective Units.

ARTICLE XII

Rights Related to Mortgages

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Section 12.1 Notice of Action. Upon written request to the Association from any first mortgage holder ("Eligible Mortgage Holder") or any insurer or government guarantor of a first mortgage ("Eligible Insurer/Guarantor"), identifying the name and address of the holder, insurer, or guarantor and the Unit Estate number or address, such Eligible Mortgage Holder or Eligible Insurer/Guarantor shall be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects any material portion of the Project or any Unit Estate on which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgage Holder or Eligible Insurer/Guarantor, as applicable;

(b) Any delinquency in the payment of Assessments or other charges owed by any Owner of a Unit Estate subject to a first mortgage held, insured, or guaranteed by such Eligible Holder or Eligible Insurer/Guarantor which remains uncured for a period of sixty (60) days after written demand has been made to the Owner for payment;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Section 12.2 hereafter.

Section 12.2 Special Voting Rights of Eligible Mortgage 1270
 Holders. To the extent permitted by the Act, any action with respect to the Regime, including, but not limited to, amendment of the Regime Documents, restoration or repair of the Project after partial or total condemnation or casualty loss, or termination of the legal status of the Regime under the Act, requiring the vote of the Owners shall also require the consent of the Eligible Mortgage Holders holding mortgages on Unit Estates which represent at least fifty-one (51%) percent of the aggregate Percentage Interests of Unit Estates subject to liens of mortgages of Eligible Mortgage Holders; provided, however, that in the case of termination of the legal status of the Regime not made as a result of destruction, damage, or condemnation, the applicable percentage shall be sixty-seven (67%) percent instead of fifty-one (51%) percent.

Section 12.3 Extraordinary Action. Notwithstanding the powers granted to the Association to the contrary, unless all the Eligible Mortgage Holders have given their prior written approval, the Association shall not:

(a) By act or omission, voluntarily seek to abandon or terminate the Regime;

(b) Except as provided in Article VI, change the Percentage Interest or obligations of any Unit for the purpose of; levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or determining the pro-rata share of ownership of each Unit in the Common Areas;

(c) Partition or subdivide any Unit;

(d) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area; provided, however, that the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Area by the Board of Directors shall not be deemed a transfer within the meaning of this paragraph (d); or

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(e) Use hazard insurance proceeds from any casualty losses (whether two Units or to the Common Area) for purposes other than the repair, replacement, or reconstruction of such property until the damage or loss has been fully corrected.

Section 12.4 Failure to Provide Negative Response. For purposes of Article XII, an Eligible Mortgage Holder who receives a written request to approve action of the Owners in accordance with the provisions herein shall be deemed to have consented to such action unless the Eligible Mortgage Holder provides a negative written response to the Association within thirty (30) days of the date of receipt by the Eligible Mortgage Holder of the written request.

ARTICLE XIII

Expansion of Regime

Section 13.1 Additional Phases. The Developer hereby expressly reserves the right, privilege and option, to be exercised in its sole discretion, to expand the Regime as set forth herein.

(a) The Developer shall have the option to expand the

Regime by dedicating additional property thereto in up to eight (8) additional phases for a total of nine (9) phases in accordance with this Article XIII at any time until the expiration date set forth in Section 13.5, and said option shall not expire prior to that time unless the Developer files an agreement in the Office of the Clerk of Court for Beaufort County, South Carolina waiving said option. 1272

(b) The Property that the Developer may add to the Regime is described in Exhibits "K-1" and "K-2" attached hereto. Exhibits "K-1" and "K-2" describe the properties intended by the Developer, as of the date of the filing of this Master Deed, to be dedicated by separate sequential phases to the Regime. The Developer reserves the right, however, to amend, substitute, alternate, eliminate or add other lands to the properties dedicated with each additional phase and further reserves the right not to dedicate any such properties or phases to the Regime, and to dedicate such phases, or any of them, or any portions of them, in any order or configuration. There shall be no limitations as to the location or configuration of any Buildings, Units or Common Elements, or any other improvements that the Developer will construct on the additional phases, except that the maximum number of Units that may be constructed on the additional phases is fifty-nine (59) which with the seven (7) initial Units, herein dedicated to Phase I, totals sixty-six (66) Units for all phases.

(c) All Units created in the additional phases and

added to the Regime shall be restricted exclusively to residential use and any structures erected on the additional phases added to the Regime will be compatible with the structures now located in the Regime.

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(d) No limitations are placed on the right of the Developer to create Limited Common Elements within any portion of the additional phases added to the Regime or to designate Common Elements therein which may substantially be assigned as a Limited Common Elements. The undivided interest in the Common Elements and the liability for Common Expenses in the Regime will be reallocated among all Units in the Regime, after the addition of the additional phases, or any portion thereof. Exhibit "F" establishes the percentage or fraction of such undivided interests and liabilities upon the dedication to the Regime of each additional phase of the maximum number of units contemplated by the Developer upon execution and recording hereof. The Building and Unit numbers, quantity and configuration thereof, an interest percentages or fractions set forth on Exhibit "F" are subject to reallocation and change in accordance with such additional phases as are actually dedicated to the Regime by the Developer pursuant to this Article XIII. Each Unit created in the additional phases and added to the Regime will be allocated voting rights in proportion to its percentage interest in the Common Elements and the voting rights in the Association of Owners of the Units now and hereafter dedicated to the Regime and the voting rights and percentage interests pertaining to any

other property previously dedicated to the Regime at the time of the dedication of each such additional phase submitted hereby **1274** shall thereupon be adjusted.

(e) In the event that the option to add the additional phases or any portion thereof expires or is terminated as stated herein, the Developer shall not be obligated to impose on the additional phases, or any portion thereof, any covenants, conditions, or restrictions of any kind whatsoever. Furthermore, the option reserved by the Developer to cause all or any portion of the additional phases to become part of the Regime shall in no way be construed to impose upon the Developer any obligation to add all or any portion of the additional phases to the Regime or to construct thereon any improvements of any nature whatsoever.

(f) The option reserved under this Article XIII may be exercised by the Developer only by the execution and recordation by the Developer of an appropriate amendment to this Master Deed, as set forth below. Upon such amendment to this Master Deed and the recordation of any required plats and plans in accordance with the Act, the provisions of this Master Deed shall then be understood as and construed as embracing the parcels or phases, in whole or in part, described in Exhibits "K-1" and "K-2" together with the additional phases, or such portion thereof which is actually thereby submitted to the terms hereof and to the Act, together with all improvements located thereon.

Section 13.2 Recreational Amenities. The Developer hereby reserves the right but not the obligation to develop and

construct recreational amenities including, but not limited to, a swimming pool and a tennis court within the portions of the property described in Exhibits "A", "K-1" and "K-2" attached hereto. In the event the Developer constructs any recreational amenities within said property, the Developer may submit and subject such recreational amenities to the Regime established by this Master Deed as Common Area, or the Developer may subject such recreational amenities to another horizontal property regime. The Developer in its discretion may permit the use of such recreational amenities by owners of property within the property described by Exhibits "K-1" and "K-2", whether or not said property is dedicated to the Regime established by this Master Deed. In the event such recreational amenities are constructed and made available for use by Owners of Units in this Regime, then Owners of Units in this Regime shall pay as an additional Common Expense and Assessment a pro-rata portion of the expenses necessary to operate, maintain, repair and insure said recreational amenities. The Developer is hereby authorized to execute and record such documents and plans including, but not limited to, an amendment to this Master Deed as the Developer may deem necessary to effectuate its intentions regarding the development and use of such recreational amenities as the same pertains to this Regime without the further consent or approval of the owners of the units or the Board of Directors of the Association.

Section 13.3 Conditions Precedent to Filing of Amendments and Developer's Reservation of Rights. The Developer reserves the right to construct additional Units, as set forth above, on all or any portion of that certain real property more fully described in Exhibits "K-1" and "K-2" attached hereto and to submit said real property (or any portion thereof) and all improvements constructed thereon, to the Regime from time to time by filing one (1) or more amendments to this Master Deed, which shall be executed solely by the Developer for itself and as attorney-in-fact for all Owners and shall include the following particulars:

(a) A survey and legal description of the additional real property to be submitted to the Regime;

(b) A Site Plan and Floor Plans for all improvements constructed on said real property;

(c) A description of the portions of said real property and improvements which constitute Units, Common Area, and Limited Common Area; and

(d) An amended Exhibit "F" to the Master Deed specifying the respective Percentage Interests of the Owners of all Units after giving effect to the expansion of the Regime.

(e) Any other documents or materials which are necessary or appropriate in the discretion of the Developer and under the laws of the State of South Carolina referred to herein.

Section 13.4 Additional Conditions Precedent and Additional Reservations of Developer's Rights. The Developer shall have

the right to file the amendments prescribed by Section 13.1 herein only if all of the following conditions precedent have been met: 1277

(a) The improvements constructed on the real property to be added to the Regime pursuant to this Article XIII shall have been constructed in a manner substantially similar in terms of design, exterior appearance, quality of construction, size, parking, and landscaping to the Units comprising the original Project; provided, however, that the Developer reserves the right to reduce or increase the number of bedrooms in Units; to reduce or increase the number of floors per Building; adjust the number of Units to be contained in each Building; adjust the number of Units in the Project; develop or not develop additional Units; submit or not submit to this Regime additional Units; develop and build additional Units in whatsoever order it desires; change or modify the use of Units as may be consistent with this Master Deed and governing laws and regulations; change or modify this Master Deed and its exhibits, subsequent documents and amendments hereto an exhibits thereto; change and modify the design, construction, type, order, number and value of Units; and change or modify the proportionate interests of currently built Units or subsequently built Units.

(b) All improvements constructed on the additional real property shall have been constructed in a good and workmanlike manner and the improvements shall be substantially complete; provided, however, to the extent there are uncompleted

items, the Developer shall escrow sufficient funds with the Trustee to insure completion thereof.

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(c) A certificate as to the satisfaction by the Developer of the conditions precedent set forth in Paragraph (b), above, shall have been provided to the Association by an engineer or architect approved by the Board of Directors, which approval shall not be unreasonably withheld.

(d) All taxes and other assessments relating to the real property to be added to the Regime shall be paid or funds escrowed covering any period prior to submission to the Regime.

(e) Mechanics' lien affidavits or waivers shall be delivered to the Association evidencing that no person who has rendered services or provided materials in regard to the construction of the improvements on the real property to be added to the Regime has any claim which may constitute a lien on any portion of the Project, including the real estate and improvements to be added thereto, or a title insurance policy is provided to the Association insuring over such liens.

(f) The Developer shall provide, with respect to the real property and improvements to be added to the Regime, substantially the same warranties that are contained in Sections 3.4 and 3.6 (with the one (1) year time period set forth in Section 3.6 to commence upon conveyance of sixty (60%) percent of the Units being added to the Regime).

Section 13.5 Failure to Record Amendments to Master Deed.
In the event the Developer, in its sole discretion, elects to

proceed to enlarge the Regime by adding Units, Buildings and Phases, or any of them, in any order, or parts of any of them, **1279**
in any order, the Developer shall execute an amendment or amendments to this Master Deed which shall be filed for record in the Office of the Clerk of Court for Beaufort County, South Carolina. Failure of the Developer to file for record, in the Office of the Clerk of Court for Beaufort County, the amendment or amendments prescribed by Sections 13.1 and 13.2 hereof on or before December 31, 1998, shall constitute an irrevocable decision on the part of the Developer not to add any additional real property to the Regime and all further rights of the Developer under this Article XIII shall cease and be of no further force or effect.

Section 13.6 Assignability of Rights. The Developer shall be entitled to assign the rights reserved in this Article XIII to any person or entity to whom any portion of the real property, more fully described in Exhibits "K-1" and "K-2" attached hereto, is transferred.

Section 13.7 Adjustment of Percentage Interests. Anything to the contrary contained in this Master Deed notwithstanding, the Percentage Interests of each Owner for all purposes shall be adjusted upon the filing of the Amendment(s) prescribed by Section 13.1 hereof based upon the specified formula set forth in Exhibit "F" hereof, with the resulting Percentage Interests of each Owner in the Regime, as expanded, to equal the ratio expressed as a percentage, of the Assigned Value of each Unit as

set forth in Exhibit "F", and the total of the Assigned Values of the original Units and all additional Units added to the Regime as set forth in amended Exhibits "F".

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Section 13.8 Application of Master Deed. Upon the filing of the amendment(s) prescribed by Section 13.1 hereof, all definitions contained in this Master Deed shall be deemed amended to the extent necessary to cause the additional real property and the improvements described in such amendment to be treated as fully an integral part of the Regime as if said real property and improvements constituted a portion of the Project as of the effective date hereof.

Section 13.9 Annual Assessments for Additional Units and Working Capital Reserve. The Annual Assessment for the balance of the then current fiscal year with respect to Units added to the Regime pursuant to this Article XIII shall be equal to an amount determined by dividing the current Annual Assessment for the Project by 365 and multiplying the quotient by the number of days remaining in the then current fiscal year. Assessments regarding all of the additional Units shall commence upon the filing of the amendment prescribed by Section 13.1 hereof and shall be subject to the proration set forth in Section 4.4. Thereafter, all Units shall be assessed as otherwise provided for in this Master Deed.

All obligations with respect to Working Capital Assessments provided for in Section 4.8 shall be applicable upon the transfer of the additional Units by the Developer, within the sixty (60)

day period specified in said Section to commence as of the date of the amendment(s) prescribed by Section 13.1.

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Section 13.10 No Consent of Owners Required.

(a) The Developer shall have the absolute right to expand the Regime in accordance with this Article XIII and to file the amendment(s) prescribed in Section 13.1 hereof without any action or consent on the part of any Owner or mortgage holder; provided, however, that to the extent any action on the part of any Owner is required by any third party to assure the expansion of the Regime as provided for in this Article XIII, each Owner, in accepting a Deed to a Unit, agrees to undertake such action and/or provide such consents as are reasonably requested and expressly appoints the Developer his due and lawful attorney-in-fact, with full power of substitution, to execute all documents reasonably required to evidence the requisite action or consent. However, except as specifically set forth herein, the Developer reserves unto itself, its successors, and assigns the following options to be exercised, at its sole discretion, within the time limits set forth in this Article XIII.

(b) The Developer shall have the absolute right to convey to the utility district or company, any or all, in whole or in part, utility lines and pipes, with attachments and devices thereon and thereto, including, but not necessarily limited to power, light, natural gas, telephone, television, water, sewer, drainage and irrigation, excluding those which may be designated in this Master Deed as part of the Units, without any action or

consent on the part of any owner, mortgagee, the Regime or the Association. 1282

ARTICLE XIV

Transition Provisions

Section 14.1 General. The affairs of the Regime shall be managed in accordance with the By-Laws attached hereto as Exhibit "H" by and through the Association, which has been or shall be incorporated as a South Carolina non-profit corporation. The Owners shall have voting rights in the Association in the Percentage Interest set forth in Exhibit "F". Said voting rights shall be exercised in accordance with such rules and procedures as may be prescribed in the By-Laws, as amended from time to time, or by law.

Section 14.2 Election of Directors. At all times during the Transition Period the Developer shall have the sole and exclusive right to elect a majority of the Board of Directors and fill any vacancy of the Board caused by the withdrawal of any Director elected by the Developer in veto the removal of a Director elected by the Developer.

Section 14.3 Amendments. During the Transition Period the Developer shall have the right to veto any amendment of the Regime Documents, including this Master Deed and any amendments thereto, including (without limitation) any amendment with respect to this Article XIV.

Section 14.4 Cooperation. The Association shall cooperate with the Developer to the extent reasonable requested by the

Developer during and after the Transition Period to promote orderly development and marketing of the additional Units, planned for the Project, and it is acknowledged by the Association that it is in the best interest of all Owners to expand the Regime to include all the Units authorized by Article XIII hereof.

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Section 14.5 Controlling Provisions. In the event of any inconsistency between this Article XIV and any other provisions of the Regime Documents, this Article XIV shall be controlling and binding on all parties having an interest in the Regime.

ARTICLE XV

General Provisions

Section 15.1 Adherence to Provisions of Master Deed, By-Laws, and Rules and Regulations. Every Owner who rents his Unit must post inside his Unit a list of the Rules and Regulations of the Association. Any rental agency handling his rentals must further agree to abide by the Rules and Regulations and shall be responsible for informing and correcting any breaches of the policies by persons renting through its agency. Should a particular agency or person continue not to take corrective action against the renters he has contracted with or refuse to cooperate with the Association in the enforcement of its Rules and Regulations along with provisions of the Regime Documents, the Association may require the Owner to cease using the services of that particular rental agency. Refusal to do so may result in

finer against the Owner in an amount to be determined by the Board of Directors.

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Section 15.2 Amendment. Amendments to this Master Deed, except as herein expressly provided to the contrary, shall be proposed by the Board of Directors or by any member of the Association in accordance with the following procedure:

(a) Notice. Notice of the subject matter of the proposed amendment or amendments shall be included in the notice of the meeting of the Association at which such proposed amendment or amendments are to be considered;

(b) Adoption. The Master Deed may be amended at any time and from time to time at a meeting of the Association called in accordance with the By-Laws and this Master Deed upon the vote of Owners representing at least sixty-seven (67%) percent of the Total Percentage Interests; provided, however, that if the Association shall vote to amend the By-Laws in any respect, such amendment shall be set forth in an amendment to this Master Deed and shall be valid only when approved by a vote of Owners representing at least sixty-seven (67%) percent of the Total Percentage Interests;

(c) Non-Discrimination. Irrespective of the foregoing, no amendment shall (i) alter the Percentage Interest applicable to each Unit (except as permitted in accordance with Articles VII and XIII hereof); or (ii) discriminate against any Owner or against any Unit or class or group of Units, unless in each instance all the Owners adversely affected thereby and their

respective Eligible Mortgage Holders and Eligible Insurers/
Guarantors expressly consent thereto in writing.

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(d) Necessary Amendments. Notwithstanding any other provisions of this Master Deed to the contrary, if any amendment is necessary in the judgement of the Board to cure any ambiguity or to correct or supplement any provisions of the Regime Documents that are defective, missing or inconsistent with any other provisions thereof, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other secondary mortgage market lenders, guarantors or insurers with respect to condominium projects, then at any time and from time to time the Board may effect and appropriate corrective amendments so long as written objection to such amendment is not received from Owners representing at least fifty-one (51%) percent of the total Percentage Interest within twenty (20) days after written notice of the proposed amendment is given to all Owners.

(e) Recording. A copy of each amendment provided for in this Section 15.2 shall be certified by the Board of Directors of the Association as having been fully adopted and shall be effective when recorded.

Section 15.3 Termination. The Regime may be terminated and the Project removed from the provisions of the Act in the following manner:

(a) Agreement. All of the Owners may remove the Project from the provisions of the Act by an instrument to that effect, duly recorded; 1286

(b) Destruction. In the event it is determined in the manner provided for in Section 5.7 that the Project shall not be repaired or reconstructed after casualty, the Regime will be terminated and the Regime Documents revoked. The determination not to repair or reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded;

(c) Condemnation. In the event that any part of a Unit, or the Limited Common Area or Common Area essential to the use of any Unit shall be taken by an authority having the power of eminent domain and the consent of Owners representing at least sixty-seven (67%) percent of the Total Percentage Interests as provided for in Section 6.3 to a plan for continuation of the Regime shall not be expressed in an amendment to this Master Deed duly recorded within ninety (90) days after such taking, the Regime shall be terminated and the Regime Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded.

Section 15.4 Covenants Running with the Land. All provisions of this Master Deed shall be construed to be covenants running with the Land and with every party thereof and interest

therein, including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of this Master Deed shall bind and inure to the benefit of all Owners and claimants of the Project or any part thereof or interest therein, and their heirs, executors, administrators, successors, and assigns.

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Section 15.5 Enforcement. Each Owner shall comply strictly with the By-Laws and with the Rules and Regulations of the Association, as either of the same may be lawfully amended, from time to time, and with the covenants, conditions, and restrictions set forth in this Master Deed and in the Deed to his Unit. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Association or by any aggrieved Owner. In addition, the rights of any Owner or lessee of an Owner, their families, invitees, or guests to use and to enjoy the Common Area and Limited Common Area may be suspended by the Board of Directors for continued violation of the Rules and Regulations. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

Section 15.6 Severability. Invalidation of any covenant, condition, restriction, or other provision of this Master Deed, the By-Laws, or the Rules and Regulations shall not affect the

validity of the remaining portions thereof, which shall remain in full force and effect. 1288

Section 15.7 Perpetuities and Restraints on Alienation. If any of the covenants, conditions, restrictions, or other provisions of this Master Deed shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Ronald Wilson Reagan, President of the United States, or James Earl Carter, former President of the United States.

Section 15.8 Gender or Grammar. The singular whenever 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 corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed. In addition, the use of the terms "herein" or "hereof" shall mean this Master Deed and not merely the Article, Section, or Paragraph in which such term is utilized.

Section 15.9 Headings. All Article and Section headings are utilized merely for convenience and shall not limit or enlarge the application of the respective Articles or Sections.

Section 15.10 Powers of Attorney. All Powers of Attorney for which provisions have been made in this Master Deed are special limited powers, coupled with an interest, and irrevocable.

ARTICLE XVI

Exhibits

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Section 16.1 Exhibits Attached. The following Exhibits are attached hereto and incorporated verbatim in this Master Deed by reference as fully as if set forth herein.

| <u>Description</u> | <u>Identification</u> |
|---|-----------------------|
| Legal Description of the Land | A |
| Site Plan | B |
| Floor Plans | C |
| Description of Limited Common Area | D |
| Description of Unit Boundaries | E |
| Schedule of Assigned Values and Percentage Interests | F |
| Declaration for Incorporation of Association | G |
| By-Laws of the Association | H |
| Rules and Regulations | I |
| Form of Unit Deed | J |
| Legal Description of Phase II Real Property | K-1 |
| Legal Description of adjacent and contiguous property belonging to Deborah S. Thomas. | K-2 |
| Assessments for First Annual Assessment Period | L |
| Subordination Agreement | M |
| Owner's and Contractor's Affidavit | N |

THE END

This Plan/Plat/Project
DOES NOT CONSTITUTE DEVELOPMENT
according to the Town of Hilton Head Island's
Land Management Ordinance section 16-7-233(3)
Certified by: Shannon C. Stone
Title: Current Planner
Date: 12-3-80

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FOR REFERENCE TO LEGAL
EXHIBIT OR DOCUMENT ONLY.

EXHIBIT "A"

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Legal Description of the Land

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

ALL that certain piece, parcel or tract of land located on Hilton Head Island, Beaufort County, South Carolina and designated as Phase 1 containing 0.955 acres more or less as reflected on a plat thereof prepared by M.A. Dunham, P.L.S. S.C. No. 11590 for Sea Island Engineering, Inc. and entitled "BOUNDARY AND EASEMENT PLAT FOR: YACHT COVE VILLAS, PARCEL 2, YACHT COVE PUD", which said Plat has been recorded in the Office of the Register of Mesne Conveyance for Beaufort County, South Carolina in Plat Book 35 at Page 162. According to said Plat, said property is bounded on the Northwest by lands now formerly of Greenbrooke Homes, on the Southwest by Phase 2, and on the Southeast and Northeast by lands now or formerly of Deborah S. Thomas.

TOGETHER with all rights, title, interest, hereditaments, improvements, appurtenants pertaining thereto;

TOGETHER with a twenty (20') foot wide access and utility easement running in a generally southerly direction from Phase 1 to the right-of-way of Yacht Cove Drive as shown on said Plat.

TOGETHER with an access and utility easement running generally Westerly from Phase 1 to Yacht Cove Drive as shown on said Plat.

TOGETHER with an access and utility easement running generally Easterly from the boundary line of Phase 1 as shown on the aforementioned Plat.

TOGETHER with a twenty (20') foot wide drainage easement across Phase 2 from the Lagoon located on Phase 1 as shown on said Plat in a generally Westerly direction to the right-of-way of Yacht Cove Club Drive.

TOGETHER with access to U.S. Highway 278 along Yacht Cove Drive as reflected on a Plat thereof recorded in the Office of the RMC for Beaufort County, South Carolina in Plat Book 34 at Page 162.

TOGETHER with right of storm drainage flow from Phase 1 to the waters of Broad Creek across properties of the Grantor or others at such location as may be determined from time to time by the Grantor. In no event, however, will Grantor deny the orderly drainage from Phase 1 to Broad Creek.

EXHIBIT "A"

SUBJECT however to that certain Easement Agreement by and between Greenbrooke Homes Company and Calhoun Thomas, Jr. and Deborah S. Thomas, dated January 27, 1987 and recorded January 29, 1987 in Deed Book 469 at Page 2009 in the Office of the RMC for Beaufort County, South Carolina;

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AND ALSO SUBJECT to a reservation of right into the Grantor herein and its successors and assigns to give, grant, and convey unto third parties normal, usual and ordinary utility easements for storm drainage, sanitary sewer lines, advanced waste water treated effluent disposal lines and portable waste lines across Phase 1 so long as said reservation and use does not interfere with the orderly development of the seven (7) condominium units and their amenities to be constructed on Phase 1.

AND ALSO SUBJECT to those certain restrictions and covenants set forth in the instruments recorded in the Office of the RMC for Beaufort County, South Carolina in Deed Book 435 at Page 1636; Deed Book 461 at Page 1767; Deed Book 470 at Page 703; Deed Book 342 at Page 743; Deed Book 492 at Page 865; and Deed Book 501 at Page 2113.

AND ALSO SUBJECT to those easements and matters of record reflected on plat recorded in the R.M.C. Office for Beaufort County, South Carolina, in Plat Book 30 at Page 31 and as revised by Plat recorded in Plat Book 31 at Page 102; and Plat Book 34 at Page 162.

AND ALSO SUBJECT to ingress and egress reserved by Grantor and others over the thirty five (35') foot of Yacht Cove Drive as shown and located on the Southern portion of the property.

AND ALSO SUBJECT to a twenty (20') foot right of ingress and egress across and adjacent to the easterly boundary line of Phase 1 leading from Yacht Cove Drive to the access and utility easement adjacent to the Northeastern property line of Phase 1. The Grantee shall have the right to relocate the easement from time to time so long as Grantor is not denied a minimum twenty (20') foot access to her property.

The parties further covenant that Yacht Cove Villas, Parcel 2 shall be used for residential purposes only, including, but not limited to, the construction and use of single family homesites, patio lots, condominiums, and amenities such as swimming pools, tennis courts, and club houses (except that the use of one or more residential lots, homes or condominiums for real estate sales will be permitted).

"A-1"

Grantee, its successors or assigns, shall be responsible for and pay two (2%) percent of the maintenance cost for Yacht Cove Drive running generally from the Southern boundary line of Parcel 2, Yacht Cove Plantation to the Southern boundary line of Parcel 4, Yacht Cove Plantation, all as reflected on a Plat thereof recorded in the office of the Register of Mesne Conveyance for Beaufort County, South Carolina in Plat Book 34 at Page 162. 1293

This being the same property conveyed to ALRO INTERNATIONAL, INC., by Deed from Deborah S. Thomas, dated April 27, 1988, and recorded May 19, 1988, in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 501 at Page 2113.

The within Master Deed was prepared by George G. L. Palmer, Esquire, of the law firm of Palmer, Brooks and Bowen, P.A., 3 Pensacola Place (Post Office Box 7545), Hilton Head Island, Beaufort County, South Carolina 29928 (Telephone Number: 803-842-5541)

"A-2"

EXHIBIT "B"

Site Plan

1294

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

See Plat Book 35 at Page 304 .

EXHIBIT "B"

EXHIBIT "C"

1295

Floor Plans

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

See Plat Book 35 at Page 304.

The floor plans attached hereto and made a part hereof as Exhibits "C-2" through "C-4" are facsimiles and for a more accurate and detailed description of said floor plans, reference should be made to the above-captioned plat book and page number as recorded in the Office of the Clerk of Court for Beaufort County, South Carolina.

NOTE: The plans filed as an attachment to the Master Deed contain detailed dimensions of all Units, the Common Area, and Limited Common Area.

EXHIBIT "C"

EXHIBIT "C-1"

ARCHITECT'S CERTIFICATE

1296

Pursuant to S.C. Code Ann. Section 27-31-110 (1976), upon my information and belief, I certify that the Regime Plans represented in the attached Exhibits "C" and "E" of Yacht Cove Villas Horizontal Property Regime I, consisting of the Phase I units (situated upon real estate described in the attached Exhibit "A"), depict (within reasonable construction tolerances), the layout, location, number identification, and dimension of the buildings and improvements contained in Phase I of the Regime, except for minor variations which are customary in projects of this nature, said Plans being dated 12-2, 1988.

The below signed prepared the original plans and specifications for the improvements certified hereto, but the below signed was not the supervising architect, inspecting architect or construction administrator of the project. The below signed is hereby issuing this certificate based upon its visual inspection of improvements in place after completion of said improvements and after issuance of the Certificate of Occupancy by the Town of Hilton Head Island, South Carolina. Accordingly, the below signed certifies only to improvements in place and those modifications and changes to the original plans and specifications as set forth and attached to the original plans and specifications by memorandum or other addendum thereto.

THE FWA GROUP

By: Thomas J. Funder

SWORN to and SUBSCRIBED before me on this 3rd day of December, 1988.

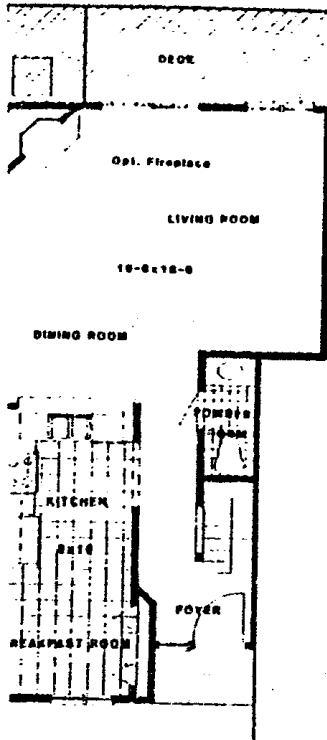
Maisha L. Christenson
Notary Public 12/5/93

(SEAL)

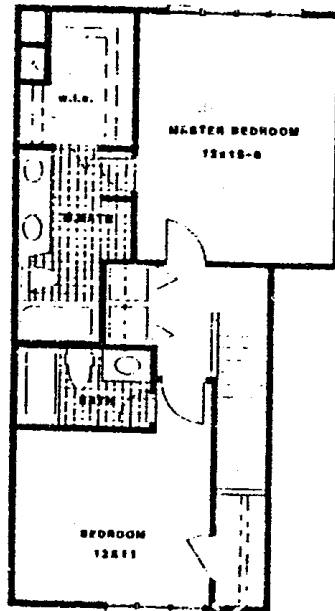
EXHIBIT "C-2"

Type A Floor Plan

1297



MODEL A FLOOR PLAN
Two Bedroom/2 1/2 Bath
Interior Townhome
First Floor sq. ft. 648
Second Floor sq. ft. 672
Total Area in sq. ft. 1320
Decks sq. ft. 90



Interior:

- Tile floor in entry foyer.
- Vaulted ceiling in master bedroom.
- Mirrored wardrobe doors in master bedroom (Unit B only).
- Vaulted living rooms ceiling. (NOTE, end units only)
- 6 panel doors.
- Attic space for storage.
- Double vanity in master bath.
- Hollywood lights over mirrors.
- Space for side-by-side washer and dryer.
- Generous closet, linen and storage space.
- GE refrigerator, range, disposal and dishwasher.
- 9 foot ceilings on first floor.
- All bedrooms & living room provided for TV, telephone and ceiling fans.

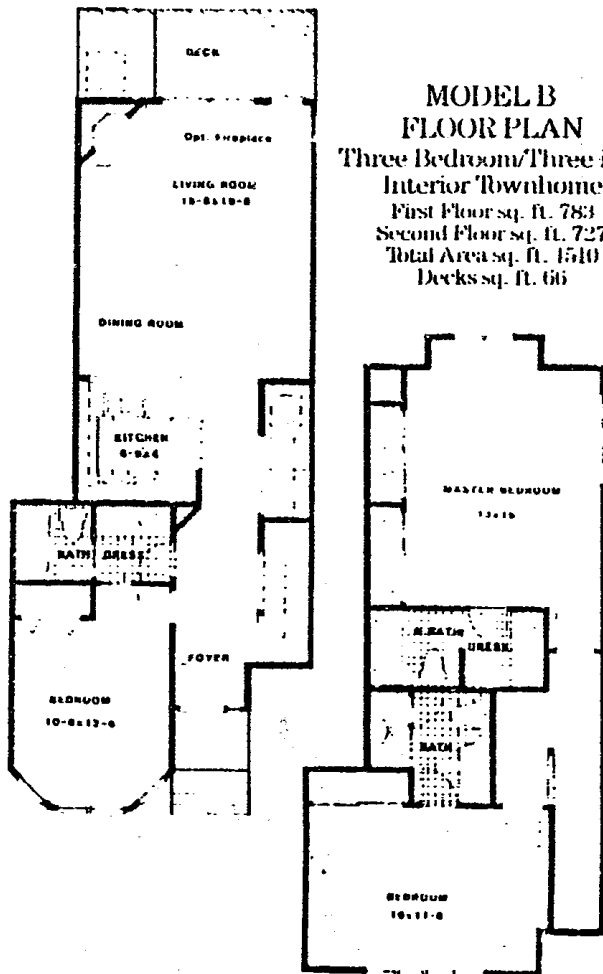
Exterior:

- Covered parking and storage.
- Shutter and wood siding.
- Wood-frame windows.
- 6-foot wood rear deck.
- 2 inch space between common walls, 5/8-inch fire resistant gypsum wallboard on each side.
- Structural floor truss system.

EXHIBIT "C-3"

Type B Floor Plan

1298



Interior:

- Tile floor in entry foyer.
- Vaulted ceiling in master bedroom.
- Mirror-d wardrobe doors in master bedroom (Unit B only)
- Vaulted living rooms ceiling (NOTE: end units only)
- 6 panel doors.
- Attic space for storage.
- Double vanity in master bath.
- Hollywood lights over mirrors.
- Space for side-by-side washer and dryer.
- Generous closet, linen and storage space.
- GE refrigerator, range, disposal and dishwasher.
- 9 foot ceilings on first floor.
- All bedrooms & living room pre-wired for TV, telephone and ceiling fans.

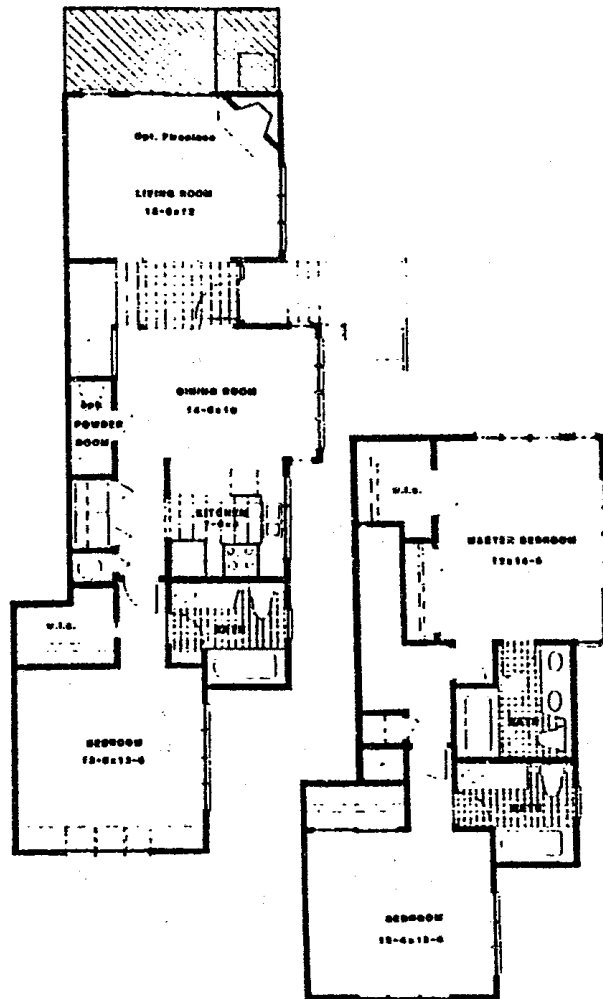
Exterior:

- Covered parking and storage.
- Stucco and wood siding.
- Wood frame windows.
- 6 foot wood rear deck.
- 2 inch space between common walls, 5/8 inch fire-resistant gypsum wallboard on each side.
- Structural floor truss system.

EXHIBIT "C-4"

Type C Floor Plan

1299



Interior:

- Tile floor in entry foyer.
- Vaulted ceiling in master bedroom.
- Mirrored wardrobe doors in master bedroom (Unit B only)
- Vaulted living rooms ceiling. (NOTE: end units only)
- 6 panel doors.
- Attic space for storage.
- Double vanity in master bath.
- Hollywood lights over mirrors.
- Space for side-by-side washer and dryer.
- Generous closet, linen and storage space.
- GE refrigerator, range, disposal and dishwasher.
- 9 foot ceilings on first floor.
- All bedrooms & living room pre-wired for TV, telephone and ceiling fans.

Exterior:

- Covered parking and storage.
- Stucco and wood siding.
- Wood frame windows.
- 6 foot wood rear deck.
- 2 inch space between common walls, 5/8 inch fire resistant gypsum wallboard on each side.
- Structural floor truss system.

MODEL C FLOOR PLAN
Three Bedroom/3 1/2 Bath
End Townhome
First Floor sq. ft. 911
Second Floor sq. ft. 719
Total Area in sq. ft. 1630
Decks sq. ft. 90

EXHIBIT "D"

Description of Limited Common Area

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

1300

The Limited Common Area is that portion of the Common Area comprising the patio, storage area, and entrance area adjacent to each Unit as more fully shown on the Floor Plans attached hereto as Exhibit "C".

EXHIBIT "D"

EXHIBIT "E"

Description of Unit Boundaries

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

1301

The Unit Boundaries of each Unit shall be the unfinished interior surfaces of all perimeter walls, ceilings, and floors of the Unit, and any vents, doors, windows, and such other structural elements that are originally regarded as enclosures of space; the result being that each Unit shall consist of all interior dividing walls and partitions (including the space occupied by such walls or partitions); the decorated interior surfaces of perimeter walls, floors, and ceilings, consisting, as the case may be, of wallpaper, paint, carpeting, tiles, and any and all other finishing materials affixed or installed as a part of the physical structure of the Unit; and all fixtures, appliances, and mechanical systems and equipment installed in each Unit and the heating and air conditioning system which is intended for the sole and exclusive use of said Unit. No pipes, wires, conduits, or other public utility lines or insulations connecting a part of the overall systems designated for the service of any other Unit, nor any of the structural members of portions of the buildings, shall be deemed to be a part of any individual Unit.

EXHIBIT "E"

EXHIBIT "F"

Schedule of Assigned Values and Percentage Interests

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME
PHASE I, BUILDING 200

1302

| <u>UNIT NO.</u> | <u>TYPE</u> | <u>ASSIGNED VALUE</u> | <u>ASSIGNED % INTEREST</u> |
|-----------------|-------------|-----------------------|----------------------------|
| 201 | C | \$ 115,000.00 | 14.2858% |
| 202 | B | \$ 115,000.00 | 14.2858% |
| 203 | A | \$ 115,000.00 | 14.2858% |
| 204 | A | \$ 115,000.00 | 14.2858% |
| 205 | B | \$ 115,000.00 | 14.2858% |
| 206 | B | \$ 115,000.00 | 14.2858% |
| 207 | C | \$ 115,000.00 | 14.2858% |
| <u>TOTALS</u> | 7 | \$ 805,000.00 | 100.0006% |

"F-1"

The common element interests shown above and elsewhere in this Exhibit "F" have been rounded off to the nearest .00001% **1303** without exceeding 100%. The interest appertaining to any Unit can be determined more precisely by dividing the value of that Unit by the value of all the Units as those values are shown above.

In the event the Developer elects to expand the Regime as provided in Article XIII of the Master Deed, all Units added to the Regime shall have the following valuations:

| <u>Description</u> | <u>Assigned Valuation</u> |
|---|---------------------------|
| Type A (2 bedroom, 2 bath - 1,320 square feet) | \$ 115,000.00 |
| Type B (3 bedroom, 3 bath - 1,510 square feet) | \$ 115,000.00 |
| Type C (3 bedroom, 3 bath - 1,630 square feet) | \$ 115,000.00 |

The Percentage Interest appurtenant to each Unit of the Regime shall thereafter be established in accordance with the following formula:

$$\frac{u}{V} = \frac{P}{A}$$

- $\frac{u}{V}$ = Percentage Interests of each Unit
- $\frac{u}{V}$ = Valuation of the respective Unit as set forth in this Exhibit "F"
- A = Aggregate Valuation of all Units existing in the Regime and added to the Regime as provided in Article XIII of the Master Deed.

* Each Type Unit has an opposite or mirror image of itself which is reflected on the Plans hereto.

The following charts demonstrate the adjustment in the Percentage Interests assuming that Phases II through XXII are added to the Regime. (However, the exact adjustment of Percentage Interests is not subject to calculation until the exact number and size of all Units to be added to the Regime is established.) In the event that an addition of Units to the Regime results in a calculation of Percentage Interests in accordance with the above formula which do not total 100%, the amount necessary to bring such total to 100% shall be allocated by the Board of Directors.

1304

"F-3"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase II is added to the Regime - Building 100)

1305

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | <u>TYPE A - 2</u> |
|---------------|---------------------------|-----------------------|
| 101 | \$ 115,000.00 | 6.6667% |
| 102 | \$ 115,000.00 | 6.6667% |
| 103 | \$ 115,000.00 | 6.6667% |
| 104 | \$ 115,000.00 | 6.6667% |
| 105 | \$ 115,000.00 | 6.6667% |
| 106 | \$ 115,000.00 | 6.6667% |
| 107 | \$ 115,000.00 | 6.6667% |
| 108 | \$ 115,000.00 | 6.6667% |
| Totals | 15 | \$1,725,000.00 |
| | | 100.0005% |

"F-4"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase III is added to the Regime - Building 300) 1306

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | <u>TYPE A - 2</u> |
|---------------|---------------------------|-----------------------|
| 301 | \$ 115,000.00 | 4.5455% |
| 302 | \$ 115,000.00 | 4.5455% |
| 303 | \$ 115,000.00 | 4.5455% |
| 304 | \$ 115,000.00 | 4.5455% |
| 305 | \$ 115,000.00 | 4.5455% |
| 306 | \$ 115,000.00 | 4.5455% |
| 307 | \$ 115,000.00 | 4.5455% |
| Totals | 22 | \$2,530,000.00 |
| | | 100.0001% |

"F-5"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase IV is added to the Regime - Building 400)

1307

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | <u>TYPE A</u> - <u>2</u> |
|---------------|---------------------------|--------------------------|
| 401 | \$ 115,000.00 | 3.4483% |
| 402 | \$ 115,000.00 | 3.4483% |
| 403 | \$ 115,000.00 | 3.4483% |
| 404 | \$ 115,000.00 | 3.4483% |
| 405 | \$ 115,000.00 | 3.4483% |
| 406 | \$ 115,000.00 | 3.4483% |
| 407 | \$ 115,000.00 | 3.4483% |
| Totals | 29 | \$3,335,000.00 |
| | | 100.0007% |

"F-6"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase V is added to the Regime - Building 500)

1308

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | <u>TYPE A - 2</u> |
|---------------|---------------------------|-----------------------|
| 501 | \$ 115,000.00 | 2.7778% |
| 502 | \$ 115,000.00 | 2.7778% |
| 503 | \$ 115,000.00 | 2.7778% |
| 504 | \$ 115,000.00 | 2.7778% |
| 505 | \$ 115,000.00 | 2.7778% |
| 506 | \$ 115,000.00 | 2.7778% |
| 507 | \$ 115,000.00 | 2.7778% |
| Totals | 36 | \$4,140,000.00 |
| | | 100.0008% |

"F-7"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase VI is added to the Regime - Building 600)

1309

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | TYPE A - 2 | TYPE B - 3 | TYPE C - 2 |
|---------------|---------------------------|-----------------------|------------------|------------|
| 601 | \$ 115,000.00 | 2.3256% | | |
| 602 | \$ 115,000.00 | 2.3256% | | |
| 603 | \$ 115,000.00 | 2.3256% | | |
| 604 | \$ 115,000.00 | 2.3256% | | |
| 605 | \$ 115,000.00 | 2.3256% | | |
| 606 | \$ 115,000.00 | 2.3256% | | |
| 607 | \$ 115,000.00 | 2.3256% | | |
| Totals | 43 | \$4,945,000.00 | 100.0008% | |

"F-8"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase VII is added to the Regime - Building 700)

1310

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | <u>TYPE A</u> - <u>2</u> |
|---------------|---------------------------|--------------------------|
| 701 | \$ 115,000.00 | 1.9608% |
| 702 | \$ 115,000.00 | 1.9608% |
| 703 | \$ 115,000.00 | 1.9608% |
| 704 | \$ 115,000.00 | 1.9608% |
| 705 | \$ 115,000.00 | 1.9608% |
| 706 | \$ 115,000.00 | 1.9608% |
| 707 | \$ 115,000.00 | 1.9608% |
| 708 | \$ 115,000.00 | 1.9608% |
| Totals | 51 | \$5,865,000.00 |
| | | 100.0008% |

"F-9"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase VIII is added to the Regime - Building 800)

1311

| <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | <u>TYPE A</u> - <u>2</u> |
|---------------|---------------------------------|--------------------------|
| 801 | \$ 115,000.00 | 1.6950% |
| 802 | \$ 115,000.00 | 1.6950% |
| 803 | \$ 115,000.00 | 1.6950% |
| 804 | \$ 115,000.00 | 1.6950% |
| 805 | \$ 115,000.00 | 1.6950% |
| 806 | \$ 115,000.00 | 1.6950% |
| 807 | \$ 115,000.00 | 1.6950% |
| 808 | \$ 115,000.00 | 1.6950% |
| <u>Totals</u> | <u>59</u> <u>\$6,785,000.00</u> | <u>100.0005%</u> |

"F-10"

ASSIGNED PERCENTAGE INTERESTS

(Assuming Phase IX is added to the Regime - Building 900)

1312

| | <u>UNITS</u> | <u>ASSIGNED VALUATION</u> | |
|---------------|--------------|---------------------------|------------------|
| | 901 | \$ 115,000.00 | TYPE A - 2 |
| | 902 | \$ 115,000.00 | TYPE B - 3 |
| | 903 | \$ 115,000.00 | TYPE C - 2 |
| | 904 | \$ 115,000.00 | |
| | 905 | \$ 115,000.00 | |
| | 906 | \$ 115,000.00 | |
| | 907 | \$ 115,000.00 | |
| Totals | 66 | \$7,590,000.00 | 100.0032% |

"F-11"

DECLARATION AND PETITION FOR INCORPORATION

OF

YACHT COVE VILLAS OWNERS ASSOCIATION, INC.

1313

The undersigned, for the purpose of forming a corporation not for profit under South Carolina Code of Laws (1976), as amended, Sections 33-31-10, et. seq., certify as follows:

ARTICLE I

Definitions

Section 1.1 Reference to Master Deed. Terms used in this Declaration, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as in the recorded Master Deed of Yacht Cove Villas Horizontal Property Regime I attached hereto as an Exhibit.

ARTICLE II

Name

Section 2.1 Name. The name of the corporation shall be Yacht Cove Villas Owners Association, Inc. (the "Association").

ARTICLE III

Purpose

Section 3.1 General. The purpose for which the Association is organized is to provide an entity pursuant to the Horizontal Property Act of South Carolina, South Carolina Code of Laws (1976) Section 27-31-10 to 27-31-300 (the "Act"), to provide for the administration of Yacht Cove Villas Horizontal Property

Exhibit "G"

Regime I (the "Regime"), located upon the Land which is more fully described in the Master Deed.

Section 3.2 No Profit Motive. The Association shall hold all funds and the title to all properties and the proceeds thereof in trust for the Owners in accordance with the provisions hereof and the Regime Documents and is not organized for the purpose of profit or gain to its members, otherwise than as above stated, or for the insurance of life, health, accident, or property.

1314

Section 3.3 Distributions. The Association shall make no distributions of income to its members, Directors, or Officers; provided, however, this provision shall not prohibit or prevent the distribution of any and all assets held in trust for the Owners as provided herein or in the Master Deed.

Section 3.4 Notice. Three (3) days' notice in The Beaufort Gazette, a newspaper of general circulation published in the County of Beaufort, State of South Carolina, has been given that this Declaration would be filed.

ARTICLE IV

Powers

The powers of the Association shall include and be governed by the following provisions:

Section 4.1 General. The Association shall have all of the common law and statutory powers of a corporation not for profit which are not in conflict with the terms hereof.

"G-1"

Section 4.2 Regime Documents. The Association shall have all of the powers and duties set forth in the Act except as limited hereby or the Regime Documents, and all of the powers and duties reasonably necessary to operate the Regime as set forth in .pa the Regime Documents and as it may be amended, from time to time, including, but not limited to, the following:

1315

(a) To make and collect Assessments against Owners to defray the costs, expenses, and losses of the Regime.

(b) To use the proceeds of Assessments in the exercise of its powers and duties.

(c) To maintain, repair, replace, and operate the Project.

(d) To purchase insurance upon the Project and insurance for the protection of the Association and its members.

(e) To reconstruct improvements after casualty and to further improve the Project.

(f) To make and amend reasonable Rules and Regulations respecting the use of the property of the Regime.

(g) To enforce by legal means the provisions of the Act, and the Regime Documents for the use of the property of the Regime.

(h) To contract for the management of the Regime and to delegate to such management agent all powers and duties of the Association, except such as are specifically required by the

"G-2"

Master Deed to have approval of the Board of Directors or the membership of the Association.

1316

(i) To employ personnel to perform the services required for the proper operation of the Regime.

Section 4.3 Limitations. The powers of the Association shall be subject to, and shall be exercised in accordance with, the provisions of the Master Deed and the By-Laws.

ARTICLE V

Members

Section 5.1 General. The Association shall not take steps which will serve to facilitate the transactions 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 the kind ordinarily carried out for profit, and no part of the net earnings of the Association shall inure to the benefit of any private individual.

Section 5.2 Members. The members of the Association shall consist of all of the record Owners of Units.

Section 5.3 Change of Membership. Change of membership in the Association shall be established by the recording, in the public records of Beaufort County, South Carolina, of a Deed or other instrument establishing a record title to a Unit in the Project and in the delivery to the Association of a certified copy of such instrument, the Owner designated by such instrument

"G-3"

thereby shall become a member of the Association. The membership of the prior Owner shall be thereby terminated.

1317

Section 5.4 Assignment of Interest. The share of a member in the funds and assets held in trust by the Association cannot be assigned, hypothecated, or transferred in any manner, except as an appurtenance to his Unit.

Section 5.5 Voting. The members of the Association shall be entitled to vote on all matters in accordance with their Percentage Interests.

ARTICLE VI

Directors

Section 6.1 General. The affairs of the Association will be managed by a Board consisting of the number of Directors as shall be determined by the By-Laws, but not less than three (3) Directors and, in the absence of such determination, shall consist of three (3) Directors.

Section 6.2 Election. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the By-Laws.

Section 6.3 Term of Initial Directors. The first election of Directors shall be held on December 1, 1988. The Directors herein named shall serve until the first election of Directors

"G-4"