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Mt. Pleasant, SC 29464

**MASTER DEED OF
PLANTATION POINT
HORIZONTAL PROPERTY REGIME**

Bluffton, South Carolina

**THIS MASTER DEED CONTAINS A BINDING, IRREVOCABLE AGREEMENT TO
ARBITRATE AND IS SUBJECT TO ARBITRATION PURSUANT TO TITLE 15,
CHAPTER 48 (UNIFORM ARBITRATION ACT) OF THE CODE OF LAWS OF
SOUTH CAROLINA (1976), AS NOW CONSTITUTED. SEE ARTICLE X OF THIS
MASTER DEED**

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STATE OF SOUTH CAROLINA)
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 COUNTY OF BEAUFORT)

MASTER DEED OF
 PLANTATION POINT
 HORIZONTAL PROPERTY REGIME

Kings Ashley Plantation Apartments, LLC (hereinafter the "Developer"), as fee simple owner of that tract hereby submitted to this Master Deed and more particularly described in Exhibit "A" attached hereto and incorporated by reference, with the buildings and improvements thereon, hereby declares that said property is and shall be subject to and entitled to the benefit of the covenants and restrictions set forth in this Master Deed.

ARTICLE I

Section 1.1 Definitions. Applicable to the PLANTATION POINT HORIZONTAL PROPERTY REGIME are those definitions contained in Section 27-31-20 of the Horizontal Property Act of the 1976 Code of Laws of South Carolina, as amended from time to time; and, by way of synonymity and not of contradiction, the following terms and definitions are used herein:

"Act" means the Horizontal Property Act of South Carolina as from time to time amended.

"Apartment" means a part of the property intended for any type of independent use, including one or more rooms of enclosed space located on one or more floors (or parts thereof) in a building, and with a direct exit to a public street or highway, or to a common area leading to such street or highway.

"Association of Unit Owners" means the South Carolina corporation whose shareholders are all the persons, firms, corporations, partnerships, associations, trusts or other legal entities or any combination thereof, who owns a Unit within the building.

"Building" means a structure or structures, containing in the aggregate one or more Units, comprising a part of the property.

"Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Unit within a building.

"Common Expense" means and includes:

(1) Expenses of ownership and/or operation of the Property, including, but not limited to, expenses of administration, expenses of insurance, operation expenses, the costs of repair and replacement of the Common Elements; and,

(2) All sums designated common expenses by or pursuant to the Act, this Master Deed or the Bylaws of the Association of Unit Owners.

"Common Charge" means those monetary charges levied against the Unit Owners to pay for the common expenses.

"Common Element" or **"Common Area"** means and comprises all of the real property, improvements such as the foundation, main walls, roof, halls, stairways, entrances, and exits or communication ways, and facilities of the condominiums other than the Units, and the Limited Common Elements, as the same are herein defined, and shall include, but not be limited to, easements through Units for conduits, pipes, ducts plumbing, wiring and other facilities for the furnishing of utility services to Units and Common Elements and easements of support in every portion of a Unit which contributes to the support of the improvements, and shall further include all personal property held and maintained for the joint use and enjoyment of all the Owners of such Units, as well as any common funds held by or through the Association for repair, maintenance, or otherwise.

"Common Interest" means the percentage of undivided interest in the Common Elements appertaining to each Unit, as expressed in the Master Deed, and any specified percentage of the Common Interest means such percentage of the undivided interests in the aggregate.

"Condominium" means the ownership of single Units, with Common Elements, located on property within the horizontal property regime.

"Declaration" means the instrument setting forth the covenants and restrictions and remedies for breach thereof pertaining to this Property.

"Developer" means the Persons or entity undertaking to develop a real estate condominium project, and specifically Kings Ashley Plantation Apartments, LLC.

"Floor Plan" means the plans for each building which shall show the dimensions, area and location of each Unit therein, which plan is attached hereto and by this reference made a part hereof (See Exhibit "C").

"Limited Common Elements" or **"Limited Common Areas"** means and includes those Common Elements which are designated herein or by agreement of all of the Co-Owners to be reserved for the use of a certain number of Units to the exclusion of the other Units, such as attics, patios, parking spaces, sanitary services common to the Units or a particular Unit, and the like.

"Majority of Co-Owners" or "Majority of Unit Owners" means Fifty-One percent (51%) or more of the basic value of the property as a whole, in accordance with the percentages computed herein in accordance with the provisions of Section 27-31-60 of the Act.

"Master Deed" means the deed establishing and recording the horizontal property regime.

"Operation of the Property" means and includes the administration and operation of the Property and the maintenance, repair, and replacement of, and the making of any additions and improvements to the Common Elements.

"Plat" or "Plot Plan" means the plat or survey of the Property and of all Units in the Property and showing the area and location of Common Elements, both limited and common, submitted to the provisions of the Act pursuant to this Master Deed, said Plat being attached hereto, and by this reference made a part hereof (See Exhibit "B").

"Person" means an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.

"Property" means and includes the land, whether leasehold or in fee simple, the building, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto.

"Regime" means the Plantation Point Horizontal Property Regime, including all Property, Buildings, Units and Common Areas subject thereto.

"Unit Owner" means a "Co-owner" as that term is used in the Act.

"Unit" means an "Apartment" as that term is used in the Act and includes one or more rooms designated as part thereof, and occupying one or more floors or a part or parts thereof, designed or intended for independent use as commercial office space, as set forth on the building plan, which plan is being recorded simultaneously with the recording of this Master Deed, provided, however, that no structural components and no pipes, wires, conduits, ducts, flues, shafts, or public utility lines suitable within a Unit and forming a part of any system serving more than one Unit or the Common Condominium Elements shall be deemed to be a part of said Unit. In this Master Deed and in all subsequent conveyances pursuant thereto, the word "Unit" and the word "Apartment" shall be deemed to have the same meaning and may be used interchangeably.

"To Record" means to record in accordance with the provisions of all applicable recording statutes of the Code of Laws of South Carolina, 1976, as amended.

ARTICLE II

Section 2.1 Submission of the Property to the Act. The Developer as the owner in fee simple of the tract as shown on that plat attached hereto as described in Exhibit "A," with the buildings and improvements thereon, intends to, and by recording this Master Deed, does hereby submit said property to the provisions of the Horizontal Property Act of South Carolina. In order to implement the horizontal property regime plan of ownership for the above described property, the Developer covenants and agrees to and hereby subdivides the above described property vertically and horizontally into the freehold estates referred to herein as Units.

Section 2.2 Plot Plan and Building Plan. In accordance with Section 27-31-110, of the Act, there is attached hereto and made a part of this Master Deed a Plat of the Plantation Point Horizontal Property Regime as Exhibit "B" and a building plan as Exhibit "C". Said Exhibits sets forth the building locations and other improvements, the dimensions, area and location of each Unit herein and the dimensions, area and location of the Common Elements affording access to each Unit, and are certified by a registered architect licensed to practice in South Carolina, and are attached hereto and incorporated herein.

Section 2.3 Designation of Units. In accordance with Section 27-31-120 of the Act, each Unit in the building shall be designated on the plans referred to in Section 2.2 by letter and/or by number or other appropriate designation and any conveyance, or other instrument affecting title to the Unit may sufficiently legally describe any such Unit by use of its designated letter and/or number followed by words "Plantation Point Horizontal Property Regime."

Section 2.4 Description of Project.

(A) Generally. The Property is comprised of thirty-one (31) Buildings, common parking areas, garages, and associated common areas.

(B) Description of Grounds. The grounds comprise a tract of land of approximately 36,264 acres, more particularly described in Exhibits "A" and "B" attached hereto; encompassed within its limits are three Buildings, the uncovered parking areas and green areas. The parking area and grounds are subject to the Rules and Regulations established by the Developer.

(C) Description of the Units. The Property consists of four hundred fourteen (414) Units, each being more particularly described in Exhibits "A" and "B".

(D) Description of Parking Areas. The Regime provides uncovered areas for parking for the exclusive benefit of the Unit Owners, their employees, agents, invitees and guests. The parking area, shown on Exhibit "C", will be subject to those rules and regulations promulgated by the Developer and enforced by the Association of Unit Owners, and as a Common Element for the benefit of each Unit, as more particularly shown on the Site Plan.

(E) Division of Project. The Project is hereby divided into four hundred fourteen (414) Units which are to be sold and the designation of said Units name together with an

expression of their location, area, and other data necessary for their identification. The Units are more particularly located, described and designated on Exhibits "C" hereto. Garage Units shall be sold as limited common elements.

(F) Use of Units. The use of Units located in the Buildings shall be limited to residential use, subject to the permitted uses of the Town of Bluffton zoning code.

(G) Limits of Units. The Units are those portions of the Regime designated for separate ownership, and have such area and dimensions as depicted on Exhibit "C" to this Master Deed. "Unit", as the term is used herein, shall mean and comprise the four hundred fourteen (414) units depicted in Exhibit "C", including, but not limited to, the space and fixtures therein, the interior doors, the mantels, and the entire HVAC system (including HVAC compressors) whether inside the unit boundaries or outside the unit boundaries. The vertical boundaries of the Units are the undecorated and/or unfinished inner surfaces of the perimeter walls as shown on the floor plans attached as Exhibit "C". The horizontal boundaries are the undecorated and/or unfinished inner surfaces of the ceilings and floors. Any Limited or General Common Elements located within the aforesaid boundaries are not part of the Unit. Subject to the preceding sentence, all spaces, interior partitions and other fixtures and improvements within the boundaries of a Unit are a part of the Unit. All lath, furring, wallboard, plasterboard, plaster, paneling, tile, wallpaper, paint, finished flooring and any other material constituting part of the finished surfaces thereof are part of the Unit. It is understood, however, that the general descriptions above, together with the descriptions thereof depicted in Exhibit "C" are as submitted on this date and do not reflect any modification made by the owners of the individual Units.

(H) Limited Common Elements. Limited Common Elements means and includes:

(1) The foundations, main walls (interior and exterior, excluding finished surfaces), exterior surfaces, roofs, halls and communication ways of the Buildings in existence.

(2) Any chimneys, fireplaces, flashing, gutters, downspouts, pipes or flues, exterior stairs or stairways, exterior lighting, balconies, porches, verandas, columns, patio(s), entrance or exit ways, driveway(s), gates, and all exterior doors and windows, including shutters, or other fixtures or improvements designed to serve or be reserved for a certain Unit to the exclusion of the other Unit shall be Limited Common Elements allocated solely to that Unit.

(3) If any flue, duct, wire, conduit, load bearing wall, load bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion serving only that Unit is a Limited Common Element allocated to that Unit.

(4) The compartments or installations of central services such as power, light, telephone, television, cold and hot water, refrigeration, generator, fuel tank, if any, and water pump, if any, garbage, and the like, serving only one (1) Unit are Limited Common Elements allocated to that Unit.

(5) The Garage Units as more particularly shown on Exhibits "A" and "B".

(I) General Common Elements. General Common Elements means and includes:

(1) The land on which the Buildings stand, more fully described above, together with all the other real property described in Exhibit "A",

(2) The central wall dividing the Buildings, exterior lights, and storm drainage system, except as otherwise provided or stipulated;

(3) In general, all devices or installations existing for common use; and

(4) All other elements of the property rationally of common use or necessary to its existence, upkeep and safety.

Section 2.5 Redesignation. Upon the unanimous vote of the several Unit Owners comprising the Association of Unit Owners, all or any portion of a Limited Common Element may be designated as a General Common Element, and by the same procedure, any General Common Element may be redesignated as a Limited Common Element. Likewise, upon unanimous vote of the several Unit Owners, the Association may deed, in fee simple, any portion, or all of the Limited Common Elements to the Unit Owner to which it is assigned for exclusive use, after which it shall become a part of that Unit.

Section 2.6 Units. Each unit will for all purposes constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owed in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Condominium Act and this Master Deed, will be entitled to the exclusive ownership and possession of their Unit. All Unit Owners shall have and are hereby granted an unrestricted perpetual right of ingress and egress to and from their Unit.

Section 2.7 Description of Units. The dimensions, area and location of the Units are as set forth on Exhibit "B" and Exhibit "C" attached hereto, described in Section 2.4(G), and generally intended to include the following:

(A) Each Unit contains all space within the area bounded by the unfinished interior surface of the perimeter walls, windows, window frames, doors and door frames and trim, and the lowest floor and the uppermost ceiling of such Unit. Bearing walls or columns located within the interior of a Unit are Common Areas, not part of the Unit, except the finished surface thereof. Each Unit includes the appliances and cabinetry located therein, and the carpeting and paint on such unfinished floors, ceilings and wall surfaces.

(B) Each Unit will include the heating, hot water and air conditioning apparatus exclusively serving the Unit whether or not located within the boundaries of the Unit. If the units abovementioned are not used exclusively for a Unit then they will be considered General Common Elements.

Section 2.8 Modification of Units. The Developer, on behalf of itself, its successors and assigns, hereby reserves the right to modify, subdivide or reconstitute, at any time and from time to time, one or more Units owned by Developer or its affiliates without the consent of the Association or any Owner; provided, however, that the aggregate over all Percentage Interest assigned to the Units so affected or so formed will not change even though the same may be reallocated among such Units or such additionally created Units hereunder. If Developer makes any changes in Units pursuant to this Section, such changes will be reflected by an amendment of this Master Deed which will be duly recorded in the Office of the Register of Deeds for Beaufort County. Such amendment will not require the oral or written consent of Owners other than the Developer and said Owners hereby consent to a modification, subdivision or reconstitution of one or more Units by Developer in Developer's sole discretion.

Section 2.9 Common Area and Limited Common Area.

(A) **Percentage Interest.** The Owners will own the Common Area as tenants-in-common, with each Unit having, appurtenant thereto, the Percentage Interest in the Common Areas set forth in Exhibit "D" attached hereto; provided, however, that the use of any Limited Common Element will be restricted as set forth herein. The Percentage Interest appurtenant to each Unit has been determined by dividing the Assigned Value of the respective Unit as shown on Exhibit "D" by the aggregate Assigned Value of all Units as shown on Exhibit "D." The value assigned to any Unit in Exhibit "D" does not represent the sales price or market value of the Unit and will only be utilized for purposes of computing the Percentage Interest appurtenant to the respective Unit.

(B) **Inseparability of Percentage Interests.** The percentage Interest in the Common Area cannot be separated from the Unit to which it appertains and will be automatically conveyed or encumbered with the Unit even though such Percentage Interest is not expressly mentioned or described in the deed or other instruments.

(C) **No Partition.** The Common Area will remain undivided and no right to partition the same or any part thereof will exist except as provided in the Condominium Act, the By-Laws and this Master Deed.

(D) **Use of Common Area.** The Common Area will be used in accordance with its intended purposes without hindering the exercise of or encroaching upon the rights of other Owners. The Board of Directors will, if any question arises, determine the purpose for which a part of the Common Area is intended to be used. All Owners and lessees of Owners, their families, clients, customers, invitees and guests will abide by all Rules and Regulations from time to time in effect governing the use of the Common Area.

(E) **Use of Limited Common Area.** Anything to the contrary contained herein notwithstanding, ownership of each Unit will entitle the Owner or Owners thereof to the exclusive use of any Limited Common Areas adjacent and appurtenant to such Unit, which exclusive use may be delegated by such Owner to persons who occupy the Unit. All Owners and lessees of Owners, their families, clients, customers, invitees and guests will abide by all Rules and Regulations from time to time in effect governing the use of the Limited Common Area. An Owner will be responsible for maintenance and repair of the Limited Common Area appurtenant to their Unit as set forth in herein.

(F) **Reservation of Easements and Use and Expansion Rights.** The Common Areas will be subject to all easements and use rights, if any, reserved by the Developer hereunder.

Section 2.10 Status of Title of Property. The Developer represents to the Association and all the Owners that, as of the effective date hereof, the Developer has marketable, fee simple title to the Property. The rights and interests of all Owners in and to the Property will be subject only to (i) liens for real estate taxes for the current year and subsequent years; (ii) existing and/or recorded easements, conditions, covenants, declarations, reservations and restrictions including, without limitation, those set forth in this Master Deed; (iii) easements and use rights, if any, reserved by the Developer hereunder; and (iv) applicable governmental regulations, including zoning laws, which may be imposed upon the Property from time to time.

ARTICLE III

Section 3.1 Undivided Share of Common Elements. The ownership of each Unit shall include an undivided interest in and to the Common Elements as defined herein and as set forth in Exhibit "D" attached hereto and incorporated by reference herein. It is the intention of the Developer to provide that the Common Elements in the Regime shall be owned by the Co-Owners of the Units as tenants in common and the undivided share of each Co-Owner being as stated herein. The Association shall have the power to determine the use to be made of the Common Elements from time to time provided that such use shall not discriminate against any Co-owner. The Association, through its Board of Directors, may establish reasonable charges to be paid to the Association for the use of Common Elements not otherwise inconsistent with the Act or other provisions of this Master Deed or any Exhibits attached hereto.

ARTICLE IV

Section 4.1 Ownership Interest in Common Elements. Developer has included within the Regime certain property and improvements including the Buildings, each containing various number of Units as more particularly described herein. The ownership of each Unit shall include an undivided share in and to the Common Elements as defined herein and as set forth in Exhibit "D" attached hereto and incorporated by reference herein.

ARTICLE V

Section 5.1 Administration of Condominium by Association. In order to provide for the effective and efficient administration of the Plantation Point Horizontal Property Regime by the Unit Owners, a non-profit corporation known and designated as Plantation Point Horizontal Property Regime Owners Association, Inc. (sometimes referred to as the "Association") has been organized, and said corporation shall administer the operation and management of the Regime and undertake and perform all acts and duties incident thereto in accordance with the terms, provisions, and conditions of the Master Deed, and in accordance with the terms of the Articles of Incorporation of the Association, its Bylaws and the rules and regulations promulgated by the Association from time to time. A true copy of the said Articles of Incorporation and Bylaws are annexed hereto and expressly made a part hereof as Exhibits "E" and "F" respectively. The Owner or Owners of each Unit shall automatically become members of the Association upon acquisition of an ownership interest in title to any Unit and its appurtenant undivided interest in Common Elements and Limited Common Elements. The Owners of the Unit shall have rights in the corporation in the same proportion as they hold undivided interest in the Common Elements. The membership of each such Owner or Owners shall terminate automatically upon such Owner or Owners being divested of each ownership interest in the title to such Unit, regardless of the means by which such ownership is divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Unit shall be entitled 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 and is hereby granted the authority and power to enforce the provisions of this Master Deed, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Units, Common Elements, and Limited Common Elements, as the Board of Directors of the Association may deem to be in the best interest of the Regime.

Section 5.2 Insurance. The Board of Directors of the Association shall obtain liability insurance in such amounts as the Board of Directors may determine from time to time for the purpose of providing liability insurance coverage for the property. The Board of Directors shall collect and enforce the payment of a share of the premium for such insurance from each Unit Owner as a part of the Common Expenses. Said insurance shall include, but not be limited to, hazard, legal liability and such other insurance as is deemed necessary. All liability insurance shall contain cross liability endorsement to cover liabilities of the Unit Owners as a group to each individual Unit Owner. Each Unit Owner may purchase liability insurance for accidents occurring in his own Unit and shall be responsible for purchasing insurance on all his personal property.

Section 5.3 Destruction of Improvements and Casualty Insurance.

(A) The Association shall obtain Fire and Extended Coverage Insurance and Vandalism and Malicious Mischief Insurance and such other insurance as the Board deems

necessary, insuring all the insurable improvements within the Regime, including personal property owned by the Association, in and for the interest of the Association, all Unit Owners and their approved mortgagees, as their interest may appear, in a company acceptable to the standards set by the Board of Directors of the Association in an amount at least equal to Eighty-Five (85%) percent of the maximum insurable replacement value as determined annually by the Board of Directors of the Association; the premiums for such coverage and other expenses in connection with said insurance shall be paid by the Association and charged as part of the Common Expenses. The company or companies with whom the Association shall place its insurance coverage as provided in this Master Deed must be companies authorized to do business in the State of South Carolina and on an approved list maintained by the Insurance Commissioner of South Carolina. The approved first mortgagee owning and holding the first recorded mortgage encumbering a Unit shall have the right, for so long as it owns and holds any mortgage encumbering a Unit, to approve the policies and the company or companies who are the insurers under the insurance placed by the Association as herein provided and the amount thereof. The Association shall have the right to designate the Insurance Trustee, and thereafter from time to time, the right to change the Insurance Trustee to such other trust company authorized to conduct business in the State of South Carolina, or to such other person, firm or corporation as Insurance Trustee as may be acceptable to the approved first mortgagee holding the first recorded mortgage encumbering a Unit. At such time as the aforesaid approved first mortgagee is not the holder of a mortgage on a Unit, then his/her rights of approval and designation shall pass to the approved first mortgagee having the highest dollar indebtedness on Units in the Regime and in the absence of the action of said mortgagee, the Association shall have the said right without qualification.

(B) All policies purchased by the Association shall be for the benefit of the Association, all Unit Owners and their approved mortgagees, as their interest may appear. Such policies shall be deposited with the Insurance Trustee, aforementioned, who shall first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee. In the event of a casualty loss, the Insurance Trustee may deduct from the insurance proceeds collected a reasonable fee for its service as Insurance Trustee. The Association is hereby irrevocably appointed agent for each Unit Owner to adjust all claims arising under insurance policies purchased by the Association. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of the policies, nor for the failure to collect any insurance proceeds.

(C) No mortgagee shall have any right to participate in the determination of whether property is to be rebuilt, nor shall any mortgagee have the right to apply insurance proceeds to repayment of its loan, unless the same distribution is made to Unit Owners and their mortgagees.

(D) The duty of the Insurance Trustee shall be to receive the proceeds from the casualty insurance policies held by it, and it shall hold such proceeds in trust for the Association, Unit Owners, and any mortgagees.

(E) In the event a loss occurs to any improvements within any of the Units alone, without any loss to any improvements within the Common Elements, the Insurance Trustee shall immediately pay all proceeds received because of such loss directly to the Unit Owners of the Unit damaged, and their approved first mortgagees, if any, as their interest may appear, and it shall be the duty of these Owners to use such proceeds to effect necessary repairs to the Unit. The Insurance Trustee may rely upon the written statement of the Association as to whether or not a loss has been incurred to the Units or Common Elements or both.

(F) In the event that a loss of Five Thousand and 00/100 Dollars (\$5,000.00) or less occurs to improvements within one or more Units and to improvements within contiguous Common Elements, or to improvements within the Common Elements alone, the Insurance Trustee shall pay the proceeds received as a result of such loss to the Association. Upon receipt of such proceeds, the Association will promptly contract for the necessary repairs to the improvements within the Common Elements and within the damaged Units. In such event, should the insurance proceeds be insufficient to repair all of the damage within the Units, the proceeds shall be applied first to completely repair the improvements within the Common Elements, and the balance of the funds shall be apportioned to repair improvements, within Owners' Units, in proportion to the loss sustained to improvements within said Units, as estimated by the insurance carrier, and the Owners owning interests in Units containing damaged improvements shall be subject to a special assessment and shall contribute to the Association the remaining funds necessary to repair the improvements within their Units. If any Owner or Owners of Units containing damaged improvements refuses or refuse to pay such assessment, then the majority of Owners of Units so damaged may proceed with the reconstruction at the expense of all Co-Owners benefited thereby.

(G) In the event the damage exceeds the sum of Five Thousand and 00/100 Dollars (\$5,000.00) to the Limited Common Elements alone, or to the individual units and to improvements within contiguous Limited Common Elements (it being the intention of the foregoing to cover any loss other than those specifically described in Section (F) above), then the Insurance Trustee shall hold all insurance proceeds in trust, and any and all other funds paid as hereinafter provided, and shall distribute the same as follows:

(1) The Board of Directors of the Association shall obtain, or cause to be obtained, reliable and detailed estimates and/or bids for the cost of rebuilding and reconstructing the damage and for the purpose of determining whether insurance proceeds are sufficient to pay for the same.

(2) In the event the insurance proceeds are sufficient to rebuild and reconstruct all the damaged improvements within the Common Elements and within the Units, or upon the collection of the necessary funds that are described in Paragraph F of this Section 5, then:

(i) If the casualty loss necessitates reconstruction of more than Three Fourths (3/4) of the Property, then the insurance proceeds held by the Trustee shall be disbursed, pro-rata, to the Co-Owners entitled to payment and their respective mortgagees as their interest may appear, as directed, and in such proportions as the Board of Directors in its sole discretion

may determine. This paragraph may be waived, altered or amended with the unanimous consent of all the Co-Owners.

(ii) If the casualty loss necessitates reconstruction of Three-Fourths (3/4) or less of the Property, then the Board of Directors of the Association shall meet and shall determine the amount of and terms of a special assessment against the Units and the Owners thereof to obtain the necessary funds to repair the improvements. Such assessment need not be uniform as to all Units, but may be in accordance with such factors as the Board of Directors of the Association shall consider to be fair and equitable under the circumstances; whereupon the Board of Directors of the Association, having determined the amount of such assessment, shall immediately levy such assessment setting forth the date of payment of the same, and the funds received shall be delivered to the trustee and disbursed as provided in the preceding paragraph. If any Owner or Owners of Units containing damaged improvements refuses or refuse to pay such assessment, then the majority of Owners of Units so damaged may proceed with reconstruction at the expense of all Co-Owners benefited thereby.

(3) In the event, after complete repair and reconstruction and after the Insurance Trustee's fee has been paid, funds remain in the hands of the Insurance Trustee, such funds shall be disbursed in the same fashion the proceeds were originally collected as set forth in this Article. However, it shall be presumed that the first monies disbursed in payment of repair, replacement, and reconstruction shall be from insurance proceeds. If there is a balance in the funds held by the Insurance Trustee after payment of all costs of repair, restoration, and reconstruction and after payment of any and all Trustee's Fees and expenses, such balance shall be distributed to the Unit Owners in proportion with their contributions.

(4) In the event the insurance proceeds are sufficient to pay for the cost of reconstruction and repair, or in the event the insurance proceeds are insufficient but additional funds are raised by special assessment or any other manner within ninety (90) days after such restoration and repair, then no mortgagee shall have the right to require the application of insurance proceeds to the payment of its loan. Further, all covenants contained herein for the benefit of any mortgagee of a Unit may be enforced by an approved first mortgagee.

(5) Any repair, rebuilding, or reconstruction shall be substantially in accordance with the architectural plans and specifications for the original building, as the building was last constructed, or according to plans approved by the Board of Directors of the Association. Any material or substantial change from the foregoing architectural plans and specifications shall require approval by the institutional first mortgagee holding the highest dollar indebtedness on Units in the Regime.

(6) In case at any time or times the property or any part thereof shall be taken or condemned by any authority having a power of eminent domain, or compensation in damages for or on account of any land and all compensation and damages for or on account of any improvements of the property shall be payable to such bank or trust company authorized to do business in South Carolina as the Board of Directors shall designate as Trustee for all Unit Owners and mortgagees affected thereby, according to the loss or damages to their respective Units and appurtenant common interest in easements, and shall be used promptly by the Board of Directors to the extent necessary for restoring or replacing such improvements on the remaining land according to plans therefore first approved as herein provided, unless the Association by a vote of not less than Seventy-Five percent (75%) of the percentage interest of the Unit Owners,

determines within a reasonable time after such taking or condemnation that such restoration or replacement is impracticable under the circumstances in which event the Board of Directors, on behalf of the Association and at the Association's common expense, shall remove all remains of such improvements so taken or condemned and restore the site thereof to good orderly condition and even grade and shall equitably distribute the remaining proceeds from such condemnation or taking to the Unit Owners or mortgagees affected thereby, according to the loss or damage to their respective Units and appurtenant common interests and easements.

Section 5.4 Conveyance of Interest in Units. In order to assure a community of congenial Unit Owners and thus protect the value of the Condominium Units, any conveyance of interest of said Units, including a lease estate, shall be subject to the following provisions so long as this provision of this Master Deed is of valid effect and binding on the property and Unit Owners:

(A) **Notice to Association.** Any and every time a Unit Owner or his lessee intends to convey an interest in his Unit he shall give written notice to the Association of such intention, together with the name and address of the party to whom said interest is intended to be conveyed and such other information as the Association may reasonably require, and the terms of the proposed transaction. The notice just described shall be mailed to or delivered by hand to the Secretary of the Association.

(B) **Acquisition by Gift, Devise or Inheritance.** When any person obtains a Unit by gift, devise or inheritance, or by any other method not heretofore considered, it shall be the responsibility of such person to notify the Association that such transfer has occurred. The Association may then require that such person furnish the Association with such information concerning the person obtaining the Unit as may be reasonably required and a certified copy of the instrument by which the Unit was obtained.

(C) **Mortgagee holding a mortgage on a Unit.** Upon becoming the Owner of a Unit, through foreclosure or by deed in lieu of foreclosure, or whosoever shall become the acquirer of title to a Unit at the foreclosure sale of such approved first mortgage, shall have the unqualified right to sell or otherwise transfer said Unit, including the fee ownership thereof, and/or to mortgage said Unit. No other provision of this Master Deed or any other covenant or restriction applicable to a Unit or Unit Owner is waived by this paragraph.

Section 5.5 Maintenance and Repair.

(A) All maintenance of and repairs to any Unit and any Limited Common Elements exclusive thereto, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any Common Elements contained therein, and not necessitated by the negligence, misuse or neglect of the Owner of such Unit) shall be made by the Owner of such Unit, specifically including the heating and air conditioning unit(s) for that Unit, whether located on a Common Element or not. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements, that his failure to do so may engender.

(B) All maintenance, repairs and replacements to the General Common Elements, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) shall be made by the Board of Directors and be charged to all the Unit Owners as a Common Expense, which shall be computed according to the percentage representing the value of the individual Unit with relation to the value of the whole property as set forth in this Master Deed.

(C) All repairs of internal installations of the Units other than General Common Elements, if any, shall be at the expense of the Unit Owner; such installations shall include, but not be limited to, telephone, air conditioners, sewage, sanitary installations, water, light, gas, power, doors, windows, lamps, patio, fencing, and all other accessories belonging to the Unit.

(D) All maintenance and repair shall be performed promptly and diligently by each Unit Owner obligated to do same and each Owner shall be expressly responsible for the damages and liabilities that his failure to do so may engender.

(E) A Unit Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any Common Elements damaged through his neglect.

Section 5.6 Additions, Alterations or Improvements by the Board of Directors. Additions, alterations, or improvements costing Five Thousand and 00/100 Dollars (\$5,000.00) or less may be performed by the Board of Directors without approval of the Unit Owners, and the cost thereof shall constitute part of the Common Expense. Such additions, alterations or improvements in excess of Five Thousand and 00/100 Dollars (\$5,000.00) must be approved by the Board and by a majority of the Unit Owners, present in person and/or proxy and voting at a meeting duly held. Upon such approval, the Board shall proceed with such additions, alterations, or improvements and shall assess all Unit Owners for the cost thereof as a common charge.

Section 5.7 Maintenance of Unit Interiors. Each Unit Owner shall be entitled to the exclusive use of the interior surfaces of the perimeter walls, floors and ceilings of his Unit, and such Unit Owner shall maintain such interior surfaces in good condition at his sole expense as may be required from time to time, which said maintenance and use shall be subject to the rules and regulations of the Association, and each such Unit Owner shall have the right to decorate such interior surfaces from time to time as he may see fit and at his sole expense. The use of and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Building, shall be subject to the rules and regulations of the Association. Decorating of the Common Elements (other than interior surfaces within the Units as above provided), and any redecorating of Units to the extent made necessary by any damage to existing decorating of such Units caused by maintenance, repair or replacement work on the Common Elements by the Association shall be furnished by the Association as part of the Common Expenses. The interior surfaces of all windows forming part of the perimeter wall of a Unit shall be cleaned by the individual Unit Owner. Unless otherwise provided in the contract of

sale, each Unit Owner shall furnish and be responsible for, at his own expense, all of the decorating within his own Unit.

Section 5.8 Association's Determination Binding. In the event of any dispute or disagreement between any Unit Owners relating to the Regime or any question of interpretation or application of the provisions of the Master Deed or Bylaws, the determination thereof of a majority vote of the Board of Directors of the Association shall be final and binding on each and all of such Unit Owners.

Section 5.9 Ownership of Common Elements. Each Unit Owner shall be entitled to the percentage of ownership in the Common Elements (including Limited Common Elements and any common fund held by or through the Association for repair, maintenance or otherwise) allocated to the respective Unit owned by such Unit Owner, as set forth in this Master Deed and by reference made a part hereof as though fully set forth herein. Said ownership interest is in accordance with their respective percentages of ownership.

Section 5.10 Use of Common Elements. All passages, roads and common avenues of ingress and egress shall be used for no purpose other than normal transit through them. No Unit Owner shall park any vehicle, or place or cause to be placed in said passages, road and common avenues any furniture, packages or obstructions of any kind. Such rights and obligations shall extend to each Unit Owner and the agents, servants, tenants, family members and invitees of each Unit Owner. Each Unit Owner shall have the right to the exclusive use of the Limited Common Elements allocated to the Unit owned by such Unit Owner. Use of the Common Elements and amenities shall be subject to and governed by the provisions of the Act, this Master Deed, the Bylaws and the rules and regulations of the Association.

Section 5.11 Parking Spaces. To provide parking for the Unit Owners, their guests, employees and invitees, the Developer has constructed specific parking areas. The parking areas shall be subject to the initial rules and regulations established by the Developer as maybe amended in accordance with the terms of this Master Deed and the By-Laws hereto.

Section 5.12 Common Charges. The Bylaws of the Association shall provide for (1) the determination of the Common Expenses and fixing of Common Charges; (2) payment of Common Charges; (3) collection of assessments; (4) default; and (5) statement of Common Charges. Said Common Charges shall be used for the administration, operation, maintenance and repair of the Common Elements and Property.

Section 5.13 Voting. The Owner(s) of each Unit shall have the right to cast one vote for each Unit as set forth in this Master Deed, in person or by proxy, at all meetings of the Association of Unit Owners.

Section 5.14 Unit Mortgages. Each Unit Owner shall have the right, subject to the provisions hereof, to make a separate mortgage or encumbrance on his respective Unit, together with his respective ownership interest in the Common Elements. No Unit Owners shall have the

right or authority to make, or create, or cause to be made or created, any mortgage or encumbrance or other lien on or affecting the Property or any part hereof, except only to the extent of his Unit and his respective ownership in the Common Elements.

Section 5.15 Notice to Board of Directors. A Unit Owner who mortgages his Unit shall notify the Board of Directors of the name and address of his mortgagee, and shall file a conformed copy of the note and mortgage with the Board of Directors; the Secretary of the Association shall maintain such information in the record of ownership of the Association. After the filing of the mortgage, the Board of Directors shall notify the mortgagee of any Unit Owner who is in default for sixty (60) days in the expenses for the management and administration, care and operation of the Regime and the mortgagee may, at its option, pay the delinquent expenses.

Section 5.16 Separate Real Estate Taxes. It is understood that real estate taxes are to be separately assessed against each Unit Owner for his Unit and his corresponding percentage of ownership in the Common Condominium Elements, as provided in the Act. In the event that for any year such taxes are not separately taxed to each Unit Owner, but are taxed on the Property as a whole, then each Unit Owner shall pay his proportionate share thereof in accordance with his respective percentage of ownership interest in the Common Elements. The Board shall determine the amount due and notify each Unit Owner as to the real estate taxes.

Section 5.17. Promulgation of Rules and Regulations. In order to assure the peaceful and orderly use and enjoyment of the Buildings and Common Elements of said project, the Board of Directors may from time to time adopt, modify and revoke, in whole or in part, such reasonable rules and regulations governing the conduct of persons or said project as it may deem necessary. Such rules, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Owner and shall be binding upon all members of the Association and occupants of the buildings.

Section 5.18 Encroachments. In the event that any Unit shall encroach upon any Common Element for any reason not caused by the purposeful or negligent act of the Unit Owner(s), or agents of such Owner(s), then an easement appurtenant to such Unit shall exist for the continuance of such encroachment unto the Common Elements for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Unit then an easement shall exist for the continuance of such encroachment of the Common Elements into any Unit for so long as such encroachment shall naturally exist.

Section 5.19 Abatement and Enforcement of Violations by Unit Owners. All Units shall be utilized and operated in accordance with the provisions of this Master Deed, the Bylaws, and the rules and regulations. The violation or breach of any such provision as adopted by the Board of Directors shall give the Board the right, in addition to other rights set forth in these Bylaws, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, and the violating, defaulting or breaching Owner shall further be

liable for the expenses of any attorneys fees or court costs incurred by the Board as the result of such legal proceedings.

ARTICLE VI

Section 6.1 Use of Units.

(A) All Units shall be utilized for residential purposes. The use of such Units shall be further restricted by the permitted uses under the zoning laws of the Town of Bluffton, South Carolina.

(B) A Unit Owner shall not permit or suffer anything to be done or kept in his Unit which will increase the insurance rates on his Unit, the Common Elements or the Limited Common Elements, or which will obstruct or interfere with the rights of other Unit Owners or the Association or annoy other Unit Owners by unreasonable noises or otherwise; nor shall a Unit Owner commit or permit any nuisance, immoral, improper, offensive or illegal act in his Unit, on the Common Elements or the Limited Common Elements.

(C) Common Elements shall be used only for the furnishing of services and facilities for which they are reasonably suited and which are incident to the use and the occupancy of Units. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Regime Property shall be observed.

(D) A Unit Owner shall show no sign, advertisement or notice of any type on the Common Elements, Limited Common Elements, or in or upon his Unit and shall erect no exterior antennas and aerials upon any portion or part of his Unit or the Common Elements, except as are in conformance with the Rules and Regulations promulgated by the Developer, as may be amended from time to time.

(E) A Unit Owner shall make no structural alterations or modifications in his Unit or installations located therein without previously notifying the Association in writing, through the manager or managing agent, if any, or through the President if no manager or managing agent is employed. The Association shall have the obligation to reply by acceptance or rejection of the proposal within thirty (30) days time and failure to do so within the stipulated time shall mean that there is no objection to the proposed alteration or modification.

Section 6.2 Compliance and Conflict. This Master Deed is designed and intended to comply with the Horizontal Property Act of South Carolina. In the event that any of this Master Deed conflicts with the provisions of said Act, it is agreed and accepted that the provisions of the Act will apply and control. If, however, conflict serves to invalidate any provisions of this Master Deed, such invalidation will not affect any of the other provisions contained herein, and they shall remain in full force and effect.

Section 6.3 Amendments. This Master Deed may be amended, modified or revoked by an affirmative vote of the Unit Owners owning Sixty-Six and 6/10 percent (66.6%) of the total votes of the Regime. However, for so long as the Developer is a Unit Owner, it shall retain the sole and exclusive right to unilaterally amend this Master Deed, so long as such amendments do not materially effect the ownership interest of any Unit Owner.

Section 6.4 Title. Every Unit Owner shall promptly cause to be duly recorded with the Office of the Register of Deeds for Beaufort County the deed, lease, assignment, or other conveyance to him of his Unit, or other evidence of his title thereto, and file such evidence of his title with the Board of Directors through the manager, and the Secretary shall maintain such information in the record of ownership of the Association.

ARTICLE VII

Section 7.1 Creation of Lien and Personal Obligation for Assessments. Each Unit is and will be subject to lien and permanent charge in favor of the Association for the Assessments set forth herein. Each Assessment, together with interest thereon and cost of collection thereof as hereinafter provided, will be a permanent charge and continuing lien upon the Unit against which it relates, and will also be the joint and several personal obligation of each Owner of such Unit at the time the Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such Unit, and each and every Owner by acquiring or holding an interest in any Unit thereby covenants to pay such amounts to the Association when the same will become due; provided, however, that no Owner acquiring title to any Unit at a foreclosure sale of any Institutional Mortgage, its successors and assigns, will have any personal obligation with respect to the portion of any Assessments (together with late charges, interest, fees and costs of collection) related to such Unit, the lien for which is subordinate to the lien of the Institutional Mortgage being foreclosed as provided in this Article.

Section 7.2 Annual Assessments. At least thirty (30) days prior to the Association's next succeeding Annual Assessment Period, the Board will adopt a budget for the next succeeding Annual Assessment Period by estimating the Common Expenses to be incurred during such Annual Assessment Period, including a reasonable allowance for contingencies and operating and replacement reserves, such budget to take into account the projected anticipated income which is to be applied in reduction of the amount to be collected as an assessment. Upon adoption of the budget, a copy thereof will be delivered to each Owner. The Annual Assessment fixed against each Unit will be based upon said budget and in proportion to the respective Percentage Interests of each Unit subject to assessment, and the Board will give written notice to each Owner of the Annual Assessment fixed against his Unit for such next succeeding Annual Assessment Period; provided, however, the delivery of a copy of said budget will not be a condition precedent to an Owner's liability for payment of such Annual Assessment. The Annual Assessment will not be used to pay for the following:

(A) Casualty insurance of individual Owners on their possessions within the Units and liability insurance of such Owners insuring themselves and their families individually, which will be the sole responsibility of such Owners;

(B) Utility charges for each Unit, which will also be the sole responsibility of such Owners;

(C) Ad valorem taxes assessed against Units;

(D) Other charges or expenses related solely to individual use or occupancy of any Unit;

(E) It is anticipated that ad valorem taxes and other governmental assessments, if any, upon the Property will be assessed by the taxing authority upon the Unit, and that each assessment will include the assessed value of the Unit and of the undivided interest of the Owner in the Common Area; provided, however, that for the current calendar year, the ad valorem taxes will be based upon the condition of the Property as of January 1, and the Developer will be liable for that portion of the taxes applicable to the period prior to the recordation of this Master Deed. When current ad valorem taxes are due and payable, the remainder of the ad valorem taxes for the current calendar year will be prorated between the Developer and each Owner based upon the Owner's Percentage Interest and based upon the number of days each owned the Unit as evidenced by the date of the Unit Deed. Any such taxes and governmental assessments upon the Property which are not so assessed will be included in the Association's budget as a recurring expense and will be paid by the Association as a Common Expense. Except as otherwise provided herein, each Owner is responsible for making his own return of taxes and such return will include such Owner's undivided interest in the Common Area as such undivided interest is determined by law for purpose of returning taxes.

Section 7.3 Special Assessments. In addition to the Annual Assessments, the Board of Directors may levy in any calendar year "Special Assessments" for the purpose (i) of supplementing the Annual Assessments if the same are inadequate to pay the Common Expenses and (ii) of defraying, in whole or in part, the cost of any reconstruction, repair or replacement of the Common Area; provided, however, that any such Special Assessment which in the aggregate exceeds twenty percent (20%) of the total Annual Assessments for such year must have the assent of Members, voting in person or by proxy, at a meeting at which a quorum is present, duly called for the express purpose of approving such Special Assessment.

Section 7.4 Date of Commencement of Annual Assessments; Due Dates. Although the Annual Assessment is calculated on a yearly basis for the Annual Assessment Period, each Owner of a Unit will be obligated to pay to the Association or its designated agent such Assessment in equal monthly installments on or before the first day of each month during such Annual Assessment Period. The Obligations of Owners regarding the payment of monthly portions of the Annual Assessment provided for in this Article will, as to each Unit, commence upon the recording of this Master Deed. The first monthly payment of the Annual Assessment

for each such Unit will be an amount equal to the monthly payment for the Annual Assessment Period in progress on such commencement date, divided by the number of days in the month of conveyance, and multiplied by the number of days then remaining in such month. The Association will, upon demand at any time, furnish any Owner liable for any such Assessment a certificate in writing signed by an Officer of the Association or the property manager of the Association, setting forth whether the same has been paid. A reasonable charge, as determined by the Board, may be made for the issuance of such certificate. Such certificate will be conclusive evidence of payment of any Assessment stated to have been paid as to any person or entity who has relied on the certificate to his detriment.

Section 7.5 Effect of Non-Payment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association.

(A) If an Assessment is not paid on the date when due, as hereinabove provided, then such Assessment together with such late charges and interest thereon and any costs of collection thereof as hereafter provided, will be a charge and continuing lien on the Unit to which it relates, and will bind such Property in the hands of the Owner, his heirs, legal representatives, successors, and assigns. The personal obligation of the then Owner to pay such Assessment, however, will remain his personal obligation, and if his successors in title assume his personal obligation, such prior Owner will nevertheless remain as fully obligated to pay immediately preceding the transfer. Furthermore, such prior Owner and his successor in title who assumes such liabilities will be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Owner and his successor in title creating the relationship of principal and surety as between themselves, other than one by virtue of which such prior Owner and his successor in title would be jointly and severally liable to pay such amounts.

(B) Any Assessment which is not received within ten (10) days of the due date thereof, or within any established grace period, will incur a late charge of Twenty-Five (\$25.00) dollars or such greater amount as may be set by the Board of Directors. If so directed by the Board of Directors with respect to all late payments, Assessments and late charges will commence to accrue simple interest at the rate of eighteen percent (18%) per annum. In addition, in the event any Assessment is not received within thirty (30) days of the due date thereof, the Association will have the right to declare the balance of the Assessment for the Annual Assessment Period then in effect immediately due and payable upon written notice to the defaulting Owner.

(C) The Association may bring legal action against the Owner personally obligated to pay the same or foreclose its lien against the Unit to which it relates or pursue both such courses at the same time or successively. In any event, the Association will be entitled also to recover reasonable attorney's fees actually incurred and all other costs of collection. Each Owner, by his acceptance of a deed or other transfer of a Unit, vests in the Association or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity. **All Owners, to the fullest extent permitted by law, waive the right to assert any statute providing appraisal**

rights, which may reduce any deficiency judgment obtained by the Association against any Owner in the event of such foreclosure and further, waive all benefits that might accrue to any Owner by virtue of any present or future homestead exemption or law exempting any Unit or portion thereof from sale. If the Association commences to foreclose its lien, the Owner may be required to pay a reasonable rental for the Unit after the commencement of the action and at its option the Association will be entitled to the appointment of a receiver to collect such rents. The Association will have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may be relieved from liability from the Assessment provided for herein by abandonment of his Unit or otherwise.

(D) During any period in which an Owner will be in default in the payment of any Annual or Special Assessment levied by the Association, the voting rights of the Owner may be suspended by the Board of Directors until such time as the Assessment has been paid.

Section 7.6 Developer's Unsold Units. Anything contained in this Article to the contrary notwithstanding, so long as the Developer owns any Unit for sale it may annually elect either to pay the regular Assessment for each such Unit or to pay the difference between the amount of Assessments collected on all other Units not owned by the Developer and the amount of actual expenditures by the Association during the fiscal year, but not in a sum greater than its regular Assessment. Unless the Developer otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, the Developer will be deemed to have elected to continue paying on the same basis as during the immediately preceding year. Furthermore, so long as the Developer owns any Unit for sale, the Developer may, but will not be obligated to, reduce the regular Assessment for any year to be paid by Owners of Units, which may be a contribution to the Association, an advance against future regular Assessments due from said Owners, or a loan to the Association, in the Developer's sole discretion. The amount and character (contribution, advance or loan) of such subsidy will be conspicuously disclosed as a line item in the budget and will be made known to the Owners. The payment of such a subsidy in any year will under no circumstances obligate the Developer to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Developer.

Section 7.7 Subordination of the Charges and Liens to Institutional Mortgages.

(A) The lien and permanent charge for the Assessments (together with late charges, interest, fees and cost of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any holder of an Institutional Mortgage or his assigns placed on such Unit, and all Assessments with respect to such Unit having a due date on or prior to the date such Institutional Mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only such lien and charge as relates to Assessments authorized hereunder having a due date subsequent to the date such Institutional Mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such Institutional Mortgage.

(B) Such subordination is merely a subordination and will not relieve the Owner of the mortgaged Unit of his personal obligation to pay all Assessments coming due at a time when he is the Owner; will not relieve such Unit from the lien and permanent charge provided for herein (except as to the extent the subordinated lien and permanent charge is extinguished against a Unit to the Mortgagee or such Mortgagee's assignee or transferee by foreclosure); and no sale or transfer of such Unit to the Mortgagee or to any other person pursuant to a foreclosure sale will relieve any previous Owner from liability for any Assessment coming due before such sale or transfer.

(C) To the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Institutional Mortgage, then the amount or amounts otherwise secured thereby which cannot otherwise be collected will be deemed a Common Expense collectible from all Owners, including the person who acquires title through the foreclosure sale.

Section 7.8 Reserves. The Board of Directors will establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the Common Area. The Board of Directors will include amounts needed to maintain an adequate reserve fund in its estimation of the Common Expenses for each fiscal year and will cause deposits to the reserve fund to be made in connection with the collection of the Annual Assessment.

Section 7.9 Working Capital Assessment. Notwithstanding anything to the contrary in this Master Deed, a working capital fund will be established for the Association by collecting from each Owner who acquires title to his Unit from the Developer a Working Capital Assessment amounting to 2/12ths of the Annual Assessment then in effect, which Assessment will be due and payable at the time of transfer of each Unit by the Developer to any other Owner. Each such Owner's share of working capital, as aforesaid, will be transferred to the Association at the time of closing the conveyance from the Developer to the Owner. Such sum is and will remain separate and distinct from the Annual Assessment and will not be considered advance payment of the Annual Assessment.

ARTICLE VIII

Section 8.1 Substantial Loss or Condemnation. Notwithstanding any other provisions herein, in case of condemnation or substantial loss to the Units and/or Common Elements of the condominium project, unless One Hundred percent (100%) of the first mortgagees (based upon one vote for each mortgage owned), or Owners (other than sponsor, developer or builder) of the individual Condominium Units have given their prior written approval, the Association shall not be entitled to:

- (A) By act or omission, seek or abandon or terminate the condominium project;
- (B) Change the pro rata interest or obligations of any individual condominium Unit for the purpose of: (i) levying assessments or charges or allocating distribution of hazard

insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium Unit in the Common Elements;

(C) Partition or subdivide any condominium Unit;

(D) By act or omission, seek to abandon, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the condominium project shall not be deemed a transfer within the meaning of this clause.); or

(E) Use hazard insurance proceeds for losses to any condominium property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such condominium property.

Section 8.2 Management Agreement. Any agreement for professional management of the condominium project, or any other contract providing for services of the Developer, sponsor, or builder, may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

ARTICLE IX

Section 9.1 Certain Rights of Developer. Notwithstanding any other provisions herein, so long as the Developer continues to own any of the Units, the following provisions shall be deemed to be in full force and effect:

(A) The Developer shall have the right at anytime to sell, transfer, lease or relet any Unit(s) which the Grantor continues to own after this Master Deed has been recorded, without regard to any restrictions, if any, relating to the sale, transfer, lease or form of lease of Units contained herein and without the consent or approval of the Association or any other Co-Owner being required.

(B) During the period of time in which structures within the regime are under construction by the Developer and not completed, no dues shall be charged against the Developer as the Co-Owner of Units until both the completion of said Units and its inclusion in the Condominium and the dues shall be assessed against the Co-Owners (including the Developer) of those Units in that Phase which shall have been completed, proportionately by ownership interest, as herein set forth.

(C) Without limiting the foregoing, the Developer shall have the power, but not the obligation, acting alone, at any time (and from time to time) so long as the Developer owns at least one Unit, to amend the Master Deed and the exhibits to correct any sort of typographical error or error relating to a material representation made by the Developer to a Unit Owner.

(D) The Developer shall have the rights (i) to use or grant the use of a portion of the Common Elements for the purpose of aiding in the sale or rental of Units; (ii) to use portions of the Property for parking for prospective purchasers or lessees of Units and such, other parties as the Developer determines; (iii) to erect and display signs, billboards and placards and store and keep the same on the Property; (iv) to distribute audio and visual promotional material upon the Common Elements; and (v) to use any Unit which it owns as a sales and/or rental office, management office or maintenance facility.

(E) In order to provide the Regime with, among other things, adequate and uniform water service, sewage disposal service, utility services and television reception, the Developer reserves the exclusive right to contract for the provision of such services. Neither the Developer, as agent for the Association and the Co-Owners, has entered into or may enter into arrangements, binding upon the Association, and the Co-Owners, with governmental authorities or private entities for furnishing such services. The charges therefore will be Common Expenses.

(F) Subject to the approval of the Association the Developer reserves the right to enter into, on behalf of and as agent for the Association and the Co-Owners, agreements with other persons for the benefit of the Regime, the Association and the Co-Owners. The provisions of any such Agreement shall bind the Association and the Co-Owners. None of rights bestowed upon the Developer shall be construed so as to relieve the Developer from any obligations as a Co-Owner to pay Assessments as herein set forth as to each Unit owned by the Grantor after the construction on said Unit has been completed and it is included in the Regime.

Section 9.2 Limited Warranty. Subject to applicable law the Developer acknowledges that all contractual warranties in its favor set forth in the building construction contracts are limited warranties for material and equipment in the Unit and shall accrue to the benefit of the Co-Owner of such Unit along with all limited warranties, if any, provided by the manufacturer or supplier of appliances, air conditioning, heating utility systems in the Unit. **SUBJECT TO APPLICABLE LAW THE CLOSING OF TITLE OR OCCUPANCY OF THE UNIT SHALL CONSTITUTE ACKNOWLEDGMENT BY THE UNIT CO-OWNER THAT THE DEVELOPER MAKES NO OTHER IMPLIED OR EXPRESSED WARRANTIES RELATING TO THE UNIT AND OR THE COMMON AREAS AND FACILITIES, OTHER THAN THE WARRANTIES EXPRESSLY SET FORTH HEREIN.**

ARTICLE X

Section 10.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Developer, Association and Owners (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between and among themselves involving this Master Deed or the Association, and to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances and disputes

(including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Master Deed or the Association, including without limitation, claims, grievance or dispute arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for the "Exempt Claims" under Section 10.2, are subject to the procedures set forth in Section 10.3.

Section 10.2 Exempt Claims. The following claims ("Exempt Claims") are exempt from the provisions of Section 10.3:

- i. any suit by the Association against any Bound Party to enforce Assessments or other charges hereunder; and
- ii. any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association until the matter may be resolved on the merits pursuant to Section 10.3 below; and
- iii. any suit involving a matter which is not an Exempt Claim under (a) or (b) above, but as to which matter the Bound Party against whom the Claim is made waives the mandatory provisions of Section 10.3 below.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 10.3, but there is no obligation to do so.

Section 10.3 Mandatory Procedures for Non-Exempt Claims. Any Bound Party having a Claim ("Claimant") against a Bound Party involving the Master Deed or the Association, or all or any combination of them ("Respondent"), other than an Exempt Claim under Section 10.2, will not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of the Claim until it has complied with the following procedures, and then only to enforce the results thereof.

(A) **Notice.** Within a reasonable time after the Claim in question has arisen, and in each event prior to the date when institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitation, Claimant will notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

- (1) the nature of the Claim, including applicable date, time, location, persons involved, Respondent's role in the Claim and the provisions of the Master Deed or other authority out of which the Claim arises;
- (2) what Claimant wants Respondent to do or not do to resolve the Claim; and

(3) that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet with Respondent at a mutually agreeable time and place to discuss, in good faith, ways to resolve the Claim.

(B) Negotiation.

(1) Each Claimant and Respondent (the "Parties") will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation, but no later 30 days following the Notice, unless otherwise agreed by the Parties.

(2) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the President of the Association may appoint an attorney licensed to practice law in the State of South Carolina to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties. Such an attorney will have been actively engaged in the practice of law for at least ten (10) years, with substantial experience in planned real estate developments and/or property law and will not have a conflict of interest with any of the Parties.

(C) Final and Binding Arbitration. If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon the Parties) ("Termination of Negotiation"), a Claimant will have 30 days within which to submit the Claim to binding arbitration under the auspices and the Commercial Arbitration Rules of the American Arbitration Association; and in accordance with the substantive and procedural laws of the state of South Carolina, except as said rules, procedures and substantive laws are applied otherwise as follows:

(1) Unless the parties agree otherwise, within ten (10) days following Termination of Negotiation, Claimant and Respondent will jointly select one arbitrator, whose decision will be absolutely binding on all Parties; provided, however, if Claimant and Respondent are unable to jointly select one arbitrator within said ten (10) day period, or on or before any later date set by them in which to select an arbitrator, the arbitrator will be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be conducted in the County and State in which the Property is located before a neutral person who is a member of the Bar of the State of South Carolina, who has been actively engaged in the practice of law for at least ten (10) years, with substantial experience in planned real estate developments and/or property law and who has no conflict of interest with any of the Parties. The arbitrator may award any remedy or relief that a court of the State of South Carolina could order or grant, including, without limitation, specific performance of any obligation created under the Regime Documents, or issuance of an injunction, as well as the imposition of sanctions for abuse or frustration of the arbitration process; provided, however, the arbitrator will have no authority to award punitive damages or any other damages not measured by the prevailing Party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Regime Documents.

(2) In the event the Claimant does not submit the Claim to binding arbitration as aforesaid, the Claim is deemed abandoned, and Respondent is released and discharged from any and all liability to Claimant arising out of the Claim; provided, nothing herein will release or discharge Respondent from any liability to a person not a Party to the foregoing proceedings, or the mandatory requirements of this Section 10.3 with respect to any subsequently arising new dispute or claim by the Claimant which is identical or similar to the Claim previously deemed abandoned under this Section 10.3(c)(ii)

This Section 10.3 is an agreement of the Bound Parties to arbitrate all Claims against Respondent, except Exempt Claims, and is specifically enforceable under South Carolina law. The arbitration award (the "Award") is final and binding on the Parties, and judgment upon the Award rendered by the arbitrator may be entered upon it in any court of competent jurisdiction.

Section 10.4 Allocation of Costs and Claims.

(A) Costs of Notice and Negotiation. Each Party will bear all of its own costs incurred prior to and during the proceedings described in Sections 10.3(a) and 10.3(b), including the fees of its attorneys or other representative. Claimant and Respondent will share equally the costs and expenses of any attorney appointed by the Board pursuant to Section 10.3(b), whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the Board is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.

(B) Arbitration Costs. In the event the Claim proceeds to arbitration pursuant to the Section 10.3(c), the "Prevailing Party," as hereinafter defined, will receive from the non-Prevailing Party, all of its costs and expenses, including reasonable expert and attorney's fees, incurred from commencement of selection of the arbitrator under Section 10.3(c) to the issuance of the Award. Further, the non-Prevailing Party will pay all costs and expenses of the arbitration, including the costs and expenses of any attorney appointed by the American Arbitration Association pursuant to Section 10.3(c), whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the American Arbitration Association is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses. The "Prevailing Party" will be determined as follows:

(1) Not less than five (5) days prior to the first meeting with the arbitrator, a Party or Parties may file and serve on the other Party(ies) an offer of settlement, and within three (3) days thereafter the Party(ies) served may respond by filing and serving such Party(ies) its own offer of settlement. An offer of settlement will state that it is made under this section and will specify the amount, exclusive of interest and costs, which the Party(ies) serving the settlement offer is/are willing to agree constitutes a settlement of the Claim.

(2) An offer of settlement is considered rejected by the recipient unless an acceptance, in writing, is filed and served on the Party(ies) making the offer twenty-four (24) hours prior to the first meeting with the arbitrator.

(3) If an offer of settlement is rejected, it may not be referred to for any purpose at arbitration, but may be considered solely for the purpose of awarding costs and expenses of arbitration under Section 10.3(c)

(4) If Claimant makes no written offer of settlement, the amount of the Claim offered in arbitration is deemed to be Claimant's final offer of settlement under this section 10.4(b).

(5) If Respondent makes no written offer of settlement, Respondent's offer of settlement under this Section 10.4(b) is deemed to be zero.

(6) The Party(ies) whose offer, made or deemed made, is closer to the Award granted by the arbitrator is considered the "Prevailing Party" hereunder. If the difference between Claimant's and Respondent's offers and the Award is equal, neither Claimant nor Respondent is considered to be the Prevailing Party for purposes of determining the award of costs and expenses of arbitration in which event each party shall be responsible for their attorney fees and the parties shall share equally the cost of the arbitrator.

Section 10.5 Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance with Section 10.3(b) and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party thereafter fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 10.3. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all the Parties pro rata) all costs incurred in enforcing the agreement or Award, including, without limitation, reasonable attorney's fees and court costs.

Section 10.6 Litigation. No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by a majority of the Members of the Association entitled to vote at a regular or special meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving the proceeding. This Section will not apply, however, to actions brought by the Association to enforce the provisions of this Master Deed (including, without limitations, the foreclosure of liens); the imposition and collection of Assessments; proceedings involving challenges to ad valorem taxation; counterclaims brought by the Association in proceedings instituted against it; or actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members of the Association constituting a majority of the Members, and pursuant to the same procedures, necessary to institute

proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Article 10, if applicable.

ARTICLE XI

Section 11.1 Exhibits Attached. The following Exhibits are attached hereto and incorporated verbatim in this Master Deed by reference, as if set forth fully herein.

<u>Description</u>	<u>Identification</u>
Legal Description of the Development Land	Exhibit A
Plat of Plantation Point	Exhibit B
Elevations and Floor Plans of Plantation Point Horizontal Property Regime	Exhibit C
Schedule of Assigned Values and Percentage Interests	Exhibit D
Articles of Incorporation of Plantation Point Horizontal Property Regime Owners Association, Inc.	Exhibit E
By-Laws of Plantation Point Horizontal Property Regime Owners Association, Inc.	Exhibit F

.IN WITNESS WHEREOF, Developer has caused this Master Deed to be executed to be effective as of this 20th day of July, 2005.

WITNESS:

Kings Ashley Plantation Apartments, LLC

[Signature]
Madelin Alfonso

[Signature]
By: Tom Cabrera
Its: Managing Member

[Signature]
Victor I. Fuentes

STATE OF FLORIDA)

COUNTY OF Miami-Dade)

ACKNOWLEDGMENT

I, Madelin Alfonso, do hereby certify that Kings Ashley Plantation Apartments, LLC; by Tom Cabrera, its Managing Member, personally appeared before me this day and acknowledged due execution of the foregoing instrument.

Witness my hand and official seal this 20th day of July, 2005.

[Signature]
Notary Public for
My Commission Expires: _____

