

106-125

MASTER DEED OF YACHT COVE VILLAS

HORIZONTAL PROPERTY REGIME I

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WHEREAS, Deborah S. Thomas owns certain real property more fully described in Exhibit "K-2" attached hereto, which is adjacent to the real property described in Exhibit "A" and Exhibit "K-1", and the Developer and Deborah S. Thomas, their heirs, assigns and successors, desire to reserve the right to submit this real property and all improvements constructed thereon to the horizontal property regime being organized pursuant to this Master Deed.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Developer hereby submits the Land, together with all easements, rights, and appurtenances thereunto belonging, to the provisions of Sections 27-31-10 through 27-31-300 of the South Carolina Code of Laws (1976) and hereby creates thereon a horizontal property regime to be known as Yacht Cove Villas Horizontal Property Regime I, subject to the following:

#### ARTICLE I

##### Definitions

Section 1.1 Definitions. Unless defined herein or unless the context requires otherwise, the words defined in Section 27-31-20, South Carolina Code of Laws, (1976), when used in this Master Deed or any amendment hereto, shall have the meaning therein provided. The following words, when used in this Master Deed or any amendment hereto, unless the context requires otherwise, shall have the following meanings:

(a) "Act" means the Horizontal Property Act of South Carolina, South Carolina Code of Laws (1976), as amended,

Sections 27-31-10 through 27-31-300, and as may be further amended from time to time.

(b) "Assessment" means the amount assessed against an Owner and his Unit, from time to time, by the Association in the manner provided herein.

(c) "Assigned Value" means the value assigned to each Unit in accordance with Exhibit "F" attached hereto and utilized for the purposes of computing the Percentage Interest appurtenant to such Unit, which Assigned Value shall not constitute the sales price of the Unit or be relied upon as the representation of the actual value of the Unit.

(d) "Annual Assessment Period" means the period commencing on the first day of January of each calendar year and ending on the last day of December of the next succeeding calendar year.

(e) "Association" means Yacht Cove Villas Owners Association, Inc., being an association of, and limited to, Owners of the Units located in the Regime in the form of a non-profit, non-stock membership association which has been incorporated in accordance with the Declaration for Incorporation attached hereto as Exhibit "G".

(f) "Board of Directors" or "Board" means the Board of Directors of the Association, and "Director" or "Directors" means a member or members of the Board.

(g) "Building(s)" means that structure(s) described in Exhibit "B" attached hereto, as amended from time to time.

(h) "By-Laws" means the By-Laws of the Association attached hereto as Exhibit "H", as amended from time to time.

(i) "Common Area" means all of the Regime property after excluding the Units and Limited Common Area, including, but not limited to:

(i) The land on which the Units are constructed, the foundations, roofs, stairways, exterior portions of perimeter walls, floors separating units, low-bearing interior walls and partitions, slabs, concrete floors, pipes, wires, conduits, air ducts, and public utility lines, including the space actually occupied by the above.

(ii) Exterior building corridors and stairwells, elevators, elevator equipment rooms, electrical rooms, trash and trash compactor rooms, pump rooms, equipment rooms, telephone distribution rooms, storage rooms and atrium areas and planters.

(iii) Parking facilities located on the Property.

(iv) All roads, walkways, paths, trees, shrubs, yards, gardens and any irrigation system.

(v) All installation outside of the Units for service such as power, light, natural gas, telephone, television, water, sewer, drainage, irrigation and other similar utilities.

(vi) All water, sewer, drainage and irrigation pipes, including all attachments and devices thereon or thereto, excluding those which may be designated in this Master Deed as part of the Units, excluding those which are the property of the utility district or company.

(vii) All areas not designated as Limited Common Area and not described as lying within the boundaries of a Unit, and all other elements of the Property constructed or to be constructed on the Property constituting the Regime rationally of a common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

(viii) Recreational amenities as may be constructed and annexed to the Regime subject to the provisions of this Master Deed.

(ix) A non-exclusive easement and right-of-way for access, egress and ingress to and from the Regime and each Unit and improvements contained therein across that certain private road known as Yacht Cove Drive to and from William Hilton Parkway (U.S. Highway 278) and any other public or private streets and roads adjoining or abutting Yacht Cove Drive subject to the provisions of that certain Easement Agreement referred to in Article X, Section 10.6 of this Master Deed.

(j) "Common Expenses" means (i) all expenses incident to the administration, maintenance, repair, and replacement of the Common Area and Limited Common Area, after excluding therefrom such expenses which are the responsibility of an Owner; (ii) expenses determined by the Association to be common expenses and which are lawfully assessed against Owners; (iii) expenses declared to be common expenses by the Act or the Regime

Documents; and (iv) reasonable reserves established for the payment of any of the foregoing.

(k) "Developer" means Alro International, Inc., a Pennsylvania corporation, its successors and assigns. The term "Developer" shall also include Deborah S. Thomas, her heirs and assigns, in so far as the rights and benefits set forth herein shall inure to her in the event she shall develop the property described in Exhibit "K-2" and incorporate it into this Master Deed.

(l) "Land" means the certain real property described in Exhibit "A" attached hereto.

(m) "Limited Common Area" means those areas so designated in Exhibit "D" attached hereto.

(n) "Master Deed" means this document, as amended from time to time.

(o) "Owner" means the record owner, whether one or more persons, of fee simple title in and to any Unit, excluding, however, those persons having such interest merely as security for the performance of an obligation.

(p) "Percentage Interest" means the percentage of undivided interest each Owner owns as tenant-in-common in the Common Area and Limited Common Area, and "Total Percentage Interests" means the aggregate of all the percentage interests.

(q) "Plans" means and includes the architectural plans of the Project which are filed as an attachment to this Master Deed, said plans having been prepared by Ferebee Walters and

Associates, Inc., Architect-Planners-Designers, entitled "Yacht Cove Villas", and certified by a licensed engineer and/or architect in accordance with the provisions of the Act.

(r) "Project" means the Land, the buildings, and all other improvements and structures located thereon, and all easements, rights, and appurtenances belonging thereto, submitted to the Act by this Master Deed.

(s) "Regime" means the horizontal property regime established by this Master Deed, including all appurtenances and incidents of ownership attendant therewith.

(t) "Regime Documents" means and includes this Master Deed, all Exhibits hereto, the documents of incorporation of the Association, the By-Laws, and the Rules and Regulations, all as amended from time to time.

(u) "Rules and Regulations" means the rules and regulations, from time to time promulgated by the Board of Directors, governing the use of the Common Area, Limited Common Area, and Units.

(v) "Site Plan" means and includes the survey of the Land and improvements attached hereto as Exhibit "B" showing the boundaries of the land and the location of the Units and amenities of the Project thereon.

(w) "Transition" means the time period commencing on the date of recording of this Master Deed and ending on the earlier of:

(i) Five (5) years after the date of the first conveyance of the Unit to a person other than the Developer; or

(ii) Ninety (90) days after the conveyance of fifty-one (51%) percent of the maximum number of Units to be contained in the Project to persons other than the Developer.

(x) "Unit" means that part of the Project intended for independent use by an Owner situate within the Unit Boundaries designated in Exhibit "E". Each Unit is identified in Exhibit "B" by a specific number, which number shall be sufficient to identify the Unit for all purposes.

(y) "Unit Estate" means all the components of ownership held by an Owner, including the rights and interests of the Owner in and to the Unit, the rights of use of the Limited Common Area, and the undivided interest in the Common Area and Limited Common Area. Unless the context requires otherwise, all references to "Units" herein shall include the "Unit Estate".

## ARTICLE II

### Administration

Section 2.1 The Association. The administration of the Regime shall be the responsibility of the Association which shall be made up of all the Owners of Units in the Regime. The Association and the Owners shall be governed by this Master Deed and the By-Laws, attached hereto as Exhibit "H", as the same may be amended from time to time.

Section 2.2 Professional Management. Management of the Project shall be conducted by a professional management company

retained by the Association; provided, however, that the Association shall not enter into any management contract with a term of longer than one (1) fiscal year and all contracts shall contain reasonable compensation and termination provisions consistent with provisions generally prevailing for management contracts relating to condominium projects located in Beaufort County, South Carolina.

Section 2.3 Agreements. The Association shall be, and hereby is, authorized to enter into such agreements, including, without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the Regime. Each Owner, by acquiring or holding an interest in any Unit, thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Directors on behalf of the Association.

Section 2.4 Access to Information. The Association shall make available to Owners and holders, insurers or government guarantors of any mortgage, current copies of the Regime Documents and the books, records, contractual arrangements, and financial statements of the Association. "Available" means available for reasonable inspection, upon request, during normal business hours or under other reasonable circumstances. Any party entitled to the benefits of this Section 2.4 shall be permitted to designate one or more agents who shall be permitted to represent said party in connection with any and all reviews of

the Regime Documents and books, records, contractual arrangements, and financial statements of the Association.

Section 2.5 Financial Statements. No later than one hundred twenty (120) days after the close of any fiscal year of the Association, the Association shall cause financial statements for such fiscal year to be prepared, and copies of these financial statements shall be provided free of charge to any party entitled to the benefits of Section 2.4 promptly upon request.

Section 2.6 Rules and Regulations. The Board of Directors shall be entitled to promulgate reasonable rules and regulations, from time to time, which shall be binding upon the Association and all Owners and lessees of Owners, their families, invitees, and guests regarding the use and enjoyment of Units, the Limited Common Area, and Common Area. The initial Rules and Regulations of the Association are contained in Exhibit "I" attached hereto. Copies of the current Rules and Regulations shall be furnished to Owners and lessees of Owners upon request.

### ARTICLE III

#### Property Rights

Section 3.1 General Description and Development Plan. The name of the Regime located on the real property on Hilton Head Island, Beaufort County, South Carolina, and more particularly described in Exhibit "A" (and which may at a latter date include the property described in Exhibits "K-1" and "K-2") is "Yacht Cove Villas Horizontal Property Regime I". The Regime presently

consists of the property described in Exhibit "A", constituting the first phase of the Regime, together with the improvements situated thereon, and generally described as 0.955 acres known as Phase I, Building 200 of Yacht Cove Villas Horizontal Property Regime I. The improvements in Phase I include, but are not limited to, one (1) Building containing three (3) stories (first and second stories of heated living space over a garage) and a total of seven (7) Condominium Units, as said Units are shown and labeled on the Plans. The Regime also includes paved parking areas, drives, roads, utility systems, amenities and other improvements, including other Common Areas and Limited Common Areas described below and shown on the Plats and Plans referenced herein and made a part hereof. However, the Developer expressly reserves the right, during the course of construction, to revise, modify or change, in whole or in part, the plans and specifications for construction (see Sections 13.1 and 13.2, below); provided, however, that the Developer shall adhere to the general scheme of development as set forth in the Plans.

Section 3.2 Units. Each Unit Estate shall, for all purposes, constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned 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 Act and this Master Deed, shall be entitled to the exclusive ownership and possession of his Unit.

Section 3.3 Common Area and Limited Common Area.

(a) Percentage Interest. The Owners shall own the Common Area and Limited Common Area as tenants-in-common, with each Unit having appurtenant thereto the Percentage Interest in the Common Area and Limited Common Area as set forth in Exhibit "F" attached hereto; provided, however, that the use of the Limited Common Area shall be restricted as set forth in Section 3.3(e). The Percentage Interest appurtenant to each Unit has been determined by dividing the assigned value of the respective Unit, as shown on Exhibit "F", by the aggregate value of all of the Units, as shown on Exhibit "F". The value assigned to any Unit in Exhibit "F" shall not fix the market value of the Unit and shall 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 and the Limited Common Area cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the Deed or other instruments.

(c) No Partition. The Common Area and Limited Common Area shall remain undivided and no right to partition the same or any part thereof shall exist except as provided by the Act, the By-Laws, and this Master Deed.

(d) Use of Common Area. The Common Area shall be used in accordance with the intended purposes without hindering the

exercise of, or encroaching upon, the rights of other Owners. The Board of Directors shall, 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, invitees, and guests shall abide by all Rules and Regulations, from time to time in effect, governing the use of the Common Area. The Common Area shall be subject to all easements and use rights provided for herein.

(e) Use of Limited Common Area. Anything to the contrary contained herein notwithstanding, ownership of each Unit shall entitle the Owner or Owners thereof to the use of the Limited Common Area adjacent and appurtenant to such Unit and so designated in Exhibit "D", which exclusive use may be delegated by such Owner to persons who reside in his Unit. All Owners and lessees of Owners, their families, invitees, and guests shall abide by all Rules and Regulation, from time to time in effect, governing the use of the Limited Common Area.

Section 3.4 Status of Title to the Project. The Developer represents and warrants to the Association and all Owners that, as of the effective date hereof, the Developer has a reasonably safe, marketable, and fee simple title to the Land. The rights and interests of all Owners in and to the Common Area and Limited Common Area shall be subject only to (i) liens for real estate taxes for 1984 and subsequent years; (ii) existing and/or recorded easements, conditions, declarations, reservations and restrictions of record; (iii) applicable governmental

regulations, including zoning laws, which may be imposed upon the Project from time to time; provided, however, that the Developer warrants that the foregoing do not unreasonably interfere with the use of the Project for residential purposes; and (iv) easements and use rights, if any, reserved by the Developer as set forth in Exhibits "A", "K-1" and "K-2", attached hereto. In addition, the Developer warrants that it will pay all parties who have provided materials to, or rendered services in connection with, the construction of the Project in a timely manner and shall indemnify and hold the Association and the Owners harmless from all liens, claims, or causes of action of persons who have supplied materials to, or rendered services in connection with, the construction of the Project.

Section 3.5 Reservation of Easements and Use Rights. The Common Area shall be subject to all easements and use rights, reserved by the Developer as set forth herein and, in particular, in Article X, below.

Section 3.6 Limited Warranty from Developer.

(a) Common Area or Limited Common Area. AT CLOSING, DEVELOPER SHALL TRANSFER TO UNIT OWNERS, THE REGIME, OR THE ASSOCIATION, AS THE CASE MAY BE, ALL OF DEVELOPER'S RIGHT, TITLE, AND INTEREST IN AND TO ANY MANUFACTURER'S WARRANTY FURNISHED TO DEVELOPER COVERING ANY EQUIPMENT OR APPLIANCE INSTALLED IN OR ON THE COMMON AREAS OR LIMITED COMMON AREAS, AND DEVELOPER MAKES NO WARRANTY OR AGREEMENT OF ANY KIND WITH RESPECT TO ANY SUCH EQUIPMENT OR APPLIANCE. IF WRITTEN NOTICE IS GIVEN TO DEVELOPER

BY A UNIT OWNER, THE REGIME, OR ASSOCIATION, AS THE CASE MAY BE, WITHIN THIRTY (30) DAYS OF DISCOVERY OF ANY DEFECT NOT CAUSED BY DEVELOPER, HIS AGENTS, GUESTS, OR INVITEES, THEN DEVELOPER WILL, AT NO COST TO THE UNIT OWNER, REGIME, OR ASSOCIATION, AS THE CASE MAY BE, FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF CLOSING, REPAIR OR REPLACE THE DEFECTIVE PORTION OF THE COMMON AREA OR LIMITED COMMON AREA. THIS WARRANTY SHALL NOT APPLY TO FIXTURES AND APPLIANCES COVERED BY A WARRANTY OR A MANUFACTURER OR DEALER FOR WHICH DEFECTS THE UNIT OWNER, REGIME, OR ASSOCIATION, AS THE CASE MAY BE, SHALL HAVE SUCH RIGHTS AS ARE DEFINED IN THE APPLICABLE WARRANTY DOCUMENTS. DEVELOPER SHALL NOT BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM ANY DEFECT. DEVELOPER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FITNESS, DESIGN, OR CONDITION OF ITEMS OF TANGIBLE PERSONAL PROPERTY OR FIXTURES, THEIR MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. Each Owner, in accepting a Deed from the Developer or any other party to a Unit, expressly acknowledges and agrees that this Section 3.6(a) establishes the sole liability of the Developer to the Association and the Owners related to defects in the Common Area and/or Limited Common Area and the remedies available with regard thereto.

(b) Units. AT CLOSING, DEVELOPER SHALL TRANSFER TO A UNIT OWNER ALL OF DEVELOPER'S RIGHT, TITLE, AND INTEREST IN AND TO ANY MANUFACTURER'S WARRANTY FURNISHED TO DEVELOPER COVERING ANY EQUIPMENT OR APPLIANCE INSTALLED IN THE UNIT, AND DEVELOPER

MAKES NO WARRANTY OR AGREEMENT OF ANY KIND WITH RESPECT TO ANY SUCH EQUIPMENT OR APPLIANCE. IF WRITTEN NOTICE IS GIVEN TO DEVELOPER BY A UNIT OWNER WITHIN THIRTY (30) DAYS OF DISCOVERY OF ANY DEFECT NOT CAUSED BY THE UNIT OWNER, HIS AGENTS, GUESTS, OR INVITEES, THEN DEVELOPER WILL, AT NO COST TO THE UNIT OWNER, FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF CLOSING, REPAIR OR REPLACE THE DEFECTIVE PORTION OF THE UNIT. THIS WARRANTY SHALL NOT APPLY TO FIXTURES AND APPLIANCES COVERED BY A WARRANTY OF A MANUFACTURER OR DEALER, FOR WHICH DEFECTS THE UNIT OWNER SHALL HAVE SUCH RIGHTS AS ARE DEFINED IN THE APPLICABLE WARRANTY DOCUMENTS. DEVELOPER SHALL NOT BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM ANY DEFECT. THIS WARRANTY IS PERSONAL TO ORIGINAL UNITS OWNERS, AND SHALL AUTOMATICALLY TERMINATE AND BE OF NO FURTHER FORCE OR EFFECT UPON AN ORIGINAL UNIT OWNER'S SALE, TRANSFER, OR CONVEYANCE OF HIS, HER, OR ITS UNIT. DEVELOPER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FITNESS, DESIGN, OR CONDITION OF ITEMS OF TANGIBLE PERSONAL PROPERTY OR FIXTURES, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Each Owner, in accepting a Deed from the Developer or any other party to a Unit, expressly acknowledges and agrees that this Section 3.6(b) establishes the sole liability of the Developer to the Owner related to defects in the Unit and the remedies available with regard thereto.

Section 3.7 Unit Deeds. All conveyances of Units by the Developer or any Owner shall be accomplished through the use of a

Unit Deed in substantially the form of Exhibit "J" attached hereto.

#### ARTICLE IV

##### Assessments

Section 4.1 Creation of Lien and Personal Obligation for Assessments. Each Unit Estate is, and shall be, subject to a 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, shall be a permanent charge and continuing lien upon the Unit Estate against which it relates, and shall also be the joint and several personal obligation of each Owner of such Unit Estate 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 Estate, and each and every Owner, by acquiring or holding an interest in any Unit Estate, thereby covenants to pay such amount to the Association when the same shall become due.

Section 4.2 Annual Assessments. No later than November 15th of each year, the Board of Directors shall prepare a proposed Annual Assessments for the next Annual Assessment Period and provide copies thereof to all Owners. The Board shall be available at the annual meeting of the Association (as discussed in the By-laws attached hereto as Exhibit "H") to discuss the proposed Annual Assessment. No later than December 15th of each year, the Board shall establish the Annual Assessment for the next succeeding Annual Assessment Period by estimating the Common

Expenses to be incurred during such Annual Assessment Period, prorating such Common Expenses among the Owners of the Units in accordance with their respective Percentage Interest, and giving written notice to each Owner of the Annual Assessment fixed against his Unit for such next succeeding Annual Assessment Period; provided, however, that the Annual Assessment for the first Annual Assessment Period shall be as set forth in Exhibit "L" attached hereto. The Annual Assessments levied by the Association shall be collected as provided for in Section 4.4.

The Annual Assessments shall not be used to pay for the following, including, but not limited to:

(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 shall be the sole responsibility of such Owners.

(b) Telephone or electrical utility charges for each Unit, which shall also be the sole responsibility of the Owners of such Units;

(c) Ad valorem taxes assessed against Units; and

(d) Other charges or expenses related solely to individual use or occupancy of any Unit.

(e) Assessments charged directly to Owners pursuant to any master or umbrella declaration to which the Regime is subject.

(f) Private mortgage insurance.

It is anticipated that ad valorem taxes and other governmental assessments, if any, upon the Project will be assessed by the taxing authority upon the Unit Estate and that each assessment will include the assessed value of the Unit and of the undivided interest of the Owner in the Common Area and the Limited Common Area; provided, however, that for the current calendar year, the ad valorem taxes shall be based upon the condition of the Land as of January 1, and the Developer shall be liable for that portion of the taxes applicable to the period prior to the recordation of this Master Deed. When current and ad valorem taxes are due and payable, the remainder of the ad valorem taxes for the current calendar year shall be pro-rated between the Developer and each Owner based upon the Owners 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 Project, which are not so assessed, shall be included in the Association's budget as a recurring expense and shall 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 shall include such Owner's undivided interest in the Common Area and Limited Common Area as such undivided interest is determined by law for purposes of returning taxes.

Section 4.3 Special Assessments. In addition to the Annual Assessments, the Board of Directors may levy, in any calendar year, "Special Assessments" for the purpose of supplementing the

Annual Assessments if the same are inadequate to pay the Common Expenses and of defraying, in whole or in part, the cost of any reconstruction, repair, or replacement of the Limited Common Area or the Common Area (including the necessary fixtures and personal property related thereto); provided, however, that any such Special Assessments shall have the assent of Owners representing a majority of the Total Percentage Interests, voting in person or by proxy, at a meeting at which a quorum is present, duly called for the express purpose of approving such Assessment. Written notice of such meeting shall be sent to all Owners not less than ten (10) days, nor more than thirty (30) days, in advance of the meeting, which notice shall set forth the purpose of the meeting. The period of the Special Assessments and manner of payment shall be determined by the Board.

Section 4.4 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 shall 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 except as otherwise provided in Section 4.5(b).

The obligations of Owners regarding the payment of monthly portions of the Annual Assessments provided for in this Article IV shall, as to each Unit, commence and be prorated upon the title conveyance by the Developer (such date shall become the "commencement date"); provided, however, that for the current

fiscal year, the Developer shall be obligated to contribute to the Association an amount equal to any deficit created by expenditures of the Association in excess of Assessments received from Owners (excluding any Special or Working Capital Assessment), with all prepaid expenditures to be accounted for on an accrual basis. The first monthly payment of the Annual Assessment for each such Unit shall be an amount equal to the monthly payment for the fiscal year 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 shall, upon demand at any time, furnish to any Owner liable for any such Assessment a certificate in writing, signed by an Officer 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 shall 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 4.5 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 cost of collection

thereof as hereafter provided, shall be a charge and continuing lien on the Unit Estate to which it relates and shall bind such property in the hands of the Owner, his heirs, legal representatives, successors, and assigns. The personal obligation of the Owner to pay such Assessment, however, shall remain his personal obligation. Furthermore, such prior Owner and his successor in title shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Owner and his successor in title.

(b) In the event any Assessment is not received within ten (10) days of the due date thereof, a late charge of Twenty-Five and 00/100 (\$25.00) Dollars in the form of a service fee shall be added to the Assessment and shall be due and payable on demand. In addition, in the event any Assessment is not received within thirty (30) days of the due date thereof, interest at the rate of one and one-half (1-1/2%) percent per month (not to exceed the highest lawful rate) shall be added to the entire Assessment due and owing (including any accelerated portions) and shall be payable on demand. Interest will continue to accrue until the Assessment is paid in full.

(c) The Association may bring legal action against the Owner, personally, obligated to pay the same or foreclose its lien against the Unit Estate to which it relates or pursue both such courses at the same time or successively. In any event, the Association shall also be entitled 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.

The Association shall 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 shall be in default in the payment of any Annual or Special Assessment levied by the Association, the voting rights of the Owner, their families, invitees and guests and the right to use and enjoy the Common Area may be suspended by the Board of Directors until such time as the Assessment has been paid.

Section 4.6 Subordination of the Charges and Liens to Mortgages.

(a) The lien and permanent charge for the Assessments (together with late charges, interest, fees, and costs of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any mortgagee or his assigns placed on such Unit Estate if, but only if, all such Assessments with respect to such Unit Estate having a due date on or prior to the date such 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 mortgage is filed for record and prior to the satisfaction, cancellation, or foreclosure of such mortgage.

(b) Such subordination is merely a subordination and shall not relieve the Owner of the mortgaged Unit Estate of his personal obligation to pay all Assessments coming due at a time when he is the Owner; shall not relieve such Unit Estate from the lien and permanent charge provided for herein (except as to the extent the subordinated lien and permanent charge is extinguished against a mortgagee or such mortgagee's assignee or transferee by foreclosure); and no sale or transfer of such Unit Estate to the mortgagee or to any other person pursuant to a foreclosure sale shall 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 mortgage, then the amount or amounts otherwise secured thereby cannot otherwise be collected shall be deemed a Common Expense collectable from all Owners including the person who acquires title through the foreclosure sale.

Section 4.7 Reserves. The Board of Directors shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of the Common Area and Limited Common Area. The Board of Directors shall include amounts needed to maintain an adequate reserve fund in its

estimation of the Common Expenses for each fiscal year and shall cause deposits to the reserve fund to be made in connection with the collection of the Annual Assessment.

Section 4.8 Working Capital Assessment. Notwithstanding anything to the contrary in this Master Deed, a working capital fund shall 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 two-twelfths (2/12) of the Annual Assessment then in effect, which Assessment shall be due and payable at the time of transfer of each Unit by the Developer to any other respective Owner; provided, however, that in the event all of the Units are not transferred by the Developer within sixty (60) days from the date hereof, the Developer shall advance the Working Capital Assessment on behalf of the Owners of all unsold Units and shall be entitled to reimbursement from such Owners for said Assessments, without interest, at the time of transfer of the respective Units.

#### ARTICLE V

##### Insurance and Casualty Losses

###### Section 5.1 Hazard Insurance.

(a) The Association shall obtain, maintain, and pay the premiums, as a Common Expense, upon a "master" or "blanket" type policy or policies of property insurance covering the entire Project, except (i) land, foundation, excavation, or other items normally excluded from coverage; (ii) all improvements and betterments made to Units by Owners at their expense; and (iii)

personal property of Owners and lessees of Owners, their families, invitees, and guests. Such coverage shall also insure supplies, equipment, and other personal property of the Association. All policies of property insurance shall be single-entity condominium insurance coverage. The master insurance policy shall afford, at a minimum, protection against loss or damage by fire and other perils normally covered by standard extended coverage endorsements; and all other perils which are customarily covered with respect to condominium projects similar in construction, location, and use, including all perils normally covered by a standard "all risk" endorsement, where such is available. The policy shall be in an amount equal to one hundred (100%) percent of the current replacement cost of the Project, exclusive of land, foundations, excavation, and other items normally excluded from coverage, and "agreed value" and "inflation guard" endorsements shall also be obtained, if available. A "deductible amount" not to exceed the lesser of Ten Thousand (\$10,000.00) Dollars or one (1%) percent of the policy face amount may be included at the discretion of the Board of Directors if a material savings in premium cost results therefrom, but the deductible amount shall be considered a Common Expense and borne by the Association regardless of the number of Owners directly affected by the loss and reserves shall be established therefore.

(b) The Board of Directors shall cause to be conducted an annual insurance review for the purpose of determining the

full insurable value of the entire Project, including all buildings, Units, Limited Common Area, and the Common Areas, without respect to the depreciation of improvements on the Land (with the exception of improvements) by one or more qualified persons. The information obtained from this review shall be utilized in connection with satisfaction of the insurance required hereof.

(c) The name of the insured under the master policy shall be substantially as follows: Yacht Cove Villas Owners Association, Inc., for the use and benefit of the individual Owners of Units in Yacht Cove Villas Horizontal Property Regime I. Loss payable provisions shall be in favor of the Association and the Trustee, as a trustee for each Owner, and each such Owner's mortgagee as the interests of such parties may appear. Each Owner and his respective mortgagee, if any, shall be beneficiaries of the policy in a percentage equal to the Percentage Interests attributable to the Unit owned by such Owner. All policies shall contain a standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the property is located, and which appropriately names all mortgagees or their servicers in such form as requested by such mortgagees or their servicers.

(d) All policies shall be written with a company licensed to do business in the State of South Carolina, holding a general policy-holder rating of "A" or better by Best's

forms which provide the following: (i) a minimum of ten (10) days' notice to each mortgagee listed as a scheduled holder of a first mortgage in the insurance policy prior to cancellation, non-renewal, or any change adverse to the interests of the mortgagee; (ii) the amount of types of coverage afforded; (iii) indicate by descriptive name any special endorsements made a part of the master policy; and (iv) be executed by an authorized company representative.

(f) Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Project at any particular time. Any Owner who obtains an individual insurance policy covering any portion of the Project, other than the personal property belonging to such Owner, shall file a copy of such policy with the Association within thirty (30) days after purchasing such insurance. Each Owner, at his own expense, may obtain on his Unit, or the contents thereof, title insurance, homeowner's liability insurance, theft, and other insurance covering improvements, betterments, and personal property damaged and lost. Each Owner shall be required to notify the Association of all improvements made by such Owner to his Unit, the value of which exceeds Five Thousand and 00/100 (\$5,000.00) Dollars.

Section 5.2 Flood Insurance. The Association shall obtain, maintain, and pay the premiums, as a Common Expense, upon a "master" or "blanket" type policy of flood insurance made available under the National Flood Insurance Program covering the Project for so much thereof as may be covered under the available policies of insurance. Coverage of such policy shall not be less than the lesser of (i) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property; or (ii) one hundred (100%) percent of the current "replacement cost" of all such buildings and other insurable property. Such policy shall be in a form which meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administrator.

Section 5.3 Liability Insurance. The Association shall obtain, maintain, and pay the premiums, as a Common Expense, upon a policy of comprehensive general liability insurance coverage covering, at a minimum, all of the Common Area and Limited Common Area. Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location, and use to the Project; provided, however, that such coverage shall be for at least One Million and 00/100 (\$1,000,000.00) Dollars for bodily injury, including death of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability to the insured for property damage, bodily injury, and death of persons in connection with the

operation, maintenance, and use of the Common Area, and legal liability arising out of workmen's compensation laws. All mortgagees, upon written request, may be listed as scheduled holders of first mortgages in the insurance policy. - Such policy must provide that it is not cancellable or substantially modifiable, by any party, without at least ten (10) days' prior written notice to the Association and each party listed as a scheduled holder of a mortgage in the insurance policy.

Section 5.4 Fidelity Bonds. The Association shall obtain, maintain, and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all Officers, Directors, Trustees, and employees of the Association and all other persons handling or responsible for funds belonging to, or administered by, the Association; provided, however, that the professional management company assisting with the administration of the Regime shall be responsible to provide its own blanket fidelity bond which meets the requirements of this Section 5.4. The total amount of the fidelity bond coverage required shall be based upon the best business judgment of the Board of Directors and shall not be less than the estimated maximum funds, including reserve funds, in the custody of the Association or the professional management company, as the case may be, at any given time during the term of each bond; provided, however, that in no event shall the aggregate amount of such bonds be less than the sum equal to two-twelfths (2/12) of the Annual Assessment, plus reserve funds. Fidelity bonds shall meet the following requirements:

(i) the Association shall be named as an obligee; (ii) the bonds shall contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and (iii) the bond shall provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association and each mortgagee listed as a schedule holder of a first mortgage in the fidelity bond.

The Association shall obtain, maintain and pay the premiums, as a Common Expense, on a policy of directors and officers liability insurance in such amount as determined by the Board of Directors.

The Board of Directors shall be authorized on behalf of the Association to obtain and maintain such other and further insurance as the Board of Directors may determine from time to time.

Section 5.5 Authority to Adjust Loss. The exclusive authority to negotiate, settle, and otherwise deal in all respects with insurers and adjust all losses under policies provided for herein shall be vested in the Board of Directors or its duly authorized agent for the benefit of all Owners and mortgagees; provided, however, that all Owners and mortgagees having an interest in such loss shall be advised in advance of all actions anticipated to be taken of a material nature related to the adjustment of the loss. Each Owner, in accepting a Deed

to a Unit, expressly appoints the Directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person on all matters related to the authority granted in this Section 5.5, including executing all documents required in connection therewith on behalf of the Owner.

Section 5.6 Damage and Destruction.

(a) Immediately after all or any part of the Project covered by insurance is damaged or destroyed by fire or other casualty, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 5.6, means repairing or restoring the damaged property to substantially the same condition in which it existed immediately prior to the fire or other casualty, with each Unit, the Common Area, and the Limited Common Area having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to the Project shall be repaired unless all the Owners unanimously agree in writing not to repair, reconstruct, or rebuild in accordance with the provisions of the Act. If not reconstructed, the indemnity shall be delivered in accordance with the provisions of Paragraph (c) of this Section 5.6. Except as otherwise provided, any such damage or destruction which renders any Unit

untenantable or uninhabitable, or any such damage or destruction to the Common Area or Limited Common Area, shall be repaired and reconstructed as promptly as practicable. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired, reconstructed, or rebuilt.

(c) In the event that it is determined by the Association in the manner prescribed above that the damage or destruction shall not be repaired, reconstructed, or rebuilt, then, and in that event:

(i) The Project shall be deemed to be owned by the Owners as tenants-in-common.

(ii) The undivided interest in the Project of each Owner shall be a percentage equal to the Percentage Interest appurtenant to the Unit theretofore owned by the Owner.

(iii) All liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owners of the respective Units.

(iv) The Project shall be subject to an action for partition at the instance of any Owner, in which event the net proceeds of the sale shall be deposited with the Trustee.

(v) The Association shall proceed to satisfy all of its liabilities and convert all of its assets to cash which shall be deposited with the Trustee.

(vi) The proceeds from the sale of the Project, the liquidation of the assets of the Association, and the insurance proceeds related to the damage or destruction to the Project shall be considered one fund which, after paying the reasonable expenses of the Trustee, shall be distributed to all the Owners and their respective mortgagees, as their interest may appear, in percentages equal to the respective undivided interest in the Project of said Owners. Distributions to such Owners and their mortgagees shall be made pursuant to certificates provided for in Section 5.6.

Section 5.7 Insufficient Proceeds to Repair

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall levy a Special Assessment against the Owners of damaged or affected Units in sufficient amounts to provide funds to pay in excess of the insurance proceeds for costs of repair or reconstruction. Additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. That portion of such Assessments levied against each Owner shall be equal to that percentage computed by dividing the Percentage Interest appurtenant to such Owner's Unit by the aggregate Percentage Interests appurtenant to all Units damaged or affected.

(b) Any and all sums paid to the Association under and by virtue of those Special Assessments provided for in Paragraph (a) of this Section 5.7, shall be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee shall be disbursed as provided for in Section 5.5.

## ARTICLE VI

### Condemnation

Section 6.1 General. Whenever all or any part of the Project shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof; provided, however, that the exclusive right to negotiate, settle, and otherwise deal in all respects with the condemning authority as to the taking of the Common Area and Limited Common Area shall be vested in the Board of Directors or its duly authorized agent on behalf of the Association. Each Owner, in accepting a Deed to a Unit, expressly appoints the Directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person in all matters related to the authority granted in this Section 6.1, including executing all documents required in connection therewith on behalf of the Owner. The award made for such taking shall be payable to the Trustee. Unless otherwise required by law at the time of such taking, any award made therefor shall be disbursed by the Trustee, as hereinafter provided for in this Article VI.

Section 6.2 Non-Essential Areas. If the taking does not include any portion of any Unit or any portion of the Common Area or Limited Common Area essential to the continued occupancy of any Unit, then the Board of Directors shall be permitted to replace any non-essential improvements to the extent deemed appropriate and the Trustee shall disburse the proceeds of such awards in the same manner as hereinabove provided for and in connection with the repair, reconstruction, or rebuilding of improvements after damage or destruction, with all excess proceeds to be distributed to the Association.

Section 6.3 Essential Areas. If the taking includes any portion of a Unit, or the Common Area or Limited Common Area essential to the use of any Unit, then the award shall be disbursed, and all related matters, including, without limitation, alteration of the Percentage Interests appurtenant to each Unit, shall be handled by the Board of Directors in a just and equitable manner to all Owners; provided, however, that all action of the Board of Directors shall be pursuant to, and in accordance with, a plan approved by Owners representing at least sixty-seven (67%) percent of the Total Percentage Interests in a duly recorded amendment to this Master Deed. In the event that such an amendment shall not be recorded within ninety (90) days after the taking, then such taking shall be deemed to be, and shall be treated as, damage or destruction which shall not be repaired or reconstructed as provided for in Section 5.6,

whereupon the Regime shall be deemed terminated in the manner therein prescribed.

## ARTICLE VII

### Architectural Control

Section 7.1 Approval Required for Changes. To preserve the original architectural appearance of the Project, after the purchase of a Unit from the Developer, its successors, or assigns, no exterior construction of any nature whatsoever, except as specified in the Regime Documents, shall be commenced or maintained upon any building, including, without limitation, the Limited Common Area, nor shall there be any change, modification, or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces, or facades, nor shall any Owner paint any gate, fence, or roof, nor shall any Owner change the design or color of the exterior lights, nor shall any Owner install, erect, or attach to any part of the exterior any addition or change until after the Plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color, and location in relation to the surrounding structures by the Board of Directors.

## ARTICLE VIII

### Exterior Maintenance

Section 8.1 Responsibility of Association. Except as specifically provided to the contrary herein, the Association

shall maintain the Common Area and Limited Common Area in first-class condition and shall repair or replace, at its expense, all parts of the Common Area and Limited Common Area as necessary. The cost of such shall be charged to the Owners as a Common Expense, subject to the provisions of Section 8.3.

Section 8.2 Access to Units. The Association shall have the irrevocable right, to be exercised by the Board of Directors or its agent, to have access to each Unit, from time to time, during reasonable hours as may be necessary for the inspection, maintenance, repair, or replacement of any of the Common Area therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area, Limited Common Area, or to other Units.

Section 8.3 Responsibility of Owner. In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in this Article VIII is caused through the willful or negligent act of an Owner or the lessee of an Owner, their families, invitees, or guests, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs shall be added to, and become a part of, the Assessment to which such Owner and his Unit are subject. Each Owner shall maintain, repair, or replace, at his own expense, all portions of his Unit which may become in need thereof, including the heating and air conditioning system for such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-

loadbearing walls, carpeting, drapes, windows, screens, and other items within the Unit. Further, each Owner shall, at his own expense, maintain, repair, and replace, when necessary, that portion of the air conditioning system servicing his Unit which is located outside his Unit; and each Owner shall, at his own expense, keep the Limited Common Area to which his Unit has exclusive access and to which he has exclusive use clean and neat. If the Owner does not make those repairs to be made by him within thirty (30) days from the date of receipt of written demand from the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the Owner and Unit owned by such Owner.

#### ARTICLE IX

##### Unit Restrictions

Section 9.1 Residential Purposes. All Units shall be, and the same hereby are, restricted exclusively to residential use. No immoral, improper, offensive, or unlawful use shall be made of any Unit and no use or condition shall be permitted which is a source of unreasonable noise or interference with the peaceful possession and quiet enjoyment of any other portion of the Project by other Owners or lessees of Owners, their families, invitees, and guests. All Units shall be kept in a clean and sanitary condition and no rubbish, refuse, or garbage shall be allowed to accumulate. No fire hazard shall be allowed to exist and no use or condition shall be permitted which will increase any rate of insurance related to the Project. In addition, all

Owners and lessees of Owners, their families, invitees, and guests shall abide by all Rules and Regulations in effect from time to time governing the use of Units.

Section 9.2 Construction and Sale Period. Anything contained herein to the contrary notwithstanding, it shall be permissible for the Developer to maintain, during the period of construction and sale of Units, upon such portion of the Project as the Developer may deem necessary, such facilities as in the sole opinion of the Developer may be reasonably required, convenient, or incidental to the construction and sale of Units, including, but without limitation, a business office, storage area, signs, model units, and sales office.

Section 9.3 Animals and Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any part of the Project, except that dogs, cats, or other normal household pets may be kept by the respective Owners inside their respective Units, provided that they are not kept, bred, or maintained for any commercial purpose and do not create any health hazard or, in the sole discretion of the Board of Directors, unreasonably disturb the peaceful possession and quiet enjoyment of any other portion of the Project by other Owners and lessees of Owners, their families, invitees, and guests.

Section 9.4 Exterior Antennas. No exterior television or radio antennas shall be placed on any portion of the Project without prior written approval of the Board of Directors.

Section 9.5 Leasing of Units. Any Owner shall have the right to lease or rent his Unit. All leases or rental agreements shall be in writing and shall be specifically subject to the Regime Documents.

Section 9.6 Timesharing and/or Interval Use. No Owner(s) of a Unit or group of Units shall be permitted to utilize or subject any Unit within the Regime to time-sharing or interval use or ownership as expressed or defined in Chapter 32 Code of Laws of South Carolina, 1976 as amended, without the express written consent of the Association. Notwithstanding the foregoing to the contrary, the Developer expressly reserves the right to utilize, subject and encumber any Unit(s) developed and owned by the Developer to time-sharing or interval ownership as permitted and provided and in accordance with Chapter 32 Code of Laws of South Carolina, 1976, for so long as the Developer retains the right to submit additional phases to the Regime.

Section 9.7 Use, Restrictions, Run With Land. The Developer hereby declares and affirms that the use restrictions described herein shall be deemed restrictive covenants running with the Land and are imposed as a limitation and burden upon each Unit and upon the Developer and upon all future Unit Owners.

Section 9.8 Other Covenants and Restrictions, Run With Land: See Exhibit "A" attached hereto and made a part hereof.

Section 9.9 Water, Sewage, Sprayfield, and Irrigation Systems. Developer shall comply with any applicable water restrictive covenants and laws pertaining to water usage, and the

improvements to be constructed on the Property in respect to the same shall be satisfactory to all applicable regulatory authorities. Further, any construction on the Property by Developer shall include the installation of an irrigation system for the spraying of advance waste water-treated effluent on all such areas permitted by said authorities. Developer shall spray such treated effluent in the maximum amounts permitted by said regulatory authorities, and the design, construction, and operation of such irrigation systems shall be approved by said authorities.

ARTICLE X

Easements

Section 10.1 Encroachments. If any portion of the Common Area and/or Limited Common Area encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area and/or Limited Common Area as a result of settling or shifting of a building, an easement shall exist for the encroachment and for the maintenance of the same so long as the building stands. If any building, any Unit, and/or any adjoining part of the Common Area and/or Limited Common Area shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area and/or Limited Common Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area and/or Limited Common Area due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject building shall stand.

Section 10.2 Utilities, Etc. There is hereby granted a blanket easement upon, across, over, and under all the Project for ingress, egress, installation, replacing, repairing, and maintaining a master television antenna system and all utilities, including, but not limited to, water, gas, sewers, telephones, and electricity. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the Project and to affix and

maintain utility wires, circuits, and conduits on, above, across, and under the roofs and exterior walls of the Units. In addition, the Board of Directors shall be entitled to grant additional permits, licenses, and easements over the Common Area for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance and operation of the Project.

Section 10.3 Easement for Construction. Notwithstanding anything herein to the contrary, the Developer and persons designated by the Developer shall have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress of all portions of the Project; to use portions of the Common Areas and any Units owned by the Developer for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project; and to maintain and correct drainage of a surface, or roof or storm water; provided, however, that nothing contained herein shall authorize the Developer to undertake such actions as will materially and adversely interfere with the use and enjoyment of the Project by any Owner.

Section 10.4 Easement for Sales Purposes. Developer and persons designated by the Developer shall have an easement to maintain one or more sales offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Areas while the Developer is selling Units in the Project or any contemplated expansion thereof. Developer

reserves the right to place models, management offices and sales offices in any Units owned by the Developer and on any portion of the Common Areas, in such number or such size and in such location as Developer deems appropriate. So long as Developer shall be selling Units in the Project or any contemplated expansion thereof, Developer shall have the right to restrict the use of a reasonable number of parking spaces, for purposes including, but not limited to, the providing of spaces for use by prospective Unit purchasers, Developer's employees and others engaged in sales, maintenance, construction or management activities.

Section 10.5 Easement for General Maintenance, Landscaping, and Lagoon and Storm Drainage Systems Maintenance.

The Developer has granted and reserved and does hereby grant and reserve a perpetual non-exclusive easement and right for pedestrian and vehicular access, ingress and egress, over and across certain portions of the Property encumbered hereby for general maintenance purposes, including, but not limited to, landscaping and maintenance of the lagoon and storm drainage systems.

Section 10.6 Easement Agreement for Yacht Cove Drive. The provisions of the Master Deed are subject 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 Clerk of Court for Beaufort County, South Carolina.

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

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 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

(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.

(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.

(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 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:

(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 and 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.

(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, 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".

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.

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.

#### 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.

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.

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.

(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;

(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.

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.

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

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: 12-3-88

IN WITNESS WHEREOF, Developer has caused this Master Deed to be executed this 5th day of December, 1988.

WITNESSES:

ALRO INTERNATIONAL, INC.  
A Pennsylvania Corporation

Susan L Brody

By: [Signature]  
Dr. Elias Alsabti, President

Linda D. Levine

By: [Signature]  
Robin Alsabti  
Assistant Secretary

STATE OF SOUTH CAROLINA )  
  )  
COUNTY OF BEAUFORT         )

PROBATE

PERSONALLY appeared before me SUSAN L. BRODY and made oath that (s)he saw the within-named ALRO INTERNATIONAL, INC., a Pennsylvania corporation, by Dr. Elias Alsabti, its President, and by Robin Alsabti, its Assistant Secretary, sign, seal and as their act and deed, deliver the within-written Master Deed and that (s)he with LINDA D. LEVINE witnessed the execution thereof.

SWORN to before me this 5th day of December, 1988.

[Signature]

Linda D. Levine  
Notary Public for ~~South Carolina~~ Allegheny County, Pennsylvania  
My Commission Expires: \_\_\_\_\_

NOTARIAL SEAL  
LINDA D. LEVINE, NOTARY PUBLIC  
PITTSBURGH, ALLEGHENY COUNTY  
MY COMMISSION EXPIRES FEB. 3, 1992

Member - Pennsylvania Association of Notaries

EXHIBIT "A"

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;

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.

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

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

See Plat Book 35 at Page 304.

EXHIBIT "B"

EXHIBIT "C"

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

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. Hurd*

SWORN to and SUBSCRIBED before me on this 2nd day of December, 1988.

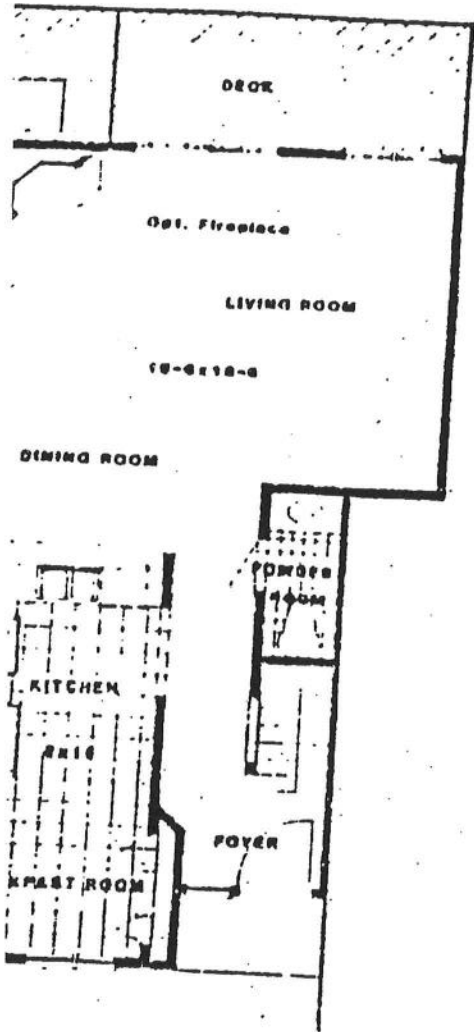
*Marsha L. Christenson*

Notary Public 12/5/93

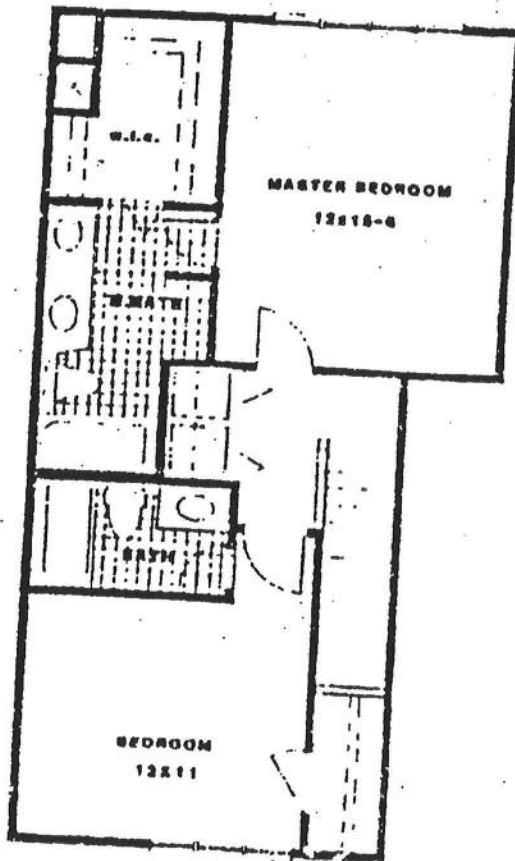
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EXHIBIT "C-2"

Type A Floor Plan



**MODEL A FLOOR PLAN**  
 Two Bedroom/2½ Bath  
 Interior Townhome  
 First Floor sq. ft. 648  
 Second Floor sq. ft. 672  
 Total Area in sq. ft. 1320  
 Decks sq. ft. 90



**Interior:**

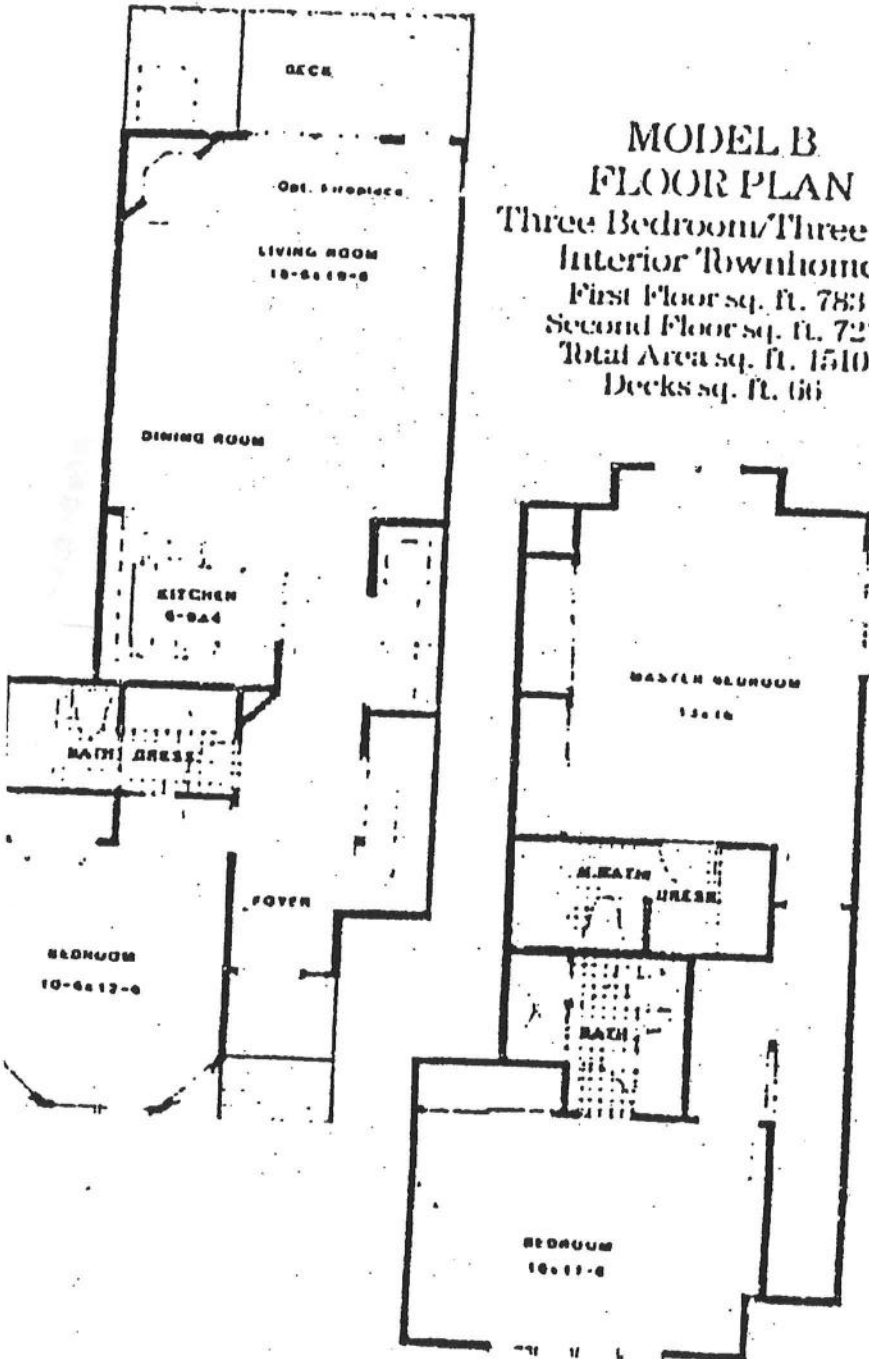
- Tile floor in entry foyer.
- Vaulted ceiling in master bedroom.
- Mirrored wardrobe doors in master bedroom (Unit B only)
- Vaulted living room's ceiling (NOTE: end units only)
- 6 panel doors.
- Attic space for storage.
- Double vanity in master bath.
- Hollywood lights over mirrors.
- Space for side-by-side 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-3"

Type B Floor Plan



**MODEL B  
FLOOR PLAN**  
Three Bedroom/Three Bath  
Interior Townhome  
First Floor sq. ft. 783  
Second Floor sq. ft. 727  
Total Area sq. ft. 1510  
Decks sq. ft. 66

**Interior:**

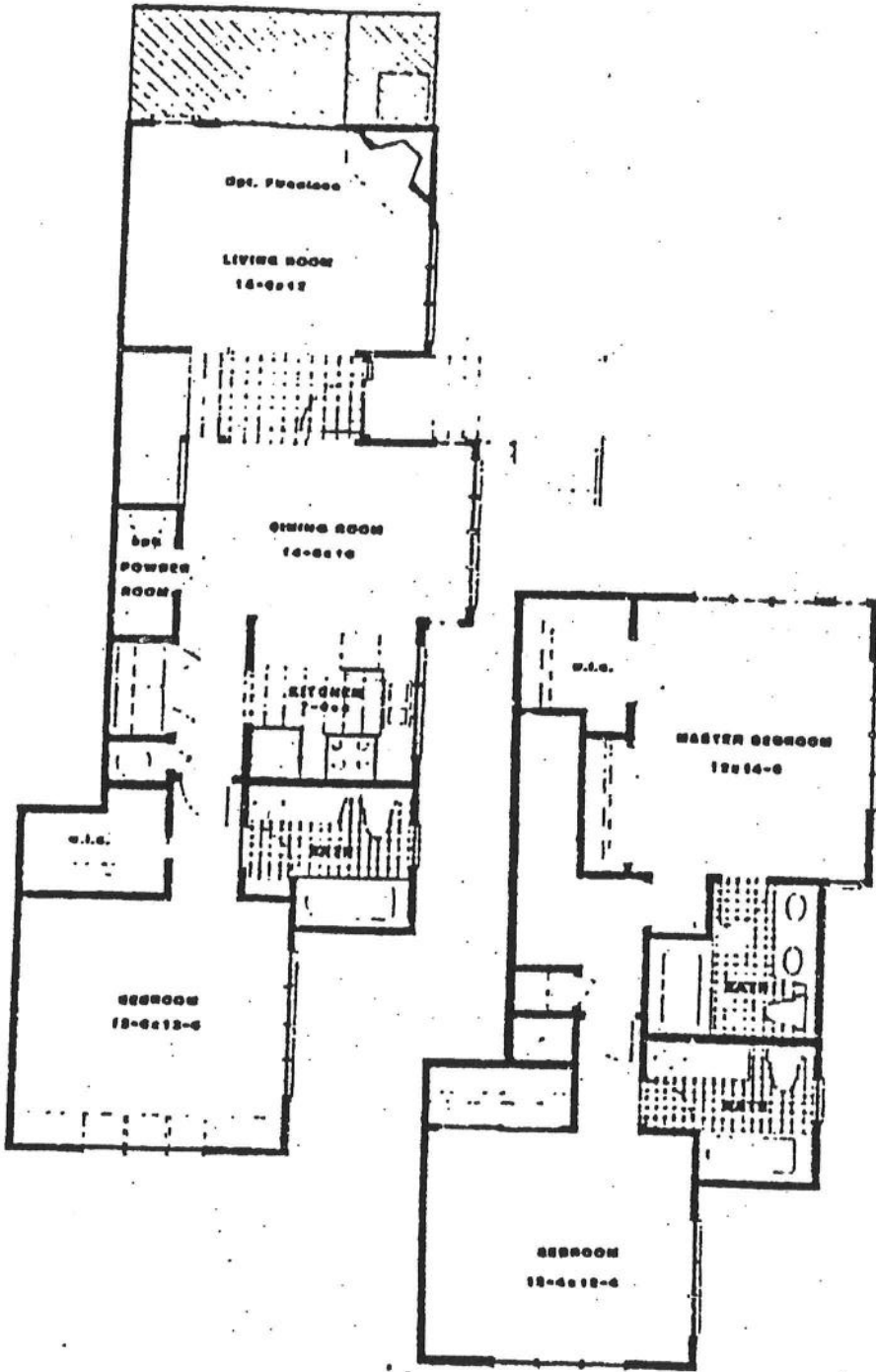
- Tile floor in entry foyer
- Vaulted ceiling in master bedroom.
- Mirrored wardrobe doors in master bedroom (Unit B only)
- Vaulted living rooms ceiling (NOTE: end units only)
- 6 panel doors.
- Attic space for storage.
- Double vanity in master bath.
- Hollywood lights over mirrors.
- Space for side-by-side washer and dryer.
- Generous closet, linen and storage space.
- 66" 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



**Interior:**

- Tile floor in entry foyer.
- Vaulted ceiling in master bedroom.
- Mirrored wardrobe doors in master bedroom (Unit B only)
- Vaulted living room's 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. 50

EXHIBIT "D"

Description of Limited Common Area

YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

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

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

<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% 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:

$$\frac{u}{A} = Pu$$

- $\frac{u}{A}$  = 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.

"F-3"

ASSIGNED PERCENTAGE INTERESTS

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

	<u>UNITS</u>	<u>ASSIGNED VALUATION</u>	
	101	\$ 115,000.00	TYPE A - 2
	102	\$ 115,000.00	TYPE B - 4
	103	\$ 115,000.00	TYPE C - 2
	104	\$ 115,000.00	
	105	\$ 115,000.00	
	106	\$ 115,000.00	
	107	\$ 115,000.00	
	108	\$ 115,000.00	
	<hr/>	<hr/>	<hr/>
Totals	15	\$1,725,000.00	100.0005%

"F-4"

ASSIGNED PERCENTAGE INTERESTS

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

	<u>UNITS</u>	<u>ASSIGNED VALUATION</u>		
			TYPE A	- 2
			TYPE B	- 3
			TYPE C	- 2
	301	\$ 115,000.00		
	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%	
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	22	\$2,530,000.00		100.0001%

"F-5"

ASSIGNED PERCENTAGE INTERESTS

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

		TYPE A - 2	
		TYPE B - 3	
		<u>TYPE C - 2</u>	
<u>UNITS</u>	<u>ASSIGNED VALUATION</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%	
<hr/>		<hr/>	
Totals	29 \$3,335,000.00	100.0007%	

"F-6"

ASSIGNED PERCENTAGE INTERESTS

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

	<u>UNITS</u>	<u>ASSIGNED VALUATION</u>		
	501	\$ 115,000.00	TYPE A	- 2
	502	\$ 115,000.00	TYPE B	- 3
	503	\$ 115,000.00	TYPE C	- 2
	504	\$ 115,000.00		
	505	\$ 115,000.00		
	506	\$ 115,000.00		
	507	\$ 115,000.00		
Totals	36	\$4,140,000.00		100.0008%

"F-7"

ASSIGNED PERCENTAGE INTERESTS

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

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

	<u>UNITS</u>	<u>ASSIGNED VALUATION</u>	
	701	\$ 115,000.00	TYPE A - 2
	702	\$ 115,000.00	TYPE B - 4
	703	\$ 115,000.00	TYPE C - 2
	704	\$ 115,000.00	
	705	\$ 115,000.00	1.9608%
	706	\$ 115,000.00	1.9608%
	707	\$ 115,000.00	1.9608%
	708	\$ 115,000.00	1.9608%
	<hr/>	<hr/>	<hr/>
Totals	51	\$5,865,000.00	100.0008%

"F-9"

ASSIGNED PERCENTAGE INTERESTS

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

	<u>UNITS</u>	<u>ASSIGNED VALUATION</u>	
	801	\$ 115,000.00	TYPE A - 2
	802	\$ 115,000.00	TYPE B - 4
	803	\$ 115,000.00	TYPE C - 2
	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%
	<hr/>	<hr/>	<hr/>
Totals	59	\$6,785,000.00	100.0005%

"F-10"

ASSIGNED PERCENTAGE INTERESTS

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

	<u>UNITS</u>	<u>ASSIGNED VALUATION</u>		
			TYPE A	- 2
			TYPE B	- 3
			TYPE C	- 2
	901	\$ 115,000.00		
	902	\$ 115,000.00	1.5152%	
	903	\$ 115,000.00	1.5152%	
	904	\$ 115,000.00	1.5152%	
	905	\$ 115,000.00	1.5152%	
	906	\$ 115,000.00	1.5152%	
	907	\$ 115,000.00	1.5152%	
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Totals	66	\$7,590,000.00	100.0032%	

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DECLARATION AND PETITION FOR INCORPORATION

OF

YACHT COVE VILLAS OWNERS ASSOCIATION, INC.

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.

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.

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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 the Regime Documents and as it may be amended, from time to time, including, but not limited to, the following:

(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.

(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

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

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

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and any vacancies in their number occurring before the first election shall be filled by the remaining Directors.

Section 6.4 Initial Directors. The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and have qualified, or until removed, are as follows:

Dr. Elias Alsabti, M.D.  
221 Orchard Lane  
Sewickley, PA 15143

Robin Alsabti  
221 Orchard Lane  
Sewickley, PA 15143

#### ARTICLE VII

##### Officers

Section 7.1 General. The affairs of the Association shall be administered by Officers elected by the Board of Directors at its first meeting following the annual meeting of the members of the Association, which Officers shall serve at the pleasure of the Board of Directors. The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

President and Chairman  
of the Board:

Dr. Elias Alsabti, M.D.  
221 Orchard Lane  
Sewickley, PA 15143

Secretary/Treasurer:

Robin Alsabti  
221 Orchard Lane  
Sewickley, PA 15143

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ARTICLE VIII

Indemnification

Section 8.1 General. In accordance with, and to the extent permitted by, the laws of the State of South Carolina made and provided, every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved by reason of his being or having been a Director or Officer of the Association, or any settlement thereof, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. The foregoing right of indemnification shall be in addition to, and not exclusive of, all other rights to which such Director or Officer may be entitled.

ARTICLE IX

By-Laws

Section 9.1 General. The first By-Laws of the Association shall be those attached to the Master Deed as Exhibit "H" and may

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be altered, amended, or rescinded in the manner provided for in the Master Deed.

## ARTICLE X

### Amendments

Section 10.1 General. Amendments to the Articles of Incorporation shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(b) A resolution approving a proposed amendment may be proposed by either the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting.

(c) Approval of an amendment must be by not less than sixty-seven (67%) percent of the votes of the entire membership of the Association.

(d) A copy of each amendment shall be certified by the Secretary of State and recorded in the public records of Beaufort County, South Carolina.

## ARTICLE XI

### Term

Section 11.1 General. The term of the Association shall be

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perpetual; provided, however, that the Association shall be terminated by the termination of the Regime in accordance with the provisions of the Master Deed.

ARTICLE XII

Subscribers

Section 12.1 General. The names and residences of the subscribers to this Declaration are as follows:

Dr. Elias Alsabti, M.D.  
221 Orchard Lane  
Sewickley, PA 15143

Robin Alsabti  
221 Orchard Lane  
Sewickley, PA 15143

Section 12.2 Authorization. The subscribers to this Declaration certify that they have been duly authorized by the Owners as the membership of the Association to execute this document for the purposes herein stated.

ARTICLE XIII

Principal Office

Section 13.1 Location. The principal office of the Association shall be located at Yacht Cove Villas Horizontal Property Regime I, Hilton Head Island, South Carolina.

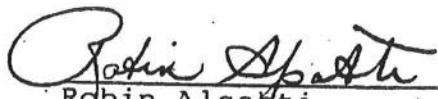
WHEREAS, the undersigned request that the Secretary of State issue to the aforesaid Association a Certificate of Incorporation with all rights, powers, privileges, and immunities and subject to all of the limitations and liabilities conferred by South

"G-8"

Carolina Code of Laws (1976), as amended, Section 33-31-10, et.  
seq.

IN WITNESS WHEREOF, the subscribers have hereto affixed  
their signatures on December 5, 1988.

  
\_\_\_\_\_  
Dr. Elias Alsabti

  
\_\_\_\_\_  
Robin Alsabti

Hilton Head Island,  
South Carolina

"G-9"

BY-LAWS  
OF  
YACHT COVE VILLAS OWNERS ASSOCIATION, INC.

ARTICLE I

General

Section 1.1 Definitions. The terms used in these By-Laws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as the recorded Master Deed of Yacht Cove Villas Horizontal Property Regime I to which these By-Laws are annexed.

Section 1.2 Applicability. These By-Laws are adopted pursuant to the Act and shall govern the operation of the Regime by the Association. These By-Laws shall be binding upon all Owners and lessees of Owners, their families, invitees, and guests.

Section 1.3 Conflicts with the Act. These By-Laws are set forth to comply with the Act and the Master Deed and in the event any of the provisions hereof conflict therewith, the provisions of the Act and/or the Master Deed shall control.

Section 1.4 Incorporation of Master Deed by Reference. The provisions of the Master Deed, to the extent required by the Act to be set forth in the By-Laws, shall be deemed to be incorporated herein and all such provisions of the Master Deed shall be deemed By-Laws provisions for purposes of satisfying the requirements of the Act.

EXHIBIT "H"

## ARTICLE II

### Name, Location, and Membership

Section 2.1 Name. The name of the Association is Yacht Cove Villas Owners Association, Inc.

Section 2.2 Location. The principal office of the Association shall be located within the Project at Hilton Head Island, Beaufort County, South Carolina, but meetings of the Board of Directors may be held at any other location designated by the Board of Directors in accordance with the provisions of these By-Laws.

Section 2.3 Membership. Each Owner of a fee or undivided fee interest in any Unit shall be a member of the Association, excluding persons who hold such interest under a Deed to secure debt, mortgage, or deed of trust. Membership in the Association shall be confined to such Owners and shall be appurtenant to, and inseparable from, Unit ownership. Such Owner or Owners of each Unit shall designate, in writing and delivered to the Secretary, one member of the Association from among such Owners or Owners of such Unit, or a member of the immediate family of such Owner or Owners, and such member shall represent the Owner or Owners of such Unit in connection with the activities of the Association and shall exercise the voting rights thereof. Such designation shall be valid until revoked in writing delivered to the Secretary or until such Owner sells his Unit, whichever event

"H-1"

shall first occur. No Owner shall be required to pay any consideration whatsoever for his membership.

### ARTICLE III

#### Meetings of Members

Section 3.1 Place of Meeting. Meetings of the Association shall be held at the Project at such suitable place, convenient to the members, as may be designated by the Board of Directors.

Section 3.2 Annual Meeting. The first annual meeting of the members shall be held not later than the earlier of: (1) one hundred ninety (90) days after the date by which fifty-one (51%) percent of the Units have been conveyed to Owners; or (2) on December 1, 1989. Thereafter, regular annual meetings shall be held on the first Saturday in December of each calendar year unless otherwise provided by the members at any previous meeting.

If the date of the annual meeting shall fall on a legal holiday, the meeting shall be held at the same hour on the next following business day.

Section 3.3 Special Meetings. Special meetings of the Association may be called at any time by the President, by resolution of the Board of Directors, or upon the receipt of the Secretary of a petition signed by members holding greater than ten (10%) percent of the Total Percentage Interests. The call of a special meeting shall be by notice, stating the date, time, place, purpose, and order of business of such special meeting.

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Only the business stated in the notice may be transacted at a special meeting.

Section 3.4 Notice of Meeting. The Secretary shall mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at the last address of such member furnished to the Secretary not less than ten (10) days nor more than fifty (50) days before the date of such meeting. Mailing notice as herein provided shall be deemed deliver thereof. Any member may waive notice of the meeting in writing either before or after the meeting. Attendance of a member at a meeting, either in person or by proxy, except for the purpose of stating, at the beginning of the meeting, any objection to the transaction of business, shall constitute waiver of notice and any objection of any nature whatsoever as to the transaction of any business at such meeting.

Notice given to one tenant-in-common, joint tenant, or tenant by the entirety shall be deemed notice to all such Owners.

Section 3.5 Order of Business. The order of business at each annual meeting shall be as follows:

- (a) Roll call and certification of proxies
- (b) Proof of notice or waiver of notice
- (c) Reading of Minutes of preceding meeting
- (d) Reports of Officers, if any
- (e) Reports of Committees, if any

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- (f) Election of Directors
- (g) Unfinished business
- (h) New business
- (i) Adjournment

In case of special meetings, Items (a) through (d) shall be applicable and thereafter, the agenda shall consist of the items specified in the notice of the meeting.

Section 3.6 Quorum. At all meetings, regular or special, a quorum shall consist of the presence in person or by proxy of members holding not less than fifty-one (51%) percent of the total vote of the Association. If a quorum shall not be present at any meeting, a majority vote of the members present, in person or by proxy, may adjourn the meeting, from time to time, until a quorum can be obtained. At any such meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 3.7 Voting Rights. The Association shall have one class of voting membership which shall consist of all Owners of Units in the Regime. The total number of votes of all members of the Association shall be one hundred (100) and the persons designated by the Owner or Owners of each Unit shall be entitled to cast the number of votes (in fractions, if necessary) equal to the Percentage Interests appurtenant to the Unit owned by such Owner or Owners, multiplied by one hundred (100). All Percentage Interests are set forth in the Master Deed and the vote of each

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Owner shall not be divisible nor may the vote thereof be cast in part.

Section 3.8 Proxy. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the designated time of each meeting.

Section 3.9 Majority Vote. Acts authorized, approved, or ratified by the casting of a majority of the total vote of the Association, in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these By-Laws, the Master Deed, or the Act, and shall be binding for all purposes.

Section 3.10 Actions Without Meeting. Anything to the contrary contained in these By-Laws notwithstanding, any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken shall be signed by all persons who would be entitled to cast votes of membership of the Association at a meeting and such consent is filed with the Secretary of the Association and is inserted into the Minute Book thereof.

#### ARTICLE IV

##### Board of Directors, Number, Powers, Meetings

Section 4.1 Number. The business and affairs of the Association shall be governed by a Board of Directors (herein

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sometimes referred to as the "Board"), who shall be members of the Association. Each Director shall be at least twenty-one (21) years of age and any qualified Director may be re-elected. Each Director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 4.2 Powers. The Board of Directors shall direct the affairs of the Association and, subject to any restrictions imposed by law, the Master Deed, or the By-Laws, may exercise all of the powers of the Association. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Master Deed, or these By-Laws as it may deem necessary or appropriate in the exercise of its powers.

Section 4.3 Election and Term of Office. The initial Directors of the Association, who need not be members of the Association, shall be:

President and Chairman  
of the Board:

Dr. Elias Alsabti, M.D.  
221 Orchard Lane  
Sewickley, PA 15143

Secretary/Treasurer:

Robin Alsabti  
221 Orchard Lane  
Sewickley, PA 15143

These individuals shall serve until the first meeting of the Association. At the first meeting of the Association members shall elect five (5) Directors. The three (3) Directors receiving the greatest number of votes shall serve a three (3)

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year term. The fourth Director receiving the next greatest number of votes shall serve a two (2) year term, and the remaining fifth Director shall serve a one (1) year term. At the expiration of the initial terms provided herein, successors shall be elected to serve three (3) year terms. In the event any tie vote occurs, the Board of Directors shall determine which Director shall serve the longer term. However, until thirty (30) Units have been dedicated to the Regime and sold, only three (3) individuals shall serve on the Board of Directors and each shall serve a full one (1) year term.

Section 4.4 Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association. Vacancies caused by the removal as provided for in Section 4.5 shall be filled by vote of the Association at the same meeting at which a Director or Directors were removed.

Section 4.5 Removal of Directors. At any regular or special meeting of the Association duly called, one or more of the Directors may be removed with or without cause by a majority of the total vote of the Association and a successor may then and there be elected to fill the vacancy thus created. Any

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Director whose removal has been proposed by an Owner or Owners shall be given an opportunity to be heard at such meeting.

Section 4.6 Regular Meetings. The first regular meeting of the Board of Directors shall be held immediately following the first annual meeting of the members of the Association and regular meetings thereafter shall be held on such dates and at such time and place, but not less frequently than semi-annually, as may be fixed, from time to time, by resolution of the Board. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, telephone, or telegraph, at least three (3) days prior to the day of such meeting; provided, however, that notice of the first regular meeting shall not be required to be given to the Directors provided that a majority of the entire Board is present at such meeting. Should any such meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4.7 Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by mail, telephone, or telegraph, which notice shall state the date, time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in a like manner and on like notice upon the written request of at least two (2) Directors.

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Section 4.8 Waiver of Notice. Before or at any meeting of the Board of Directors any Director may, in writing, waive notice of such meetings and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the date, time, and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 4.9 Quorum. At all meetings of the Board of Directors, a majority of the then qualified Directors shall constitute a quorum for the transaction of business and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.10 Compensation. No Director shall receive compensation for any service he may render to the Association, nor shall the Association make any loan, directly or indirectly, to a Director; provided, however, that a Director may be reimbursed for travel, lodging, and other out-of-pocket expenses incurred by him in the performance of his duties.

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Section 4.11 Action by Board Without a Meeting. The Board of Directors shall have the right to take any action which it could take at a meeting by obtaining the written approval of all Directors thereto. Any action so approved shall have the same effect as though taken at a meeting of the Board.

Section 4.12 Liability of Directors. In accordance with, and to the extent permitted by, the laws of the State of South Carolina made and provided, no Director shall be liable to any Owner for injury or damage caused by such Director in the performance of his duties unless due to the willful misfeasance or malfeasance of such Director. Furthermore, in accordance with, and to the extent permitted by, the laws of the State of South Carolina made and provided, each Director shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been a Director of the Association, whether or not he is a Director of the Association at the times such expenses and liabilities are incurred, except in such cases where the Director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Such indemnity

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shall be subject to the approval by the members of the Association only when such approval is required by the laws of the State of South Carolina made and provided.

## ARTICLE V

### Officers

Section 5.1 Number and Election. There shall be elected annually by and from the Board of Directors a President (who shall also be Chairman of the Board), a Secretary, and a Treasurer. The offices of Secretary and Treasurer may be filled by the same person. The Directors may also elect, from time to time, such other Officers as in their judgment may be needed, which Officers need not be Directors.

Section 5.2 Removal and Vacancies. Except as herein provided to the contrary, the Officers shall be elected annually and hold office at the pleasure of the Board. A vacancy in any office may be filled by the Board at its next meeting. The Officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 5.3 Duties. The duties of the Officers shall be as follows:

(a) President. The President shall be the Chief Executive Officer and shall preside at all meetings of the Board of Directors and the Association, shall see that orders and resolutions of the Board are carried out, shall appoint committees consisting of members of the Association as in his

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opinion is necessary, shall co-sign with the Treasurer all promissory notes and similar documents, if any, and shall perform such other duties as may be designated to him by the Board. He shall have all general powers and duties which are incident to the office of President of a business corporation organized under the laws of the State of South Carolina made and provided, and control and management of the Association in accordance with such laws and these By-Laws.

(b) Secretary. The Secretary shall record the votes and keep the minutes of all meetings in a Minute Book wherein all resolutions validly adopted by the Association shall be recorded and proceedings of the Board and the Association; keep appropriate current records showing the members of the Association together with their addresses and designating those members entitled to vote; keep custody of and attest the seal of the Association; and perform such other duties as may be required of him by the Board or incident to the office of Secretary of a business corporation organized under the laws of the State of South Carolina made and provided.

(c) Treasurer. The Treasurer shall be responsible for the funds of the Association, except to the extent a professional management company collects and disburses funds. The Treasurer shall co-sign with the President all promissory notes and similar documents, shall maintain full and accurate fiscal accounts and records, and shall perform such other duties as may be designated

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by the Board of Directors or incident to the office of Treasurer of a business corporation under the laws of the State of South Carolina made and provided.

Section 5.4 Compensation. No Officer shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly to an Officer; provided, however, that an Officer may be reimbursed for reasonable travel, lodging, and other out-of-pocket expenses incurred by him in the performance of his duties. This does not preclude the Board of Directors from employing persons to perform services from time to time required by the Association, who shall receive compensation.

Section 5.5 Liability of Officers. In accordance with, and to the extent permitted by, the laws of the State of South Carolina made and provided, no Officer shall be liable to any Owner for injury or damage caused by such Officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such Officer. Furthermore, in accordance with, and to the extent permitted by, the laws of the State of South Carolina made and provided, each Officer shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceedings to which he may be a party or in which he becomes involved by reason of his being or having been

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an Officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association. Such indemnity shall be subject to approval by the members of the Association only when such approval is required by the laws of the State of South Carolina made and provided.

## ARTICLE VI

### Compliance

Section 6.1 Compliance with Master Deed. The Association, through the Board of Directors and Officers, shall comply with all provisions of the Master Deed regarding the operation and administration of the Regime, including, but not limited to:

(a) Establishing an Annual Assessment by estimating the Common Expenses to be incurred during each fiscal year; collecting the Annual Assessments on a monthly basis; levying and collecting Special Assessments for the purposes as set forth in the Master Deed; collecting Working Capital Assessments; and, in general, causing the Association to have sufficient funds to perform the obligations imposed upon it by the Act, the Master Deed, and these By-Laws;

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(b) Causing the Project to be maintained in good condition and repair with adequate security;

(c) Regulating the use and enjoyment of the Project to promote the enjoyment thereof by all parties entitled to the benefits therefrom;

(d) Causing the Association to comply with all obligations related to insurance coverage contained in applicable provisions of the Federal National Mortgage Association Conventional Home Mortgage Selling Contract Supplement and as specified in the Master Deed;

(e) Causing the Association to provide all documents and to undertake all activities specified in the Master Deed for the benefit of mortgagees;

(f) Causing personnel necessary for the proper operation of the Regime to be employed; and

(g) Entering into all other contractual arrangements deemed necessary or appropriate by the Board of Directors to permit the Regime to comply with the requirements of the Act, Master Deed, or these By-Laws.

Section 6.2 Employment of Professional Condominium Manager.

The Board of Directors shall cause the Association to employ a professional management company in accordance with the provisions of the Master Deed, which shall be delegated with such powers and charged with such responsibilities as deemed necessary or appropriate by the Board of Directors to permit, at

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a minimum, the collection of all Assessments, payments of recurring expenses, attending to proper maintenance, and operation of the Project on a day-to-day basis.

## ARTICLE VII

### Financial Matters

Section 7.1 Availability of Funds. The Board of Directors shall cause the Association to establish reasonable reserves for working capital, deferred maintenance and replacement to promote the operation of the Regime on a sound financial basis.

Section 7.2 Collection of Assessments. The Board of Directors shall use all reasonable efforts to collect Assessments from Owners on a current basis and shall pursue all Owners for delinquent Assessments in a vigorous manner except to the extent that it is unlikely that the Association will be able to recover a material portion of the Assessment after deducting the costs incurred in connection with the collection thereof.

Section 7.3 Records of Receipts and Expenditures. The Association shall keep accurate books and records, including, but not limited to, a ledger book with detailed accounts, in chronological order, of the receipts and expenditures affecting the Project and its administration and specifying the maintenance and repair expenses of the Common Area and all other expenses incurred by the Association.

Section 7.4 Record of Assessments. An Assessment Roll shall be maintained in which there shall be an account for each

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Unit. Such an account shall designate the name and address of the Owner, the amount of each Assessment against the Owner, the date and amount in which Assessments come due, the amount received on the account from time to time, and any balance due from the Owner. Upon request, the Association shall issue a certificate utilizing the Assessment Roll as a status of the Owner and the Unit with respect to the payment of Assessments to any party having an interest in the Unit.

Section 7.5 Review of Financial Statements. No later than one hundred twenty (120) days after the close of any fiscal year of the Association, the Association shall cause reviewed financial statements for such fiscal year to be prepared and copies of these financial statements shall be provided free of charge to the Owners.

Section 7.6 Access to Information. The Association shall make available to Owners and holders, insurers, or government guarantors of any mortgage, information concerning the Regime as provided for in the Master Deed.

Section 7.7 Depository. The depository for the Association shall be such bank or banks as shall be designated from time to time, by the Board of Directors and in which monies of the Association shall be deposited. Withdrawals of monies from such accounts shall be only by check signed by such persons as are authorized by the Board of Directors.

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Section 7.8 Fidelity Bonds. Fidelity bonds shall be required of all parties having access to funds of the Association in accordance with the provisions of the Master Deed.

Section 7.9 Fiscal Year. The fiscal year of the Association shall be the calendar year.

#### ARTICLE VIII

##### Association Seal

Section 8.1 Description. The Association shall have a seal, in circular form, having within its circumference the words "Yacht Cove Villas Owners Association, Inc./South Carolina".

#### ARTICLE IX

##### Parliamentary Rules

Section 9.1 Robert's Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Act, the Master Deed, or these By-Laws.

#### ARTICLE X

##### Amendments

Section 10.1 By-Laws. These By-Laws may be amended by a vote of at least sixty-seven (67%) percent of the total vote of the Association at a duly constituted meeting for such purposes, in strict accordance with the provisions of the Master Deed and the Act. Said amendments shall be set forth in an amendment to the Master Deed and duly recorded. Each Owner, by accepting a

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Deed to a Unit, expressly agrees to be bound by and benefit from any such amendment hereto.

Section 10.2 Master Deed. The Master Deed shall be amended only upon the written consent of sixty-seven (67%) percent of the total vote of the Association as provided therein.

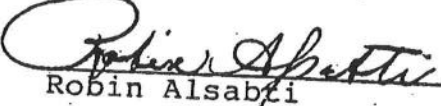
Section 10.3 Additional Consent. Anything to the contrary contained in the Master Deed or these By-Laws notwithstanding, no amendment to the Master Deed or the By-Laws shall discriminate against any Owner or against any Unit or class of Units unless the Owners so affected shall consent in writing thereto.

#### ARTICLE XI

##### Rules and Regulations

Section 11.1 Promulgation. The Board of Directors shall promulgate Rules and Regulations in accordance with the authority granted in the Master Deed to regulate the use and enjoyment of the Project by all parties. Copies of all amendments to the Rules and Regulations shall be mailed to all Owners promptly upon adoption of such amendments and complete copies of the Rules and Regulations shall be made available to Owners and lessees of owners upon request.

  
\_\_\_\_\_  
Dr. Elias Alsabti

  
\_\_\_\_\_  
Robin Alsabti

Hilton Head Island,  
Beaufort County, South Carolina  
Date: December 5, 19 88

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EXHIBIT "I"  
RULES AND REGULATIONS  
OF  
YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

1. The grassy areas and walkways in front of the buildings and entranceways to the Units shall not be obstructed or used for any purpose other than ingress and egress.
2. No trees or other natural growth may be removed without the written permission of the Association.
3. No article shall be hung or shaken from the doors or windows or placed upon the window sills of the Units.
4. No change to the exterior design or color of any Unit may be made until the proposed changes shall have been approved in writing by the Association.
5. No bicycles, scooters, baby carriages, or similar vehicles or toys or other personal articles shall be allowed to stand in any of the Common Area.
6. No Owner shall make or permit any noise that will disturb or annoy the occupants of any of the Units in the Project or do or permit anything to be done which will interfere with the rights, comfort, or convenience of other Owners.
7. Each Owner shall keep his Unit in a good state of preservation and cleanliness and shall not sweep or throw or

"EXHIBIT "I"

permit to be swept or thrown therefrom or from the doors or windows thereof, any dirt or other substance.

8. No awnings, window guards, ventilators, fans, or air conditioning devices shall be used in or about any buildings except such as shall have been approved by the Board of Directors.

9. All garbage and refuse from the Units shall be deposited with care in garbage containers intended for such purpose only at such times and in such manner as the Board of Directors may direct.

10. Bathroom facilities and other water apparatus in any buildings shall not be used for any purpose other than those for which they were constructed, nor shall any sweepings, rubbish, rags, paper, ashes, or any other article be thrown into the same. Any damage resulting from misuse of any bathroom facility or other apparatus shall be paid for by the Owner in whose Unit it shall have been caused.

11. No Owner shall send any employee of the property manager out of the Project on any private business of the Owner.

12. Nothing shall be altered or constructed in or removed from the Common Area, except upon the written consent of the Board of Directors.

13. The agents of the Board of Directors or the managing agent, and any contractor or workman authorized by the Board of Directors or the managing agent, may enter any room or Unit in

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the buildings at any reasonable hour of the day for the purpose of inspecting and treating such Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate such vermin, insects, or other pests.

14. The Board of Directors, or its designated agent, may retain a pass key to each Unit. No Unit Owner shall alter any lock or install a new lock or a knocker on any door of a Unit without the written consent of the Board of Directors. In such case consent is given, the Owner shall provide the Board of Directors, or its agent, with an additional key pursuant to its right of access to the Unit.

15. All persons will obey the posted parking regulations. Throughout the Property, certain parking spaces shall be designated as use by compact cars. No vehicle shall be parked in those spaces unless the vehicles are less than fourteen (14) feet in length.

16. All damage to the Common Area or Limited Common Area caused by the moving or carrying of any article therein shall be paid by the Owner responsible for the presence of such article.

17. Water shall not be left running any unreasonable or unnecessary length of time.

18. No fire hazard shall be allowed to exist and no Owner shall use or permit to be brought into the Project any inflammable oils or fluids such as gasoline, kerosene, naphtha,

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or benzine, or other explosives or articles deemed extra hazardous to life, limb, or property without, in each case, obtaining written consent of the Board of Directors.

19. The Owners shall not be allowed to put their names on any entry of the Project, except in the proper places provided for such purposes.

20. The Owners shall close all windows while their Units are unattended to avoid possible damage from storm, rain, freezing, or other elements.

21. The swimming pool may be used by residents in Units and their guests. The Board of Directors may charge for the use of the swimming pool by anyone not residing in a Unit and may restrict the number of guests that may use the swimming pool. All persons must abide by the swimming pool rules promulgated by the Board of Directors as posted in the pool area.

22. Draperies or curtains must be installed by each Unit Owner on all windows of his Unit and must be maintained in such windows at all times.

23. Any Owner wishing to plant flowers, trees, or shrubs outside of his patio area must obtain written permission from the Board of Directors before doing so.

24. Complaints regarding the management of the Units and grounds or regarding actions of other Owners shall be made in writing to the Board of Directors.

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25. Any consent or approval given under these Rules and Regulations by the Board of Directors shall be revocable at any time.

26. No area shall be maintained in a manner which will detract from the natural beauty of the area and the following shall be prohibited, to wit: Clothes lines; laundry; permanent cooking facilities; dog houses; statuary; playground equipment; garages; storage sheds; car ports; fences; fish ponds; pools, swimming pools; basketball courts; racquet or handball courts; hoists, lifts, and ramps for boats, trailers, or vehicles; audio equipment; high-intensity lighting; campers; buses; tractor trailers; non-operating vehicles; and the like, except as provided by the Association.

27. No one shall burn rubbish or trash; detonate any explosives; discharge a firearm, air gun, bow and arrow, sling or sling shot, or the like within the confines of the Regime.

28. Timesharing, by any means whatsoever, as defined by the Code of Laws of the State of South Carolina, and as enforced or regulated by the South Carolina Real Estate Commission, shall be strictly prohibited within the confines of the Regime, except as permitted by the Master Deed.

29. No Dwelling Unit shall be used for commercial purposes within the confines of the Regime, except as otherwise provided in the Master Deed.

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30. No major or minor mechanical work on vehicles shall be performed within the confines of the Regime, except for the benefit of the Association.

31. All Units shall be kept in a clean and sanitary condition and rubbish, refuse, or garbage shall be allowed to accumulate.

32. No animals, livestock, or poultry of any kind shall be raised, or bred for commercial purposes. However, dogs, cats, or other normal household pets may be kept by the respective Owner inside their respective Units, provided they do not create any health hazard or, in the sole discretion of the Board of Directors, unreasonably disturb the peaceful and safe possession of any other portion of the Project. The Owner shall indemnify the Association and the Board of Directors and hold it harmless against any loss or liability of any kind or character whatsoever arising from or growing out of having any animal in the Project.

33. No exterior television or radio antennas shall be placed on any portion of the Project without prior, written approval of the Board of Directors. All radio, television, or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements, or recommendations of the Board of Fire Underwriters and the public authorities having jurisdiction, and the Owner alone shall be liable for any damage or injury caused

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by any radio, television, or other electrical equipment in such Unit.

34. No boats, trailers, recreational vehicles, or other similar vehicles shall be parked or stored on any portion of the Project. Non-operating vehicles shall not be parked or stored on any portion of the Property and no repairs or maintenance of any vehicle shall be allowed to be performed on any portion of the Property.

35. Any Owner shall have the right to lease or rent his Unit; provided, however, that the Board of Directors shall have further right, for cause, to cancel any lease or rental contract. Any leases or rental contracts shall be in writing and shall be specifically subject to the Regime Documents.

36. These Rules and Regulations may be added to or repealed at any time by the Board of Directors.

BOARD OF DIRECTORS OF YACHT COVE  
VILLAS OWNERS ASSOCIATION, INC.

By: 

Dr. Elias Alsabti  
President and Chairman of  
the Board

By: 

Robin Alsabti  
Secretary/Treasurer

Hilton Head Island,  
Beaufort County, South Carolina

Date: December 5, 1988

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YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I  
SWIMMING POOL REGULATIONS AND ADMINISTRATION  
(In the event a swimming pool is built)

1. The swimming pool and swimming pool area are for the use of the persons residing in the Project and their invited guests.
2. All guests must be accompanied by a resident at all times.
3. Residents are reminded that they are responsible for the conduct of their guests at all times.
4. There are no life guards on duty and each and every person utilizing the swimming pool does so at their own risk. Adults shall have full and complete responsibility for all children under their control.
5. Any person having any apparent skin disease, sore or inflamed eyes, cough, cold, nasal, or ear discharges, or any communicable disease shall be excluded from the pool.
6. No boisterous or rough play, except supervised water sports, is permitted in the pool or in the pool area.
7. Spitting, spouting water, and blowing nose in the pool, etc., are prohibited.
8. Solo swimming (swimming alone when no other person is in the immediate pool area) is prohibited.
9. No horseplay . . . No running . . . Please walk.
10. The use of glassware or glass bottles, etc., in the pool area is prohibited.

11. Please observe swimming hours as posted.
12. All individuals will take a shower in their Units or in facilities provided for that purpose before entering the swimming pool and will provide their own towels.
13. Attire will conform to conventional swimming suits.
14. It is requested that all individuals cooperate in maintaining maximum cleanliness and tidiness in the swimming pool area.
15. Tobacco, beverages, or food will not be taken within eight (8) feet of the swimming pool.
16. No children in diapers will be allowed in the pool.
17. No pets are allowed in the swimming pool.

BOARD OF DIRECTORS OF YACHT COVE  
VILLAS OWNERS ASSOCIATION, INC.

By: \_\_\_\_\_

*Elias Alsabti*  
Dr. Elias Alsabti  
President and Chairman of  
the Board

By: \_\_\_\_\_

*Robin Alsabti*  
Robin Alsabti  
Secretary/Treasurer

Hilton Head Island,  
Beaufort County, South Carolina

Date: December 5, 19 88

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YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

TENNIS COURT REGULATIONS AND ADMINISTRATION  
(In the event a tennis court is built)

1. The tennis courts and tennis court area are for the use of the persons residing in the Project and their invited guests.
2. All guests must be accompanied by a resident at all times.
3. Residents are reminded that they are responsible for the conduct of their guests at all times.
4. Each and every person utilizing the tennis court does so at their own risk. Adults shall have full and complete responsibility for all children under their control.
5. The use of glassware or glass bottles, etc., in the tennis court area is prohibited.
6. Please observe tennis hours as posted.
7. Attire will conform to conventional tennis wear.
8. It is requested that all individuals cooperate in maintaining maximum cleanliness and tidiness in the tennis court area.
9. Tobacco, beverages, or food will not be taken onto the tennis courts.

BOARD OF DIRECTORS OF YACHT COVE  
VILLAS OWNERS ASSOCIATION, INC.

By: 

Dr. Elias Alsabti  
President and Chairman of  
the Board

By: 

Robin Alsabti  
Secretary/Treasurer

Hilton Head Island,  
Beaufort County, South Carolina

Date: December 5, 1988

"I-10"

(DEVELOPER DEED)

STATE OF SOUTH CAROLINA            )  
  )        APARTMENT UNIT DEED  
COUNTY OF BEAUFORT                )        YACHT COVE VILLAS HORIZONTAL  
  )        PROPERTY REGIME I

TO ALL WHOM THESE PRESENTS MAY COME:

WHEREAS, Yacht Cove Villas Horizontal Property Regime I (the "Regime") is a horizontal property regime organized pursuant to the Horizontal Property Regime Act of South Carolina (South Carolina Code of Laws [1976], as amended, Section 27-31-10 to Section 27-31-300) (the "Act"); and

WHEREAS, the Master Deed and Exhibits establishing the Regime are recorded in the Offices of the Register of Mesne Conveyances for Beaufort County in Deed Book \_\_\_\_\_ at Page \_\_\_\_\_ (the "Master Deed"); and

WHEREAS, ALRO INTERNATIONAL, INC., (the "Grantor"), whose mailing address is 221 Orchard Lane, Sewickley, Pennsylvania 15143, is the Owner of the apartment unit \_\_\_\_\_ (the "Apartment Unit") in the Regime and desires to convey the Apartment Unit in fee simple to \_\_\_\_\_

(the "Grantee") whose mailing address is \_\_\_\_\_; and

WHEREAS, the masculine singular pronouns used throughout this document shall be read as the masculine, feminine, or neuter form of pronoun (in singular or plural) as the context shall require; the word "heirs" shall be read as "successors" in reference to any grantor or grantee except an individual acting in an individual capacity; and all terms not otherwise defined herein shall have the same meaning as set forth in the Master Deed.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Grantor, for and in consideration of the sum of \_\_\_\_\_

Dollars (\$ \_\_\_\_\_), paid unto the Grantor by the Grantee, receipt of which is hereby acknowledged, has granted, bargained, sold, and released and by presents does grant, bargain, sell, and release to the Grantee the Apartment Unit, being Number \_\_\_\_\_ of Yacht Cove Villas Horizontal Property Regime I, together with the undivided interest of the Grantor in and to the Common Area appurtenant to said Apartment Unit. For a complete description of the within described property, see Exhibit "A" attached hereto and made a part hereof.

EXHIBIT "J"

This conveyance is made subject to the following:

- (1) Real Estate taxes for the current year and all future years;
- (2) Existing and/or recorded easements, conditions, covenants, declarations, reservations, and restrictions, including (without limitation) easements and use rights, if any, reserved unto the Grantor in the Master Deed;
- (3) The Master Deed and Exhibits attached thereto, including all benefits and obligations of ownership of an Apartment Unit in the Regime as provided in the Act and the Master Deed and Exhibits attached thereto; and
- (4) Applicable governmental regulations, including zoning laws, as may be imposed upon the Project from time to time.

TOGETHER WITH the rights, members, hereditaments, and appurtenances to the Apartment Unit belonging or in any way incident or appertaining thereto;

AT CLOSING, DEVELOPER SHALL TRANSFER TO A UNIT OWNER ALL OF DEVELOPER'S RIGHT, TITLE, AND INTEREST IN AND TO ANY MANUFACTURER'S WARRANTY FURNISHED TO DEVELOPER COVERING ANY EQUIPMENT OR APPLIANCE INSTALLED IN THE UNIT, AND DEVELOPER MAKES NO WARRANTY OR AGREEMENT OF ANY KIND WITH RESPECT TO ANY SUCH EQUIPMENT OR APPLIANCE. IF WRITTEN NOTICE IS GIVEN TO DEVELOPER BY A UNIT OWNER WITHIN THIRTY (30) DAYS OF DISCOVERY OF ANY DEFECT NOT CAUSED BY THE UNIT OWNER, HIS AGENTS, GUESTS, OR INVITEES, THEN DEVELOPER WILL, AT NO COST TO THE UNIT OWNER, FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF CLOSING, REPAIR OR REPLACE THE DEFECTIVE PORTION OF THE UNIT. THIS WARRANTY SHALL NOT APPLY TO FIXTURES AND APPLIANCES COVERED BY A WARRANTY OF A MANUFACTURER OR DEALER, FOR WHICH DEFECTS THE UNIT OWNER SHALL HAVE SUCH RIGHTS AS ARE DEFINED IN THE APPLICABLE WARRANTY DOCUMENTS. DEVELOPER SHALL NOT BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING FROM ANY DEFECT. THIS WARRANTY IS PERSONAL TO ORIGINAL UNITS OWNERS, AND SHALL AUTOMATICALLY TERMINATE AND BE OF NO FURTHER FORCE OR EFFECT UPON AN ORIGINAL UNIT OWNER'S SALE, TRANSFER, OR CONVEYANCE OF HIS, HER, OR ITS UNIT. DEVELOPER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FITNESS, DESIGN, OR CONDITION OF ITEMS OF TANGIBLE PERSONAL PROPERTY OR FIXTURES, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

IN ACCEPTING THIS DEED, the Grantee herein expressly acknowledges and agrees that:

"J-1"

(1) This conveyance is subject in every respect to the Master Deed and Exhibits attached thereto, as amended from time to time.

(2) The Grantee shall be bound by all terms and conditions of the Master Deed and Exhibits, as amended, and in particular the obligations to pay Assessments levied against the Grantee and the above-described Apartment Unit from time to time by the Association.

(3) The Directors of the Association, and each of them, are appointed his due and lawful attorneys-in-fact, with full power of substitution, for purposes of negotiating, settling, and otherwise dealing in all respects with (i) all insurers of the Regime in the event of damage, destruction or other costs; and (ii) any condemning authority in the event of any taking under a power of condemnation or eminent domain; all as more fully provided in the Master Deed.

(4) The limited warranty contained in this Deed establishes the sole liability with regard to defects in the Apartment Unit and the remedies available with regard thereto; and the limited warranty contained in the Master Deed of the Grantor establishes the sole liability with regard to defects in the Common Area and the remedies available with regard thereto.

TO HAVE AND TO HOLD all and singular the said premises before mentioned unto said Grantee, his heirs and assigns forever.

Subject to the conditions and reservations set forth hereinabove, Grantor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular the said premises unto Grantee, his heirs and assigns, against the Grantor and its successors and assigns and every person whomsoever lawfully claiming or to claim the same, or any part thereof.

"J-2"



STATE OF PENNSYLVANIA )  
COUNTY OF \_\_\_\_\_ )

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that s/he saw the within-named Grantees sign, seal, and as their act and deed, deliver the within-written Deed for the uses and purposes therein mentioned, and that s/he with the other witness whose signature appears above, witnessed the execution thereof.

\_\_\_\_\_  
(WITNESS)

SWORN TO before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

\_\_\_\_\_  
(L.S.)  
Notary Public for Pennsylvania  
My Commission Expires: \_\_\_\_\_

EXHIBIT "A"

ALL that certain Apartment lying and being on Hilton Head Island, Beaufort County, South Carolina, known as BUILDING \_\_\_\_\_, UNIT \_\_\_\_\_, TYPE \_\_\_\_\_, YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I, of PHASE \_\_\_\_\_, and being more particularly shown and described by reference to the MASTER DEED OF ALRO INTERNATIONAL, INC., a Pennsylvania corporation, as may be amended or annexed, establishing YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I, said Master Deed being dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, and being recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, and Deed Book \_\_\_\_\_ at Page \_\_\_\_\_.

ALSO all of the rights, privileges, and common elements appertaining to the above-described Apartment as set forth in the MASTER DEED OF YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I, and any Annexations, Declarations, and Amendments to said Master Deed, if any.

THIS conveyance is made by the Grantor and accepted by the Grantee subject to those Restrictive Covenants, Easements, and Options in the above-referred to Master Deed.

SUBJECT, also, to the Covenants, Restrictions, Easements, and Options running with that certain piece, parcel, or tract of land located on Hilton Head Island, Beaufort County, South Carolina, generally known as Yacht Cove Villas, recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 342 at Page 749, Deed Book 435 at Page 1636, Deed Book 461 at Page 1767, Deed Book 469 at Page 2009, Deed Book 470 at Page 703, Deed Book 492 at Page 865, Deed Book 501 at Page 2113, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Deed Book \_\_\_\_\_ at Page \_\_\_\_\_, Plat Book 30 at Page 31, Plat Book 30 at Page 62, Plat Book 31 at Page 102, Plat Book 34 at Page 162, Plat Book 35 at Page 72, Plat Book 35 at Page 162, Plat Book 35 at Page 304, Plat Book \_\_\_\_\_ at Page \_\_\_\_\_, Plat Book \_\_\_\_\_ at Page \_\_\_\_\_, Plat Book \_\_\_\_\_ at Page \_\_\_\_\_, as may be amended from time to time.

"J-5"

THIS being the same property, or a portion thereof, conveyed to the Grantor 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 Deed was prepared in the law offices of Palmer, Brooks & Bowen, P.A., Post Office Box 4960, 3 Pensacola Street, Hilton Head Island, Beaufort County, South Carolina 29938, by George G. L. Palmer, Esquire.

"J-6"

EXHIBIT "K-1"

Legal Description of Phase II Property

ALL that certain piece, parcel or tract of land located on Hilton Head Island, Beaufort County, South Carolina and being designated Phase II of Yacht Cove Villas, Parcel 2, containing 0.731 acres, more or less, as reflected on a plat prepared by M. A. Dunham, P.L.S. S.C. No. 115904 for Sea Island Engineering Inc., and entitled "Boundary and easement plat for: Yacht Cove Villas, Parcel 2, Yacht Cove PUD", Town of Hilton Head Island, Beaufort County, S.C.", dated February 22, 1988 and revised April 15, 1988, being drawing No. 2-252 and being recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 35 at Page 275. Further information may be had to the within described property by reference to plats and surveys filed for record in the Office for the Clerk of Court for Beaufort County, South Carolina in Plat Book 30 at Page 31, Plat Book 31 at Page 102, and Plat Book 34 at Page 162. According to Plat Book 35 at Page 275, said property is bounded on the Northwest by lands now or formerly of GreenBrooke Homes, on the Southwest by GreenBrooke Homes, and on the Southeast and Northeast by Phase I of Yacht Cove Villas, Parcel 2. The within property is more particularly described as follows:

Commencing at the intersection of the westerly right-of-way line of William Hilton Parkway (U.S. Highway No. 278) with the southerly line of lands now or formerly of the Hilton Head Chamber of Commerce, being also the northerly line of lands now or formerly of Calhoun Thomas, Jr., and Deborah S. Thomas, run thence the next two courses and distances along said northerly line of lands now or formerly of said Thomas and Thomas, and the southerly line of lands now or formerly of the Hilton Head Chamber of Commerce and also Palmetto Dunes Resort "Shelter Cove": N 42°-13'-14" W a distance of 162.88 ft. to a Concrete Monument, N 42°-26'-50" W a distance of 1,009.38 ft. to a Concrete Monument; thence S 47°-38'-34" W along the easterly line of said lands now or formerly of Palmetto Dunes Resort a distance of 210.13 ft. to a Concrete Monument; thence continue along said easterly line of lands now or formerly of Palmetto Dunes Resort and also lands now or formerly of Greenbrooke Homes Co. S 47°-55'-01" W a distance of 320.08 ft. to the POINT OF BEGINNING; thence continue S 47°-55'-01" W along the easterly line of lands now or formerly of Greenbrooke Homes Co. a distance of 212.15 ft. to the centerline of Yacht Cove Drive, a 70 ft. roadway, drainage and utility easement as presently established; thence S 61°-47'-52" E along said

EXHIBIT "K-1"

centerline of 70 ft. Yacht Cove Drive a distance of 232.67 ft. to a point; thence N 28°-12'-08" E a distance of 52.36 ft. to a point; thence N 32°-19'-59" W a distance of 35.00 ft. to a point; thence N 57°-40'-01" E a distance of 39.00 ft. to a point; thence N 32°-19'-59" W a distance of 58.00 ft. to a point; thence N 15°-25'-01" E a distance of 63.50 ft. to a point; thence N 74°-34'-59" W a distance of 43.50 ft. to a point; thence N 42°-04'-59" W a distance of 45.51 ft. to the POINT OF BEGINNING, said parcel containing 0.731 acres more or less and being subject to the following three easements more particularly depicted on the foregoing reference plat No. 2-252 by Sea Island Engineering:

1. The southerly 35.00 ft. of the subject property being the northerly half of Yacht Cove Drive, a 70.00 ft. roadway, drainage and utility easement.
2. A 20 ft. drainage easement extending from Yacht Cove Drive through the subject property to a Lagoon northerly thereof.
3. A variable access and utility easement extending from Yacht Cove Drive northerly through the subject property to lands northeasterly thereof.

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 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.

"K-1-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;

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 749; and Deed Book 492 at Page 865.

AND ALSO SUBJECT to those easements and matters of record reflected on plats 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).

"K-1-B"

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.

The within-described property is a portion of the same property conveyed to Deborah S. Thomas by deeds recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, dated December 21, 1981 and filed December 22, 1981 in Deed Book 338 at Page 1350 and dated May 4, 1983 and filed May 6, 1983, in Deed Book 368 at Page 1575.

"K-1-C"

EXHIBIT "K-2"

Legal Description of Lands Belonging to Deborah S. Thomas

ALL that certain piece, parcel, or lot of land lying and being on Hilton Head Island, Beaufort County, South Carolina and being generally known as Yacht Cove Villas, Parcel 2, containing 6.93 acres, more or less, as reflected on a plat prepared by M. A. Dunham, P.L.S. S.C. No. 115904 for Sea Island Engineering, Inc., and being entitled "Boundary and Easement Plat for: Yacht Cove Villas, Parcel 2, Yacht Cove P.U.D., Town of Hilton Head Island, Beaufort County, S.C.", dated February 22, 1988 and revised April 15, 1988, being a drawing No. 2-252 and being recorded in the Office of the Clerk of Court for Beaufort County, South Carolina in Plat Book 30 at Page 31, Plat Book 31 at Page 102, and Plat Book 34 at Page 162, respectively.

SAVE AND EXCEPTING those certain pieces, parcels and lots of land reflected on one or more of the aforesaid plats and described as Phase I (0.955 acres, more or less) and Phase II(0.731 acres, more or less).

"K-2"

EXHIBIT "L"  
INITIAL OPERATING BUDGET  
YACHT COVE VILLAS HORIZONTAL PROPERTY REGIME I

EXHIBIT "L"

INITIAL OPERATING BUDGET  
(Phase I - Monthly)

Building Maintenance	\$ 12.00
Refuse Collection	8.00
Termite Bond and Annual Inspection	2.00
Common Electric	9.00
Landscape Maintenance	35.00
Water and Sewer	22.00
* Insurance	50.00
Pest Control	4.00
Pool and Jacuzzi Maintenance	10.00
Reserve	10.00
Security Gate	Unknown
Management Service	15.00
	<hr/>
	\$ 177.00

\* Paid Annually

"L-1"

STATE OF SOUTH CAROLINA

COUNTY OF BEAUFORT

)  
)  
)

SUBORDINATION AGREEMENT

THIS AGREEMENT is made and entered into effective for all purposes and in all respects as of the date below by and among the undersigned parties.

RECITALS

A. Alro International, Inc., (the "Developer") is the owner and developer of that certain tract of land more fully described in Exhibit A (the "Land") attached to and made a part of the Master Deed for Yacht Cove Villas Horizontal Property Regime I, filed for record in the Office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 501 at Page 2113.

B. Mortgage Service Corporation, a corporation organized under the laws of the Commonwealth of Pennsylvania (the "Mortgagee"), is funding the development of the first phase of a multiphased condominium project on the Land pursuant to certain loan documents ("Loan Documents"), some of which are filed for record in the Office of the Clerk of Court for Beaufort County, South Carolina, in Mortgage Book 420 at Page 1849, Mortgage Book N/A at Page N/A, and Mortgage Book N/A at Page N/A, Lease Book 18 at Page 941, UCC #76278, and UCC #88-026754 (S.C. Sec. of State).

C. The Developer desires to organize a condominium regime (the "Regime") by the filing of that certain Master Deed of Yacht Cove Villas Horizontal Property Regime I dated as of 1988 (the "Master Deed") pursuant to the Horizontal Property Act (the "Act") of the State of South Carolina and to commence the transfer of condominium apartment units (the "Units") in the Regime.

D. The Mortgagee consents to the organization of the Regime so long as it retains a first lien on each Unit created in the Regime, with any release thereof being by separate instrument.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. The Mortgagee consents to the organization of the Regime by the recording of the Master Deed.

EXHIBIT "M"

2. Subject to the provisions of this Agreement, the Mortgagee subordinates the lien and security interests created by the Loan Documents to the provisions of the Master Deed and the rights of the Association (as defined in the Master Deed) and all owners of Units in the Regime whose Units have been released from the lien and security interest of the Loan Documents.

3. The Developer acknowledges and agrees that the lien and security interest of the Loan Documents shall remain a first priority lien and security interest in and to each Unit Estate as defined in the Master Deed, which includes the undivided interest in the Common Area appurtenant to each Unit.

4. The lien and security interest of the Loan Documents may be released as to each Unit upon the execution and delivery by the Mortgagee of an appropriate partial release of mortgage lien and security interests (and any required UCC Financing Statement release).

5. The Mortgagee agrees that upon any foreclosure of the lien and security interest of the Loan Documents, the Regime will not be disturbed and that the sole remedy of the Mortgagee will be to cause a sale or transfer of individual Units in the Regime as to which the lien and security interest of the Loan Documents remains attached.

6. This Agreement applies only to the Land and not to any of the Additional Real Property. This Agreement shall be expanded to apply to the Additional Real Property when and if such property is to be added to the Regime; provided, however, that the prior written consent of the Mortgagee shall be obtained in each such instance.

7. The Mortgagee agrees to execute appropriate amendments to the Uniform Commercial Code Financing Statements presently of record to evidence the subordination of the security interest of the Loan Documents as specified herein.

8. In all other respects the Loan Documents shall remain in full force and effect.

"M-2"

IN WITNESS WHEREOF, the parties have executed this Subordination Agreement this 5th day of December, 1988.

WITNESSES:

MORTGAGEE:

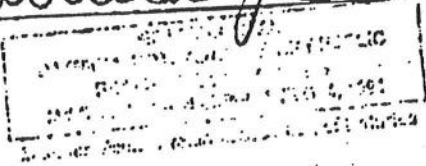
MORTGAGE SERVICE CORPORATION

2) Man Singh

1) By: Lewis F. Lominski  
Its: President

3) Patricia Stevens

1) By: Ed Phelan  
Its: (E.V.P. / Secy.)



DEVELOPER:

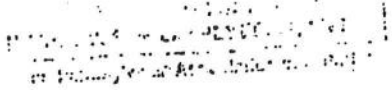
ALRO INTERNATIONAL, INC.

2) Man Singh

1) By: Elias Alsabti  
Elias Alsabti, President

3) Patricia Stevens

1) By: Robin Alsabti  
Robin Alsabti, Secretary



4) STATE OF PENNSYLVANIA )  
 )  
COUNTY OF BEAVER )

PROBATE

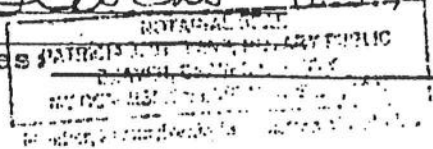
PERSONALLY appeared before me Maria Suarez who,  
(first witness)

after first being duly sworn, deposes and says that s/he saw the within-named Mortgage Service Corporation by Lewis F. Laniewski its President, and by Robert Churan its Exec. Vice Pres & Secretary sign, seal, and, as its act and deed, deliver the within-written Subordination Agreement for the uses and purposes therein mentioned, and that s/he with Patricia J. Stevens (Notary) the other witness whose signature appears above, witnessed the execution thereof.

1) Maria Suarez  
(WITNESS)

SWORN TO before me this  
5th day of December, 1988.

8) Patricia J. Stevens (L.S.)  
Notary Public for  
My Commission Expires



STATE OF PENNSYLVANIA )  
 )  
COUNTY OF BEAVER )

PROBATE

PERSONALLY appeared before me Maria Suarez who,  
(first witness)

after first being duly sworn, deposes and says that s/he saw the within-named Mortgage Service Corporation by Lewis F. Laniewski its President, and by Robert Churan its Exec. Vice Pres & Secretary sign, seal, and, as its act and deed, deliver the within-written Subordination Agreement for the uses and purposes therein mentioned, and that s/he with Patricia J. Stevens witnessed (Notary) the other witness whose signature appears above, witnessed the execution thereof.

Maria Suarez  
(WITNESS)

SWORN TO before me this  
5th day of December, 1988.

Patricia J. Stevens (L.S.)

Notary Public for \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

EXHIBIT A

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.

"M-6"

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;

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).

"M-7"

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.

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)

"M-8"

STATE OF SOUTH CAROLINA     )  
  )     OWNER'S AND CONTRACTOR'S AFFIDAVIT  
COUNTY OF BEAUFORT         )

On this 5th day of December, 1988, before me personally Elias Alsabti, President of Alro International, Inc., a Pennsylvania corporation, and John Tilton, President of Tilton Construction Company, Inc., a South Carolina corporation, General Contractor, to me personally known, who being duly sworn on their oaths, did say that they are the owner of the property hereafter described and the General Contractor in connection with the construction or repair of the improvements located on said property as indicated above (if the work "None" appears in the above space preceding "General Contractor", owner stated that said construction or repair was made under his own supervision, no general contractor having been employed) and that all of the persons, firms, and corporations, except those whose names, if any, appear on the Waiver of Liens attached hereto, including the General Contractor and all subcontractors, who have furnished services, labor, or materials, according to plans and specifications, or extra items, used in the construction or repair of such improvements, have been paid in full, that there are no mechanics' or materialmen's liens against said property and no claims outstanding which would entitle the holder thereof to claim a lien against the property (except those claims, if any, which are waived by the Waiver of Liens attached hereto) and that such construction or repair has been fully completed and accepted by the owner. General Contractor hereby waives and releases his right to file a mechanics' or materialmen's lien against said property; and

Further, that there are no financing statements, chattel mortgages, conditional bills of sale or retention of title agreements affecting any fixtures or any cabinets, mantles, awnings, doors or windows or screens therefor or any plumbing, lighting, heating, cooking, refrigerating, ventilating, or air conditioning equipment or apparatus used separately or in combination as packaged units or installments in connection with the improvements of the property; and

That this Affidavit is made for the purpose of inducing First American Title Insurance Company to issue its policy or policies insuring the title to said property without exception or providing insurance against, loss or damage on account of any claims or mechanics, materialmen, and laborers, and said affiants do hereby jointly and severally agree to indemnify and hold First American Insurance Corporation harmless of and from any and all loss, cost, damage, and expense of every kind, including Attorneys' fees, which said First American Title Insurance

EXHIBIT "N"

Corporation shall or may suffer or incur or become liable for under its said policy or policies directly or indirectly, out of such improvements, repairs, or other construction on the property hereafter described or on account of any such mechanics' or materialmen's lien or claim or claims, or in connection with the enforcement of its rights under this agreement.

The real estate and improvements referred to herein are situated in the County of Beaufort, State of South Carolina, and are briefly described

Phase I, Building 200, Yacht Cove Villas Horizontal Property Regime I, Units 201, 202, 203, 204, 205, 206, 207, inclusive.

WITNESSES:

OWNER OF PROPERTY:

ALRO INTERNATIONAL, INC.

Louis M. Sime

By: Elias Alsabti  
Elias Alsabti, President

Susan E. Charles

Attest: Robin Alsabti  
Robin Alsabti, Secretary

GENERAL CONTRACTOR:

TILTON CONSTRUCTION COMPANY, INC.

Michelle D. Taylor

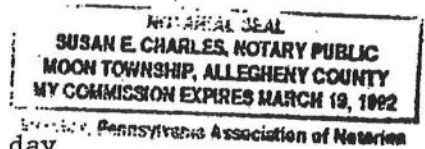
By: John Tilton  
John Tilton, President

Catherine A. Joyce

Attest: Edward G. Jenkins

Executed, subscribed, and sworn to before me the day and year first above written.

Susan E. Charles  
Notary Public for ALLEGHENY COUNTY  
My Commission Expires: 3/13/92



Executed, subscribed, and sworn to before me the day and year first above written.

Catherine A. Joyce  
Notary Public for South Carolina  
My Commission Expires: 9/8/98



CERTIFICATE OF COMPLIANCE — SITE WORK

INSP/  
FILE NO 907

DATE 18 Nov 88 DEVELOPMENT/BUILDING PERMIT NO. BP 8/81

PROJECT AND PHASE NAME YACHT COVE VILAS, BLDG 200, PH I

PROJECT LOCATION YACHT COVE

- FINAL ( ) TOTAL PROJECT/PHASE COMPLETE  
 TEMPORARY\* ( ) TOTAL PROJECT/PHASE INCOMPLETE — SURETY REQUIRED  
 PARTIAL\* ( ) PORTION OF PROJECT/PHASE COMPLETE — NO SURETY REQUIRED  
 ( ) PORTION OF PROJECT/PHASE COMPLETE — SURETY REQUIRED

\*NOTE: (a) IF NEW ITEMS COME INTO NON-COMPLIANCE DURING THE LIFE OF A TEMPORARY OR PARTIAL CERTIFICATE OF COMPLIANCE, THOSE ITEMS SHALL BE CORRECTED BEFORE THE ISSUANCE OF A FINAL CERTIFICATE OF COMPLIANCE.

(b) TEMPORARY/PARTIAL EXPIRATION DATE \_\_\_\_\_

ITEMS TO BE BONDED	AMOUNT	COMMENTS OR SPECIFICATIONS
( ) ROADWAY, PAVING OR PARKING	\$ _____	
( ) SIDEWALKS, WALKWAYS, OR BIKE PATHS	\$ _____	
( ) DRAINAGE OR EROSION	\$ _____	
( ) TREE PLANTING OR REPLACEMENT	\$ _____	
( ) PUBLIC AMENITIES, POOLS, TENNIS COURTS, ETC.	\$ _____	
( ) UTILITIES — WATER, SEWER, POWER, STORM DRAIN, ETC.	\$ _____	
( ) LANDSCAPING — PLANT/GROUND COVER, SEEDING	\$ _____	
( ) OTHER — SIGNAGE, CLEAN-UP, MISCELLANEOUS	\$ _____	
(SUB TOTAL)	\$ _____	
	\$ _____	+ 15% (10% CONTINGEN FEE & 5% ADMINISTRATION FEE)

DATE SURETY PAID \_\_\_\_\_ \$ \_\_\_\_\_ TOTAL AMOUNT OF SURETY

DATE FILING FEE PAID \_\_\_\_\_ \$ \_\_\_\_\_ AMOUNT OF FILING FEE

FORM OF SURETY: ( ) CASH ( ) CHECK ( ) LETTER OF CREDIT ( ) BOND

FORM OF SUPPORT DATA: ( ) CONTRACTOR'S PROPOSAL ( ) ENGINEER'S ESTIMATE

COMMENTS \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

CC: DIR. PLAN & INSP  
 CHIEF OF INSP  
 PLANNING FILE  
 ENG FILE  
 SURETY FILE

APPROVED BY Bud Culbert  
 TOWN ENGINEER OR DESIGNEE