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Recorded this 10 day of June
A. D., 19 83 in Vol. 18-G
Page 392 and Certified:

MASTER DEED ESTABLISHING
MARINA VILLAS
HORIZONTAL PROPERTY REGIME

W. L. ...
C. C. C. P. G. A.

Oconee County, S. C.

WHEREAS, Lake Keowee Development Corporation, a South Carolina corporation, hereinafter referred to as "Developer," having a principal place of business in Salem, South Carolina, is the owner in fee simple of certain real estate in Oconee County, State of South Carolina, being the property hereinafter described and hereinafter referred to as the "Parcel"; and

WHEREAS, the Developer intends by this Master Deed to submit the property (as hereinafter defined) to the provisions of the Horizontal Property Act of South Carolina;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that Lake Keowee Development Corporation does hereby make and declare this Master Deed creating and establishing a plan for dwelling ownership for "Marina Villas Horizontal Property Regime," being the property and improvements hereinafter described.

I

Establishment of Horizontal Property Regime

Lake Keowee Development Corporation, a South Carolina corporation, is the owner in fee simple of certain property in Oconee County, State of South Carolina, which property is more particularly described as follows;

All that certain piece, parcel or lot of land lying and being in the State of South Carolina, County of Oconee, Salem School District, containing 6.397 acres, shown on a plat of survey prepared by Landmark Surveys, Inc., dated November 2, 1982 and recorded in Plat Book P-45 at Page 135, Office of the Clerk of Court for Oconee County, South Carolina, and being more particularly described as follows:

Beginning at a point on the Right-of-Way of Flagship in common with Marina Village, Unit 13 of Keowee Key as the same is shown by plat prepared by Landmark Surveys, Inc., dated March 10, 1982 and recorded in Plat Book P-45 at Page 113, Office of the Clerk of Court for Oconee County, South Carolina, and running with the Right-of-Way of Flagship S21-10-17E-50.14, S03-38-37E-126.40, S19-28-57E-63.72, S31-57-37E-59.96, thence along the Right-of-Way of the road leading to the Marina S09-59-03W-249.28, S85-20-07E-25.11, S00-39-17E-31.97, thence a new line thru properties

owned by Lake Keowee Development Corporation N82-50-17W-169.33, S09-03-43W-152.34, S65-25-43W-28.00, S31-09-13W-22.81, S02-52-57E-46.90, S25-33-33W-69.60, S62-42-03W-79.99, N39-56-17W-51.75, S39-04-13W-22.18 to an iron pin on the 804 contour of Lake Keowee, thence along the 804 contour of Lake Keowee N16-28-17W-99.30, N20-58-43E-55.89, N48-35-17W-62.90, N13-43-17W-30.52, N18-18-03E-66.05, N05-46-37W-53.39, N17-29-43E-93.47, N42-01-23E-37.80, N17-43-37W-46.55, N08-50-43E-50.01, S33-22-43W-26.27 to an I.P.O. on the 804 contour of Lake Keowee and Common to Lot 18-Unit 13, thence along the lines of Marina Village-Unit 13 N54-59-35W-145.55, N37-31-25E-315.05, S88-00-00E-256.38, to the point of beginning.

and upon which property there is constructed Marina Villas Horizontal Property Regime, an apartment housing project containing private dwelling units and other appurtenant improvements. Lake Keowee Development Corporation does hereby submit the above described property and improvements to a horizontal property regime and hereby declares the same to be a horizontal property regime under the provisions of the Horizontal Property Act of South Carolina.

II

Survey and Description of Improvements

Referred to herein and expressly made a part hereof as Exhibit "A", consisting of _____ pages, is a certificate and survey of the land and graphic description and plot plans of the improvements constituting "Marina Villas Horizontal Property Regime" identifying the units and General Common Elements as said terms are hereinafter defined, and their respective locations and approximate dimensions. Each unit is identified by specific alphabetical and numerical designation on said Exhibit "A," and no unit bears the same designation as any other unit. Said Exhibit "A" is recorded in Plat Book _____, page _____.

III

Definitions

For all purposes of this Master Deed the following terms shall have the meanings set forth below.

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

(b) "Association" means Marina Villas Association, Inc., a South Carolina nonprofit corporation;

(c) "Building" means a structure or structures, containing in the aggregate two or more apartments, comprising a part of the property;

(d) "Common Wall" means any wall which is built as a part of the original construction of a Unit and which serves to separate two Units.

(e) "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns an apartment within the building;

(f) "Council of co-owners" means all the co-owners as defined in subsection (e) of this section; but a majority, as defined in subsection (h) of this section, shall, except as otherwise provided in this Deed, constitute a quorum for the adoption of decisions;

(g) "General Common Elements" means and includes:

(1) The land on which the buildings stand;

(2) Those portions of each Building not included in the definition of "Unit" as set forth in paragraph (c) of this article including, without limitation, the foundations, exterior walls, Common Walls, most floors, roofs, sewage disposal pipes or lines, to the extent they lie outside of the defined area of a Unit, and outside stairways, ramps and entrance bridges, to the extent they lead to or are used by more than one Unit.

(3) The yards, gardens and surrounding land, except as otherwise provided or stipulated;

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

(5) Parking areas and outside walkways.

(h) "Majority of co-owners" means fifty-one percent or more of the basic value of the property as a whole. The basic value shall be computed by taking as a basis the value of an individual apartment in relation to the value of all the apartments from time to time constituting Marina Villas Horizontal Property Regime. The basic value shall be as set forth in Exhibit D to this instrument and shall not be altered, except in accordance with the provisions of Article IV hereof, without the acquiescence of the co-owners representing all the apartments of the property.

(i) "Manager" means an individual, corporation or other entity retained by the Association to manage its affairs or to otherwise administer the Property.

(j) "Master Deed" means the deed establishing and recording the property of the horizontal property regime;

(k) "Person" means an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof;

(l) "Property" means and includes the land, buildings, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto;

(m) "Developer" means Lake Keowee Development Corporation;

(n) "To record" means to record in accordance with the provisions of Section 30-5-30 through 30-5-200 and 9-1-1510 et seq, of the South Carolina Code of Laws (1976), or other applicable recording statutes.

(o) "Unit" shall mean "Apartment" and shall also mean and comprise each separate alphabetically and numerically identified Apartment which is designated in Exhibit "A" of this Master Deed, including all spaces and improvements lying inside the undecorated and/or unfinished surface of any Common Wall, exterior wall, floor and ceiling, together with, without limitation, (i) any fireplaces (together with flues and chimneys built or used on connection therewith), air-conditioning units, heating units and hot-water tanks serving the Unit, whether the same are situated within such Unit or not, together with, to the extent necessary, easements therefor and for access thereto; (ii) decks, porches, balconies and railings affixed to or used in connection with the Unit; (iii) all water pipes, vents, ducts, wires, conduits and other facilities running through a Common Wall, above a ceiling or below a floor and leading to and exclusively serving the Unit, together with, to the extent necessary, easements therefor and for access thereto; (iv) such stairways as are designed to be exclusively used only by the Unit; and (v) with respect to only those Units shown on Exhibit "A" as including a basement level, all spaces lying inside the undecorated and/or unfinished surface of any wall, floor and ceiling of such basement area.

The legal description of each Unit shall consist of the identifying letter and number of such Unit as shown in Exhibit "A" followed by the words: "in Marina Villas Horizontal Property Regime."

(p) "Regime" means Marina Villas Horizontal Property Regime, as hereby created.

IV

Phased Development

It is the intention of the Developer to develop the Regime in two phases, the first phase of which includes the property and units described in the aforesaid Exhibit "A." A description of the property to be developed in each phase, the number of units to be constructed thereon, the General Common Elements to be contained therein and the dates by which the Developer must elect whether or not to proceed with the development of each phase are shown on the schedule attached hereto as Exhibit B and by reference incorporated herein.

On or before the respective dates shown in the aforesaid Exhibit B, the Developer may, but shall not be required to, elect to proceed with development of a succeeding phase of the Regime. Such election shall be signified by the filing of an amendment to this Master Deed, such amendment to specifically include an amended Exhibit A, showing a survey of the land in the phase or phases to be included in the Master Deed, together with the land theretofore included in the Master Deed, and a graphic description and plot plans of all improvements then constituting Marina Villas Horizontal Property Regime, including those improvements included in the phase being then annexed thereto, and an amended Exhibit D, showing the percentage of undivided interest in the General Common Elements allocated to each Unit. Notwithstanding any provision of this Master Deed to the contrary, the amendments to be filed by the Developer pursuant to the operation of this Article IV shall be accomplished by the Developer's sole and unilateral action, and shall not require a meeting of or joinder by any Co-owners.

Exhibit C, attached hereto and by reference incorporated herein and made a part hereof as though fully set forth herein, sets forth the percentages of undivided interest in the General Common Elements allocated to each Unit in this, the first phase of the Regime, as they would appear at each phase of the development if the Developer elected to proceed therewith. Upon electing to proceed with the development of a subsequent phase of the Regime, the Developer may construct either more or less Units than shown on the aforesaid Exhibit B, so long as, as a result thereof, no percentages of undivided interest set forth in the aforesaid Exhibit C increase.

V

Ownership of Units
and Appurtenant Interest in
General Common Elements

Each Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the co-owner of the Unit shall own, as an appurtenance to

the ownership of each Unit, an undivided interest in the General Common Elements, being that percentage allocated to the respective Unit as set forth in the schedule attached hereto as Exhibit D and by reference incorporated herein and made a part hereof as though fully set forth herein. The percentage of undivided interest in the General Common Elements allocated to each unit shall not be changed, except in accordance with the provisions of Article IV hereof, without the unanimous consent of all the co-owners of all the Units and all record owners of mortgages thereon.

VI
Restrictions Against Further
Subdividing of Units
and Separate Conveyance of Appurtenant
General Common Elements

No Unit may be divided or subdivided into a smaller Unit or Units than as shown on Exhibit "A" hereto. The undivided interest in the General Common Elements is declared to be an appurtenance to each Unit and shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit even though such undivided interest may not be expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, mortgage or other instrument which purports to effect the conveyance, devise or encumbrance, or which purports to grant any right, interest or lien in, to or upon a Unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its appurtenant undivided interest in General Common Elements unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the numerical designation assigned thereto in Exhibit "A" without limitation or exception, shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the General Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the General Common Elements by more than one person or entity as tenants in common.

VII
Units Subject to Restrictions

The Units and General common Elements shall be and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants described and established herein, governing the use of said Units and General Common Elements and setting forth the obligations and responsibilities incident to ownership of each Unit and its appurtenant undivided interest in the General Common Elements.

VIII

Easements

A. There is excepted from this Master Deed, and from any conveyances made hereafter with respect to any Unit, the following easements:

1. Utility easements running coincident with and five feet on either side of all sewer, water, power and telephone lines now or hereafter installed on the property or as shown on Exhibit "A" to this Master Deed, together with easements surrounding, at a radius of five feet in all directions, any accessories or apparatus from time to time installed in connection therewith.

2. A non-exclusive easement reserved in favor of Developer, its successors, assigns, agents, licensees and guests, over such portions of the Property as may from time to time be required in order to extend sewer, water, power and telephone service and roads, parking areas and walkways to additional phases of the Regime or to other property from time to time owned by Developer; provided, however, that upon use of such easement as aforesaid, the property shall be restored as near as reasonably possible to its original condition.

3. A non-exclusive access easement in favor of Developer, its agents, successors and assigns over the General it exists at any particular time and as said Unit may lawfully be altered or reconstructed from time to time.

IX

Restraint Upon Separation and Partition of
General Common Elements

Recognizing that the proper use of a Unit by any co-owner or co-owners is dependent upon the use and enjoyment of the General Common Elements in common with the co-owners of all other Units, and that it is in the interest of all co-owners of Units that the ownership of the General Common Elements be retained in common by the co-owners of Units in the property, it is declared that the percentage of the undivided interest in the General Common Elements appurtenant to each Unit shall remain undivided and no co-owner of any Unit shall bring or have any right to bring any action for partition or division.

X

Administration

Prior to the date of recording of the within instrument, there has been formed "Marina Villas Association, Inc.," a South

Carolina nonprofit corporation which shall be the governing body for all of the Unit co-owners with respect to the administration, maintenance, repair and replacement of the property as provided by the Horizontal Property Act, this Deed and the By-Laws. The Board of Directors of the Association shall be the form of administration of the Association and of the Property. Whenever this Deed shall call for approval, permission or requirement of the Association, it shall mean the Board of Directors of the Association. A copy of the By-Laws of the Association is attached hereto and made a part hereof as Exhibit E and by reference incorporated herein as if fully set forth herein.

The Administration of the Property, and the powers and duties coincident thereto, may be delegated by the Association to the Manager, which Manager shall be retained by the Association upon such terms and conditions and for such compensation as it may from time to time determine.

Each Unit co-owner shall automatically become and be a member of the Association so long as he continues as a Unit co-owner. Upon the termination of the interest of a co-owner, his membership, together with his stock ownership in the Association, shall thereupon automatically terminate and transfer and inure to the new Unit co-owner succeeding him in interest.

The aggregate number of shares of stock in the Association shall be one hundred (100), which shall be divided, as will the votes relating thereto, among the members in the same ratio as their respective percentages of co-ownership interest in the General Common Elements as set forth from time to time in Exhibit D. It shall not be necessary to issue certificates of stock as evidence of membership.

XI

Residential Use Restrictions Applicable to Units

Each Unit is hereby restricted to residential use by the co-owner or co-owners thereof, their immediate families, guests, leasees and invitees.

In order to provide for a congenial occupation of the property and to provide for the protection of the value of the Units, the use of the property shall be restricted to and be in accordance with the following provisions:

(a) The Units shall be used for single family residences only.

(b) The General Common Elements shall be used for the furnishing of services and facilities for which they are reasonably intended, for the enjoyment of the Unit co-owners, and

subject to such regulation by rules and by-laws as may, in the opinion of the Association, achieve the maximum beneficial use thereof.

(c) No Unit shall be used for any other purpose than as a private dwelling for the co-owner and his immediate family or by a person and such person's immediate family to whom the co-owner shall have leased his Unit.

(d) No nuisance shall be allowed upon the Units or General Common Elements nor shall any practice be allowed which is a source of annoyance to residents, or which will interfere with the peaceful possession and proper use of the Unit or General Common Elements by its residents.

(e) No Unit co-owner shall permit or suffer anything to be done or kept in his apartment which will increase the rate of insurance on the Unit.

(f) No immoral, improper, offensive, or unlawful use shall be made of the General Common Elements or of any Unit, or any part thereof.

(g) No "for sale" or "for rent" signs or other signs shall be displayed by any individual Unit co-owner on his unit or any part of the General Common Elements. However, notwithstanding the foregoing, the Developer and institutional mortgagees shall have the right to display signs for sale or lease on Units owned by them or under foreclosure.

(h) Any Unit co-owner may own, keep or maintain common household pets if so provided by the rules from time to time established by the Board of Directors of the Association. Pets of any kind are not permitted on any public portion of the buildings or grounds or General Common Elements, unless properly attended, and where appropriate, either carried or on leash at all times.

(i) The walkways, entrances and parking areas must not be obstructed or encumbered or used for any other purpose than ingress and egress to and from the premises.

(j) No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by any Unit co-owner on any part of the outside or inside of the premises or building without the prior written consent of the Association, except as to Developer and institutional mortgagees as provided in "(g)" above.

(k) No awnings or other projections shall be attached to the outside walls of the building, and no blinds, shades, or screens shall be attached to or used in connection with any exterior window or exterior door of the premises, without the prior written consent of the Association.

(l) No unit co-owner shall allow anything whatever to fall from the windows or doors of the premises, nor shall he sweep or throw from the premises any dirt or other substance unto any of the sidewalks, parking area or upon the grounds.

(m) No garbage cans, except as approved by the Board of Directors of the Association, supplies, or other articles shall be placed in the entrance to the Units, nor shall anything be hung from the windows, or balconies, or be placed upon the window sills. Neither shall any linens, cloths, clothing, curtains, rungs or mops be shaken or hung from any of the windows or doors.

(n) Regulations concerning use of the General Common Elements may be promulgated by the Association. Copies of all additional regulations shall be furnished to all Unit owners.

XII

Use of General Common Elements Subject to Rules of Association

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

XIII

Alterations or Additions to General Common Elements

There shall be no alterations or additions to the General Common Element, except as authorized by the Board of Directors and approved by no less than a majority of the Unit co-owners, provided the aforesaid alterations or additions do not prejudice the rights of any Unit co-owner, unless his consent has been obtained. The cost of the foregoing shall be assessed as common expenses. Where any alteration or additions to the General Common Elements are exclusively or substantially exclusively for the benefit of the Unit co-owner(s) requesting same, then the cost of such alterations or additions shall be assessed against and collected solely from the Unit co-owner(s) exclusively or substantially exclusively benefiting, and the assessment shall be levied in such proportion as may be determined as fair and equitable by the Board of Directors of the Association.

XIV

Maintenance and Repair of Each Unit

Each Unit co-owner agrees as follows:

(a) To maintain in good condition and repair his Unit and all interior surfaces within or surrounding his Unit (such as the surfaces of the walls, ceilings and floors), whether or not part of the unit or General Common Elements, and the entire interior of his Unit, and to maintain and repair the fixtures and equipment therein, which include, but are not limited to, air-conditioning and heating units, including any air-conditioning condenser unit which is outside the Unit, refrigerators, stoves, fans, hot-water heaters, dishwashers, and other appliances, drains, plumbing fixtures and connections, sinks, all plumbing and water lines within the Unit, electric panels and wiring, electric outlets and fixtures within the Unit, and any repairs on interior doors, windows, screening and glass, and to pay for such utilities as are separately metered to the Unit. Where a Unit is carpeted, the cost of replacing carpeting shall be borne by the co-owner of said Unit.

(b) Not to make or cause to be made any structural addition or alteration to his Unit or to the General Common Elements without prior consent of the Board of Directors.

(c) To make no alteration, decoration, repair, replacement or change of the General Common Elements, or to any outside or exterior portion of the building.

(d) To permit the Board of Directors, or the agents or employees of the Association, to enter into any Unit for the purpose of maintenance, inspection, repair, replacement of the improvements within the Units, or the General Common Elements, or to determine, in case of emergency, the circumstances threatening units or the General Common Elements or to determine compliance with the provisions of this Master Deed and the By-Laws of the Association.

(e) To show no signs, advertisement or notices of any type on the General Common Elements or his Unit, and to erect no exterior antenna or aerials, except as consented to by the Board of Directors of the Association and except as to Developer and institutional mortgagees as provided in Article XI (g) of this Master Deed.

XV

Failure to Maintain Unit

In the event the co-owner of a Unit fails to maintain said Unit as required in this Master Deed, or shall make any structural addition or alteration without the required written

consent, or otherwise violates or threatens to violate the provisions hereof, the Association shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. In lieu thereof, and in addition thereto, the Association, through its Board of Directors, shall have the right to levy an assessment against the co-owner of the Unit, and the Unit, for such necessary sums to remove any unauthorized structural addition or alteration, and/or to restore the property to good condition and repair.

XVI

Maintenance and Repair of General
Common Elements by Association

Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the General Common Elements including those portions thereof which contribute to the support of the buildings. Should any incidental damage be caused to any Unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair and replacement of any General Common Elements, the said Association shall, at its expense, repair such incidental damage.

XVII

Personal Liability and Risk of Loss
of Co-owner and
Separate Insurance Coverage, etc.

The co-owner of each Unit may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects and other personal property belonging to such co-owner, and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or property of another while within such co-owner's Unit or upon the General Common Elements. All such insurance obtained by the co-owner of each Unit shall, wherever such provisions shall be available, provide that the insurer waives its right of subrogation as to any claims against other co-owners of Units, the Association, and the respective servants, agents and guests of said other co-owners and the Association. Risk of loss of or damage to any furniture, furnishings, personal effects and other personal property other than such furniture, furnishings and personal property constituting a portion of the General Common Elements belonging to or carried on the person of the co-owner of each Unit, or which may be stored in any Unit, or in, to or upon General Common Elements, shall be borne by the co-owner of each such Unit. All furniture, furnishings and personal property constituting a portion of the General Common Elements and held for the joint use and benefit of all co-owners of all Units shall be covered by such insurance as shall be maintained in force and effect by the Association as hereinafter provided. The co-owner of a Unit

shall have no personal liability for any damages caused by the Association or in connection with the use of the General Common Elements. The co-owner of a Unit shall be liable for injuries or damages resulting from an accident in his own Unit to the same extent and degree that the owner of a house or home would be liable for an accident occurring within the house or home.

XVIII

Insurance Provisions

A. LIABILITY INSURANCE:

1. The Board of Directors of the Association shall obtain Public Liability and Property Damage Insurance covering all of the General Common Elements, and insuring the Association and the co-owners, as its and their interests appear, in such amounts as the Board of Directors of the Association may determine from time to time, provided that the minimum amount of coverage shall be \$100,000/\$300,000/\$10,000. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit co-owners as a group to a Unit co-owner. Premiums for the payment of such insurance shall be paid by the Association and charged as a common expense.

B. CASUALTY INSURANCE:

1. Purchase of Insurance: The Association shall obtain Fire and Standard Extended Coverage Insurance and Vandalism and Malicious Mischief Insurance, insuring all of the insurable improvements within the property, including personal property owned by the Association, in and for the interest of the Association, all Unit co-owners and their mortgagees, as their interests may appear, in a company acceptable to the Board of Directors of the Association, in an amount equal to the maximum insurable replacement value, as determined from time to time by or for the Board of Directors of the Association. The premiums for such coverage and other expenses in connection with said insurance shall be paid by the Association and charged as a common expense. The company or companies with whom the Association shall place its insurance coverage, as provided in this Master Deed, must be good and responsible companies authorized to do business in the State of South Carolina.

2. Loss Payable Provision--Insurance Trustee: All policies purchased by the Association shall be for the benefit of the Association, all Unit co-owners, and their mortgagees, as their interests may appear. Such policies shall be deposited with the Insurance Trustee (as hereinafter defined) who must first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Manager or to a bank that holds trust powers, as may be approved by the Board of Directors

of the Association, which Trustee is herein referred to as the "Insurance Trustee." The Insurance Trustee shall not be liable for the payment of premiums nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds, nor for the form or content of the policies. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein, and for the benefit of the Association, the Unit co-owners and their respective mortgagees, in the following shares, but such shares need not be set forth upon the records of the Insurance Trustee:

(a) General Common Elements: Proceeds on account of damage to General Common Elements--an undivided share for each Unit co-owner, such share being the same as the undivided share in the General Common Elements appurtenant to his Unit.

(b) Units: Proceeds on account of Units shall be in the following undivided shares:

(1) Partial Destruction--when Units are to be repaired or restored--for the co-owners of the damaged Units in proportion to the cost of repairing the damage suffered by each Unit co-owner.

(2) Total destruction of property improvements, or where "very substantial" damage occurs and the property improvements are not to be restored, as provided hereinafter in this Article--for the co-owners of all Units, each co-owner's share being in proportion to his share in the General Common Elements appurtenant to his Unit.

(c) Mortgagees: In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit co-owner shall be held in trust for the mortgagee and the Unit co-owner, as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

3. Distribution of Proceeds: Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial co-owners and expended or disbursed after first paying or making provisions for the payment of the expenses of the Insurance Trustee in the following manner:

(a) Reconstruction or Repair: If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall be repaired and restored, the remaining proceeds shall be paid to defray the cost thereof, as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial co-owners, all

remittances to Unit co-owners and their mortgagees being payable jointly to them.

(b) Failure to Reconstruct or Repair: If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be repaired and restored, the proceeds shall be disbursed to the beneficial co-owners; remittances to Unit co-owners and their mortgagees being payable jointly to them. In the event of the loss or damage to any personal property belonging to the Association, and should the Board of Directors of the Association determine not to replace such personal property as may be lost or damaged, the proceeds shall be disbursed to the beneficial co-owners as surplus, in the manner elsewhere stated herein.

(c) Certificate: In making distribution to Unit co-owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association as to the names of the Unit co-owners and their respective shares of the distribution, approved in writing by an attorney authorized to practice law in the State of South Carolina or a title insurance company authorized to do business in the State of South Carolina. Upon request of the Insurance Trustee, the Association, forthwith, shall deliver such certificate.

4. Loss Within a Single Unit: If loss shall occur within a single Unit or Units, without damage to the General Common Elements, then in such event, the insurance proceeds shall be distributed to the beneficial Unit co-owner(s)--remittances to Unit co-owners and their mortgagees being payable jointly to them.

5. Loss Less Than "Very Substantial." Where a loss or damage occurs to any Unit or Units and the General Common Elements, or to the General Common Elements, but said loss is less than "very substantial" (as hereinafter defined), it shall be obligatory upon the Association and the Unit owners to repair, restore and rebuild the damage caused by the loss. Where such loss or damage is less than "very substantial:"

(a) The Board of Directors of the Association shall promptly obtain reliable and detailed estimates of the cost of repairing and restoration.

(b) If the damage or loss is limited to the General Common Elements, with no, or minimum damage or loss to any individual Unit(s), and if such damage or loss to the General Common Elements is less than Three Thousand (\$3,000) Dollars, based on values as of the time of execution of this instrument, the insurance proceeds shall be endorsed by the Insurance Trustee over to the Association and the Association shall promptly contract for the repair and restoration of the damage.

(c) If the damage or loss involves individual Units encumbered by institutional first mortgages, as well as the General Common Elements, or if the damage is limited to the General Common Elements, but is in excess of Three Thousand (\$3,000) Dollars, the insurance proceeds shall be disbursed by the Insurance Trustee for the repair and restoration of the property, upon the written direction and approval of the Association, and provided, however, that upon the request of an institutional first mortgagee, the written approval shall also be required of the institutional first mortgagee owning and holding the first recorded mortgage encumbering a Unit. Should written approval be required, as aforesaid, it shall be said mortgagee's duty to give written notice thereof to the Insurance Trustee. The Insurance Trustee may rely upon the certificate of the Association and the aforesaid institutional first mortgagee, if said institutional first mortgagee's written approval is required, as to the payee and the amount to be paid from the proceeds. All payees shall deliver paid bills and waivers of mechanics' liens to the Insurance Trustee, and shall include any affidavit required by law or by the Association, the aforesaid institutional first mortgagee and Insurance Trustee, and deliver same to the Insurance Trustee, and the foregoing shall be in such form as any of the aforesaid parties may require.

(d) Subject to the foregoing, the Board of Directors of the Association shall have the right and obligation to negotiate and contract for the repair and restoration of the premises.

(e) If the net proceeds of the insurance are insufficient to pay for the estimated cost of restoration and repair (or for the actual cost thereof if the work has actually been done), the Association shall promptly, upon determination of the deficiency, levy a special assessment against all Unit co-owners in proportion to the unit co-owner's share in the General Common Elements, for that portion of the deficiency as is attributable to the cost of restoration of the General Common Elements, and against the individual Unit co-owners for that portion of the deficiency as is attributable to his individual Unit, provided, however, that if the Board of Directors finds that it cannot determine with reasonable certainty the portion of the deficiency attributable to specific individual damaged Unit(s), then the Board of Directors shall levy the assessment for the total deficiency against all of the Unit co-owners in proportion to the Unit co-owner's shares in the General Common Elements just as though all of said damage occurred to the General Common Elements. The special assessment funds shall be delivered to the Insurance Trustee by the Association, and added by the Trustee to the proceeds available for the repair and restoration of the property.

6. "Very Substantial" Damages: As used in this Master Deed or any other context dealing with this property, the term "very substantial" damage shall mean loss or damage whereby

two-thirds (2/3) or more of the total Unit space in the property is rendered untenable. Should such "very substantial" damage occur, then:

(a) The Board of Directors of the Association shall promptly obtain reliable and detailed estimates of the cost of repair and restoration thereof.

(b) Thereupon, a meeting of the Unit co-owners of this Property shall be called by the Board of Directors of the Association to be held not later than sixty (60) days after the casualty, to determine the wishes of the Unit co-owners of this Property with reference to the abandonment of the Property, subject to the following:

(1) If the net insurance proceeds available for restoration and repair are sufficient to cover the cost thereof, so that no special assessment is required, then the property shall be restored and repaired, unless three-fourths (3/4) of the Unit co-owners of this Property shall vote to abandon the Property, in which case the Property shall be removed from the provisions of the law by the recording in the office of the Clerk of Court for Oconee County, South Carolina, an instrument terminating this Regime, which said instrument shall further set forth the facts effecting the termination, certified by the Association and executed upon the recording of said instrument, and the Unit co-owners shall, thereupon, become owners as tenants in common in the Property--i.e., the real, personal, tangible and intangible personal property, and any remaining structures of the Property, and their undivided interest in the Property shall be the same as their undivided interest in the General Common Elements prior to its termination, and the mortgages and liens upon Units shall become mortgages and liens upon the undivided interest of such tenants in common, with the same priority as existed prior to the termination of the Property.

(2) If the net insurance proceeds available for restoration and repair are not sufficient to cover the cost thereof, so that a special assessment will be required, and if a majority of the Unit co-owners vote against such special assessment and to abandon the project, then it shall be so abandoned and the property removed from the provisions of the law, and the Regime terminated, as set forth in Paragraph 6 (b) (1) above, and the unit co-owners shall be tenants in common in the Property in such undivided interest as is provided in said Paragraph 6 (b) (1) above. In the event a majority of the Unit co-owners vote in favor of the special assessments, the Association shall immediately levy such special assessment and, thereupon, the Association shall proceed to negotiate and contract for such repairs and restoration, subject to the provisions of Paragraph 5 (c) and (d) above. The special assessment funds shall be delivered by the Association to the Insurance Trustee and added by said Trustee to the proceeds available for the repair and

restoration of the property. The proceeds shall be disbursed by the Insurance Trustee for the repair and restoration of the property as provided in Paragraph 5 (c) above.

(c) In the event any dispute shall arise as to whether or not "very substantial" damage has occurred, it is agreed that such a finding made by the Board of Directors shall be binding upon all Unit co-owners.

7. Surplus: It shall be presumed that the first monies disbursed in payment of costs of repair and restoration shall be from the insurance proceeds, and if there is a balance in the funds held by the Insurance Trustee after the payment of all costs of the repair and restoration, such balance shall be distributed to the co-owners who are beneficial owners of the funds.

8. Certificate: The Insurance Trustee may rely upon a certificate of the Association, certifying as to whether or not the damaged property is to be repaired and restored. Upon request of the Insurance Trustee, the Association shall forthwith deliver such certificate.

9. Plans and Specifications: Any repair and restoration must be substantially in accordance with the plans and specifications for the original building, or as the building was last constructed, or according to the plans and specifications approved by the Board of Directors, which approval shall not be unreasonably withheld. If any material or substantial change is contemplated, the approval of all institutional first mortgagees shall also be required.

10. Association's Power to Compromise Claim: The Association is hereby irrevocably appointed agent for each Unit co-owner for the purpose of compromising and settling claims arising under insurance policies purchased by the Association, and to execute and deliver releases therefor upon the payment of claims.

C. WORKMEN'S COMPENSATION POLICY:

1. The Association shall obtain workmen's compensation insurance as may be necessary to meet the requirements of the laws of the State of South Carolina.

D. OTHER INSURANCE:

1. The Board of Directors of the Association shall obtain from time to time such other insurance as is found to be desirable.

XIX

Sale by a Unit Owner--First Option
to Association

If any Unit co-owner other than the Developer shall desire at any time to sell his Unit, he shall first give the Association and Developer at least forty-five (45) days prior written notice of the proposed sale, which notice shall state the name and address of the proposed purchaser and the terms of the proposed sale. The Association shall have the right of first option with respect to any sale by any Unit co-owner as provided herein. During the period of thirty (30) days following the receipt by the Association of such written notice, the Association shall have the first right at its option to purchase such Unit upon the same terms as the proposed sale described in such notice.

If the Association shall give written notice to such Unit co-owner and the Developer within said thirty (30) day period that it has elected not to exercise such option, or if the Association shall fail to give written notice to such Unit co-owner and Developer within said thirty (30) day period that it does or does not elect to purchase such Unit, then the Developer shall have first right at its option to purchase such Unit upon the same terms as the proposed sale for a period of fifteen (15) days by giving written notice to the co-owner. If Developer gives written notice within fifteen (15) days that it does not elect to purchase the Unit or fails to give written notice within fifteen (15) days (after the expiration of the thirty day period during which the Association may exercise the option) then such Unit co-owner may proceed to close said proposed sale transaction at any time within the next ninety (90) days and, should he fail to do so, his Unit shall again become subject to the Association's and Developer's respective rights of first option as herein provided.

If the Association shall give written notice to such Unit co-owner within said thirty (30) day period of its election to purchase such Unit upon the same terms as the proposed sale described in said written notice to the Association, then such purchase by the Association shall be closed upon the same terms as such proposed sale. If the Association does not exercise its right and the Developer does give written notice within the total forty-five (45) day period of its election to purchase such Unit upon the same terms as the proposed sale described in said written notice to the Association, then such purchase by the Developer shall be closed upon the same terms as such proposed sale.

The notices referred to herein shall be given in the manner hereinafter provided for the giving of notices.

The Board of Directors of the Association shall have the authority, on behalf of and in the name of the Association, to elect not to exercise such option and to give written notice of such election. A certificate executed by the president or secretary of the Association, or by an agent so authorized by the Board of Directors, certifying that the Association by its Board of Directors has elected not to exercise such option to purchase such Unit upon the terms of such proposed sale, shall be conclusive evidence of such election by the Association and of compliance with the provisions hereof by the Unit co-owner proposing to make such proposed sale. Such certificate shall be furnished to such Unit co-owner upon his compliance with the provisions hereof.

The option to purchase running to the Developer shall be exercised or refused by a duly authorized agent thereof and a certificate executed thereby certifying that the Developer has elected not to exercise its option shall be conclusive as to the Developer.

If the Board of Directors of the Association shall adopt a resolution recommending that the Association shall exercise its option to purchase such Unit upon the terms of such proposed sale, the Board of Directors shall promptly call a meeting of all of the Unit co-owners for the purpose of voting upon such option, which meeting shall be held within said thirty (30) day period. If Unit co-owners owning not less than a majority in the aggregate of the total ownership interest in the General Common Elements, by affirmative vote at such meeting, elect to exercise such option to make such purchase, then the Board of Directors shall promptly give written notice of such election as herein provided. In such event, such purchase by the Association shall be closed and consummated, and, for such purpose, the Board of Directors shall have the authority to make such mortgage or other financing arrangements, and to make such assessments proportionately among the respective Unit owners, and to make such other arrangements, as the Board of Directors may deem desirable in order to close and consummate such purchase of such Unit by the Association. Assessments for such purpose shall be made among the co-owners of all Units, exclusive of that Unit being purchased, in the proportion which each of their respective percentage interest in the General Common Elements bears to the aggregate percentage interest in the General Common Elements.

If the Association shall make any such purchase of a Unit as herein provided, the Board of Directors shall have the authority at any time thereafter to sell such Unit on behalf of the Association upon such terms as the Board of Directors shall deem desirable, after complying with the foregoing provisions relating to the Developer's right of first option, and all of the net proceeds or deficit therefrom shall be applied among the co-owners of all Units, with the exception of that Unit which

has been purchased, in the same proportion in which they were or could have been assessed with respect to such purchase.

The provisions of this section with respect to the Association's or Developer's right of first option shall not apply to any bank, insurance company or savings and loan association which becomes a Unit co-owner by purchasing said Unit at a sale held pursuant to proceedings to foreclose a first mortgage owned by it and covering said Unit, provided that written notice of a default with respect to said mortgage was furnished the Association and the Developer and the Association and the Developer were given the right to cure said default with ten (10) days and, provided further, that written notice of intention to institute said foreclosure proceeding was furnished the Association and the Developer and the Association and the Developer were given the right to purchase the mortgage indebtedness within twenty (20) days.

The provisions hereof with respect to the Association's right of first option shall not apply to sales made by the Developer.

If any sale of a Unit is made or attempted by any Unit co-owner without complying with the foregoing provisions, such sale shall be voidable by the Association or Developer as their respective rights may appear herein and shall be subject to each and all of the rights and options of the Association or Developer hereunder and each and all of the remedies and actions available to the Association or Developer hereunder or at law or in equity in connection therewith.

The foregoing provisions with respect to the Association's and Developer's rights of first option as to any proposed sale shall be and remain in full force and effect until the property as a whole shall be sold or removed from the provisions of the Act, as provided in the Act, unless sooner rescinded or amended by the Unit co-owners in the manner herein provided for amendments of this Deed. The Board of Directors of the Association may adopt rules and regulations from time to time, not inconsistent with the foregoing provisions, for the purpose of implementing and effectuating the foregoing provisions.

The Board of Directors shall have the power and authority to bid for and purchase any Unit at a sale pursuant to a mortgage foreclosure, or a foreclosure of the lien for common expenses under the Act, or at a sale pursuant to an order or direction of a court, or other involuntary sale, upon the consent or approval of Unit co-owners owning not less than a majority in the aggregate of the total ownership interest in the General Common Elements.

No Unit owner may mortgage his Unit or any interest therein without the approval of the Board of Directors except as to a first mortgage lien made to an institutional mortgagee. The

Board may, and it is hereby authorized to, impose reasonable conditions upon which approval as to any other mortgage shall be given. No Unit owner may mortgage or otherwise encumber his Unit or any interest therein unless such mortgage or encumbrance shall provide for written notice to the Board of Directors and to Developer in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten (10) days written notice to the Board of Directors and to Developer prior to any foreclosure under any such mortgage or other encumbrance. Each Unit owner who shall mortgage or otherwise encumber his Unit or any interest therein shall furnish to the Board of Directors and to Developer a copy of all such mortgages, deeds of trust, or other instruments creating such encumbrance.

Any owner may give, devise, or bequeath the interest in his Unit to his spouse, his parents, or to any lineal descendants, including adopted children, or to a corporation, all classes of stock of which are more than eighty percent (80%) owned by such owner, his spouse, and his lineal descendants, without the prior written consent of the Board or Developer. In the event that any owner of a Unit or interest therein shall desire to give, devise or bequeath any interest in a Unit to a person, firm or corporation other than the parties hereinabove specifically enumerated, or should any person other than the above be entitled to take the property by operation of law, then such transfer shall, for purposes of this Master Deed, be treated as a sale and shall be subject to the provisions of this article. The price for which the interest in the Unit shall be transferred shall be such as shall be agreed upon by the transferring owner and the Board or Developer. In the event such owner and Developer or the Board are unable to agree upon a mutually satisfactory price, then the owner (or the personal representative of a deceased owner, as applicable) shall appoint one appraiser, the Board shall appoint one appraiser, and the two so named shall appoint one appraiser; provided that if the two so named are unable to agree on a third, then the third shall be selected and named by the circuit judge for Oconee County; any decision of the majority of said appraisers as to the value of such property involved shall be conclusive and binding upon all parties for the purposes of this article. Transfer and payment for such property shall be made on such terms and conditions (including terms of payment) to which the parties or their appraisers shall agree.

If any Unit owner shall acquire his title or interest by any manner in contravention of the above or in any manner not heretofore considered in the foregoing articles, the continuance of his ownership of his Unit shall be subject to the right of purchase of said Unit held by the Board and/or Developer. Should the Board and/or Developer elect to purchase any Unit so acquired, the purchase price shall be that as shall be agreed upon between the Board and/or Developer, and the Unit owner. In the event the Unit owner and the Board and/or Developer are

unable to agree to a purchase price of the Unit, the Unit owner shall appoint one appraiser, the Board and/or Developer shall appoint one appraiser; and the two so named shall name a third; provided that if the two so selected cannot agree on the third member, then such member shall be named by the circuit judge for Oconee County; any decision of the majority of said appraisers as to the value of said Unit shall be conclusive and binding upon all parties for the purposes of this article. Transfer and payment for such property shall be made upon such terms and conditions (including terms of payment) to which the parties or their appraisers shall agree.

Any sale, lease or mortgage which is not authorized pursuant to the terms of this Declaration or Master Deed shall be voidable unless subsequently approved by the Board and Developer and said approval shall have the same effect as though it had been given and filed of record simultaneously with the instrument it approved.

XX

Remedies

In the event of any default by any Unit co-owner under the provisions of the Act, Deed, By-Laws or rules and regulations of the Association, the Association and the Board of Directors shall have each and all of the rights and remedies which may be provided for in the Act (except as otherwise provided in the Deed or By-Laws), Deed, By-Laws or said rules and regulations or which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Unit co-owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Unit and ownership interest of such Unit co-owner, or for damages or injunction or specific performance or judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. All expenses of the Association in connection with any such actions or proceedings, including court costs and attorneys fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest rate permissible under the laws of South Carolina at the time until paid, shall be charged to and assessed against such defaulting Unit co-owner, and shall be added to and deemed part of his respective share of the common expenses, and the Association shall have a lien for all of the same, as well as for nonpayment of his respective share of the common expenses, upon the Unit and ownership interest in the General Common Elements of such defaulting Unit co-owner and upon all of his additions and improvements thereto. In the event of any such default by any Unit co-owner, the Association and the Board of Directors, and the manager or managing agent if so authorized by the Board of Directors, shall have the authority to correct such default, and to do whatever may be necessary for such purpose, and all

expenses in connection therewith shall be charged to and assessed against such defaulting Unit co-owner. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or the Board of Directors.

XXI

Judicial Sales

No judicial sale of a Unit nor any interest therein, shall be valid unless:

A. The sale is to a purchaser approved by the Association, which approval shall be in recordable form, executed by two officers of the Association and delivered to the purchaser; or,

B. The sale is a result of a public sale with open bidding.

C. An institutional first mortgagee holding a mortgage on a Unit upon becoming the co-owner of said Unit through foreclosure or by deed in lieu of foreclosure sale of an institutional first mortgage, shall have the unqualified right to sell, lease or otherwise transfer said Unit including the fee ownership thereof and to mortgage said Unit without the prior offer to the Board of Directors of the Association.

XXII

Association to Maintain Register
of Owners and Mortgagees

Association shall at all times maintain a register setting forth the names of the co-owners of all of the Units, and in the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify Association in writing of his interest in such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit. Further, the co-owner of each Unit shall at all times notify Association of the names of the parties holding any mortgage or mortgages on any Unit, the amount of such mortgage and mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holders of any mortgage or mortgages upon any Unit, if they so desire, shall notify the Association of the existence of any mortgage or mortgages held by such party on any Unit, and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same.

XXIII

Assessments: Liability, Lien and Enforcement

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

A. All assessments levied against the co-owners of Units shall be uniform and, unless specifically otherwise provided for in this Master Deed, the assessments made by the Association shall be in the same proportions as the undivided interest in General Common Elements appurtenant to each Unit bears to the total undivided interest in General Common Elements appurtenant to all Units. Should the Association be the owner of any Units, the assessment which would otherwise be due and payable to Association by the co-owner of such Unit will be reduced by the amount of income which may be derived from the leasing of such Unit by Association, and the balance shall be apportioned and the assessment therefor levied ratably among the co-owners of all Units which are not owned by the Association, based upon their proportionate interest in General Common Elements exclusive of the interest therein appurtenant to any Unit owned by Association.

B. The assessment levied against the co-owner of each Unit shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Board of Directors of the Association.

C. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year, which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Regime, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied to reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors of the

Association, copies of said budget shall be delivered to each co-owner of a Unit and the assessment for said year shall be established based upon such budget, although the delivery of a copy of said budget to each co-owner shall not affect the liability of any co-owner for such assessment. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Regime, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it may deem to be necessary.

D. The Board of Directors of the Association, in establishing said annual budget for operation, management and maintenance of the project, shall include therein a sum to be collected and maintained as a reserve fund for replacement of General Common Elements, which reserve fund shall be for the purpose of enabling Association to replace structural elements and mechanical equipment constituting a part of General Common Elements as well as the replacement of personal property which may constitute a portion of the General Common Elements held for the joint use and benefit of all of the co-owners of all Units. The amount to be allocated to such reserve fund for replacements shall be established by said Board of Directors so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacement of General Common Elements. The amount collected and allocated to the reserve fund for replacement from time to time shall be maintained in a separate account by the Association, although nothing herein contained shall limit the Association from applying any monies in such reserve fund for replacements to meet other needs or requirements of the Association in operating or managing the project in the event of emergencies, or in the event that the sums collected from the owners of Units are insufficient to meet the then fiscal financial requirements of the Association, but it shall not be a requirement that these monies be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Board of Directors of the Association in the sole discretion of said Board of Directors.

E. The Board of Directors of the Association, in establishing said annual budget for operation, management and maintenance of the project, shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of emergencies or for other reasons placing financial stress upon the association. The annual amount allocated to such operating reserve and collected therefor shall not exceed 10% of the current annual assessment levied against the co-owners of all Units. Upon accrual in said operating reserve of a sum equal to 50% of the current annual assessment, no further payments shall be collected from the co-owners of Units as a contribution to such

operating reserve, unless such operation reserve shall be reduced below said 50% level, in which event, contributions to such operating reserve shall be included in the annual assessment so as to restore said operating reserve to an amount which will equal 50% of the current annual amount of said assessment.

F. All monies collected by the Association shall be treated as the separate property of the said Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Regime or to the proper undertaking of all acts and duties imposed upon it by virtue of this Master Deed and the Articles of Incorporation and By-Laws of said Association, and as monies for any assessment are paid unto Association by any co-owner of a Unit, the same may be co-mingled with monies paid to said Association by the other co-owners of Units. Although all funds and common surplus, including other assets of Association and any increments thereto or profits derived therefrom, or from the leasing or use of General Common Elements, shall be held for the benefit of the members of Association, no member of said Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit. When the co-owner of a Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Unit, by whatever means, the Association shall not be required to account to such co-owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such owner, as all monies which any co-owner has paid to the Association shall be and constitute an asset of said corporation which may be used in the operation and management of the Regime.

G. The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid unto Association on or before the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the highest rate permissible under the laws of South Carolina at the time until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association.

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

I. No co-owner of a Unit may exempt himself from liability for any assessment levied against such co-owner and his Unit by waiver of the use or enjoyment of any of the General Common Elements or by abandonment of the Unit or in any other way.

J. The Association shall have a lien on each Unit for any unpaid assessments, together with interest thereon, against the Unit co-owner of such Unit, together with a lien on all tangible personal property located within said Unit, except that such lien upon the aforesaid tangible personal property shall be subordinate to prior bona fide liens of record. Reasonable attorneys' fees incurred by the Association incident to the collection of such assessment for the enforcement of such lien, together with all sums advanced by the Association for taxes and payment on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, shall be payable by the Unit co-owner and secured by such lien.

The Board of Directors of the Association may take such action as they deem necessary to collect assessments by personal action or by enforcing and foreclosing the aforesaid lien(s) and may settle and compromise same if in the best interests of the Association. Said lien shall be effective as and in the manner provided for by the South Carolina Horizontal Property Regime Act, and shall have the priorities established by said Act. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against its bid all sums due the Association covered by the lien enforced.

In case of such foreclosure as aforesaid, the Unit co-owner shall be required to pay a reasonable rental for the Unit, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect same from the Unit co-owner and/or occupant.

Where the mortgagee of an institutional first mortgage of record, or other purchaser of a Unit obtains title to a Unit as a result of foreclosure of the institutional first mortgage, or when an institutional first mortgagee of record accepts a deed to said Unit in lieu of foreclosure, or other purchaser obtains title to a Unit from an institutional first mortgagee which acquired the deed to said Unit in lieu of foreclosure, such acquirer of title, his grantees, heirs, successors and assigns, shall not be liable for the share of common expenses or assessments by the Association pertaining to such Unit, or chargeable to the former Unit co-owner of such Unit, which became due prior to acquisition of title as a result of the foreclosure or the acceptance of such deed in lieu of foreclosure. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectable from all of the Unit co-owners in the property, excluding such acquirer, his grantees, heirs, successors and assigns.

Any person who acquires an interest in a Unit, except through foreclosure of an institutional first mortgage of record, or deed in lieu thereof, as specifically provided hereinabove, including without limitation, persons acquiring title by operation of law, including purchasers at judicial sales, shall not be entitled to occupancy of the Unit or enjoyment of the General Common Elements until such time as all unpaid assessments due and owing by the former Unit co-owners have been paid.

In any voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with grantor for all unpaid assessments against grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of grantee to recover from grantor the amounts paid by grantee therefor, except as to an institutional mortgagee taking deed in lieu of foreclosure and as to a mortgagee's subsequent grantee, and as to any person who acquires a Unit through foreclosure of an institutional mortgage including said institutional first mortgagee, his grantees, heirs, successors and assigns.

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

XXIV

Common Surplus

"Common Surplus," meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits and revenues from whatever source whatsoever, over the amount of common expense), shall be owned by the owners of all Units in the same proportion that the undivided interest in General Common Elements appurtenant to each co-owner's Unit bears to the total of all undivided interests in General Common Elements appurtenant to all Units; provided, however, that said Common Surplus shall be held by the Association in the manner and subject to the terms, provisions and conditions hereof imposing certain limitations and restrictions upon the use and distribution of said Common Surplus. Except for distribution of any insurance proceeds herein provided, or termination of the Regime, any distribution of Common Surplus which may be made from time to time shall be made to the then co-owners of Units in accordance with their percentage interest in Common Surplus as declared herein.

XXV

Termination

Notwithstanding anything to the contrary contained in Article XVIII hereof, in the event of fire or other casualty or disaster, which shall totally demolish the Regime, or which shall so destroy said Regime as to require more than two-thirds (2/3) of the total unit space in the property, as determined by the Board of Directors of Association, to be reconstructed and if insurance proceeds are sufficient, then this Master Deed established herein shall terminate upon vote of three-fourths (3/4) or more of the owners of all Units. If insurance proceeds are insufficient, then this Regime shall terminate upon the vote of a majority of Unit owners. The above provisions do not apply if any policy or policies of casualty insurance which may cover the damage or destruction of said building requires the reconstruction thereof as a condition precedent to the payment of insurance proceeds under such policy or policies, notwithstanding the fact that the owners of all Units agree not to reconstruct said building. If such policy or policies of casualty insurance require the same to be reconstructed, this Master Deed established herein shall still be terminated if there exists any regulation or order of any governmental authority having jurisdiction of the project which may then prevent the reconstruction of the Regime, although nothing herein contained shall be construed as releasing or in any manner changing any obligation which may be owed to the Association for itself and for the benefit of the owners of all Units, under any insurance policy or policies then existing. Reference to two-thirds (2/3) of the total unit space in the property shall be taken to mean two-thirds (2/3) of the total value of all of the buildings and improvements as of the day prior to the event or events causing such damage or destruction as determined by the Board of Directors of the Association.

If, as above provided, this Master Deed established herein is to be terminated, then a certificate of resolution of the Board of Directors of the Association to said effect, and notice of the cancellation and termination hereof, shall be executed by the president and secretary of the Association in recordable form and such instrument shall be recorded in the office of the Clerk of Court for Oconee County, South Carolina. Upon termination of this Master Deed, all of the co-owners of Units shall be and become tenants in common as to ownership of the real property herein described, and any then remaining improvements thereon, the undivided interest in such real property and remaining improvements held by the co-owner or co-owners of each Unit to be the same as the undivided interest in General Common Elements which was formerly appurtenant to such Unit, and the lien of any mortgage or other encumbrance upon each Unit shall attach, in the same order or priority, to the percentage of undivided interest of the owner of a Unit, in the property and then remaining improvements as above provided. Upon termination of

this Master Deed herein, the co-owner or co-owners of all Units still habitable shall, within sixty (60) days from the date of recording of said certificate of resolution, deliver possession of their respective Units to the Association. Upon termination of this Master Deed, the Insurance Trustee shall distribute any insurance proceeds which may be due under any policy or policies of casualty insurance to the co-owners of the Units and their mortgagees, as their respective interests may appear, such distribution to be made to the mortgagees and co-owner or co-owners of each Unit in accordance with their then undivided interest in the real property and remaining improvements as hereinbefore provided. The assets of the Association, upon termination of the Regime created hereby, shall then be distributed to all of the co-owner or co-owners of each Unit and to his or their mortgagees, as their respective interests may appear, in the same manner as was above provided for the distribution of any final insurance proceeds.

This Master Deed and Regime may only be otherwise terminated by the unanimous consent of all of the co-owners of all Units and all of the parties holding mortgages, liens or other encumbrances against any of said Units, in which event, the termination of the Regime shall be by such plan as may be then adopted by said co-owners and parties holding any mortgages, liens or other encumbrances. Such election to terminate this Master Deed and Regime established herein shall be executed in writing by all of the aforesaid parties, and such instrument or instruments shall be recorded in the office of the Clerk of Court for Oconee County, South Carolina.

XXVI

Amendment of Master Deed

Other than as set forth in Article IV hereof with respect to phased development, this Master Deed may be amended only at any regular or special meeting of the Unit co-owners of the Regime, called and convened in accordance with the By-Laws, by the affirmative vote of voting members casting not less than two-thirds (2/3) of the total vote of the members of the Association, or, with respect to an amendment to the By-Laws of the Association, by the affirmative vote of voting members casting not less than a majority of the members of the Association.

All amendments shall be recorded and certified, as required by the Horizontal Property Act. No amendment shall change any Unit, nor a Unit's proportionate share of the Common Expenses or Common Surplus, nor the voting rights appurtenant to any Unit, unless the record owner(s) thereof, and all record owners of mortgages or other voluntarily placed liens thereon, shall join in the execution of the amendment. No amendment shall be passed which shall impair or prejudice the rights and priorities of any mortgages. No amendment shall change the provisions of this

Master Deed with respect to institutional mortgagees without the written approval of all institutional mortgagees of record.

XXVII

The By-Laws--The Operating Entity and
Remedies in Event of Default

The operation of the property shall be governed by By-Laws, which are set forth in a document entitled "By-Laws of Marina Villas Association, Inc.," a South Carolina nonprofit corporation, which is annexed to this Master Deed as Exhibit "E", and made a part hereof.

No modification of or amendment to the By-Laws of said Association shall be valid unless set forth in or annexed to a duly recorded amendment to this Master Deed. The By-Laws may be amended in the manner provided for therein, but no amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Unit, or which would change the provisions of the By-Laws with respect to institutional mortgagees, without the written approval of all institutional mortgagees of record.

The name of the Association responsible for the operation of the property is set forth hereinabove; said corporation is a nonprofit South Carolina corporation, organized and existing pursuant to statutes of South Carolina relating to nonprofit corporations. The said Association shall have all of the powers and duties set forth in the statutes governing nonprofit corporations, as well as all of the powers and duties granted to or imposed upon it by this Master Deed, the By-Laws of the Association and its charter and the laws regulating horizontal property regimes.

Every co-owner of a Unit, whether he has acquired his ownership by purchase, by gift, conveyance or transfer by operation of law, or otherwise, shall be bound by the By-Laws of said Association, and by the provisions of this Master Deed.

A. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the charter or By-Laws of the Association shall be grounds for legal or equitable action (which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof), and which relief may be sought by the Association or, if appropriate, by an aggrieved co-owner of a Unit.

B. The co-owner or co-owners of each Unit shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is

not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by the co-owner of any Unit, the Association, if successful, shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the Court, but in no event shall the co-owner of any Unit be entitled to such attorney's fees.

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

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

F. The failure of the Developer, Lake Keowee Development Corporation, to enforce any right, privilege, covenant or conditions which may be granted to the Developer by this Master Deed or other above-mentioned document shall not constitute waiver of the right of Developer to thereafter enforce such right, provision, covenant or condition in the future.

XXVIII

Use or Acquisition of Interest in Property
to Render User or Acquirer
Subject to Provisions of Master Deed,
Rules and Regulations

All present or future owners, tenants, or any other persons who might use the facilities of the Regime in any way, are subject to the provisions of this Master Deed, and the mere act of occupancy of any Unit, or the mere acquisition or rental of any Unit, shall signify that the provisions of this Master Deed are accepted and ratified in all respects.

Right of Developer to Sell or Lease Units
Owned by It Free of Right of First Refusal
or Right of Redemption, Right of Developer
to Appoint Board of Directors
of Association and Developer's Assessments

So long as Lake Keowee Development Corporation, the Developer herein, shall own any Unit, the said Developer shall have the absolute right to lease or sell any such Unit to any person, firm or corporation, upon any terms and conditions as it may deem to be in its own best interests and as to the sale of any Unit by the Developer, the right of first refusal and any right of redemption herein granted by the Association shall not be operative or effective in any manner. As provided in the By-Laws, the Developer shall appoint the initial members of the Board of Directors of the Association and, until all of the Units in the Regime have been sold or until the Developer elects to terminate its control of the Regime, whichever shall first occur, vacancies in the Board shall be filled by the remaining directors or, if there are no remaining directors, by the Developer. Any Director designated and selected by the Developer, or a successor not elected by the members, need not be a resident in the property. Any representative of Lake Keowee Development Corporation serving on the Board of Directors of the Association shall not be required to disqualify himself upon any vote upon any management contract or other contract or lease between Lake Keowee Development Corporation or any individual, partnership or corporation having an identity of interest with said Lake Keowee Development Corporation and the Association where the said Lake Keowee Development Corporation may have a pecuniary or other interest. Similarly, Lake Keowee Development Corporation, as a member of the Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract, or other agreement, lease, or matter, between Lake Keowee Development Corporation or any individual, partnership or corporation having an identity of interest with said Lake Keowee Development Corporation and the Association where the said Lake Keowee Development Corporation or individual, partnership, or corporation having an identity with said Lake Keowee Development Corporation may have a pecuniary or other interest. Notwithstanding anything herein to the contrary and with respect to any Units which have not been sold by the Developer and which the Developer continues to own, the Developer shall pay to the Association the aggregate amount of the actual operating expenses from time to time required to be paid with respect to the operation of the property over and above such amounts as have been established by the Board of Directors as the assessments with respect to all other Units; provided that in no event shall the Developer be required to pay an amount in excess of the aggregate of the assessments established with respect to those Units owned by the Developer. The Developer shall have the

right to utilize any Units owned or leased by the Developer as models or general or sales offices for sale and promotion purposes including the sale and promotion of property or projects other than the property and shall have the right to utilize the Common Elements for such purposes and in such manner as the Developer may reasonably require.

XXX

Escrow Account

A. Escrow Account for insurance and certain taxes: The Association may, but it shall not be required to, establish and maintain in a local, national or state savings and loan association, two interest bearing savings deposit accounts, in order to accumulate sufficient monies for the following purposes:

1. To pay all insurance premiums for the insurance on the property obtained and purchased by the Association, pursuant to this Master Deed; and

2. To pay all real or personal property taxes assessed by the taxing authorities aforescribed against the property.

On or before the 30th day of each month, the treasurer of this Association shall, if such accounts are maintained, cause two checks to be issued and drawn on the Association's bank account--each check being equal respectively to one-twelfth (1/12) of the estimated yearly amounts as to Items 1 and 2 above; and said checks shall be immediately deposited into the appropriate savings deposit account.

If, for any reason, this Association does not pay the real property taxes assessed as to Item 2 above, within sixty (60) days after these taxes are due and payable by law, then the co-owner(s) of any Unit or Units may pay such tax due on the Unit or Units and such owner or owners shall have a lien upon any funds in the hands of the Association designated for such purpose. The right herein given to owners shall also accrue to any lending institution having a first mortgage on any Unit.

Should a Unit co-owner fail to pay that portion of the monthly assessment relating to Items 1 and 2 above, within thirty (30) days from its due date, the Association shall have the right, but it is not required, to advance the necessary funds so as to deposit the required monthly sum into the savings deposit accounts.

The Association shall have a lien for all sums so advanced together with interest thereon at the highest rate permissible under the laws of South Carolina at the time. It shall also have the right to assign its lien to any Unit co-owner or group of Unit co-owners, or to any third party. In the even the

Association does not advance funds as aforesaid, the holder of an institutional first mortgage on the delinquent Unit, or the institution having the highest dollar indebtedness on Units, may advance the necessary funds into the savings deposit accounts to make up the deficiency. Said institution shall have a lien for all sums so advanced, and may bring suit to foreclose the interest of the delinquent unit co-owner in his Unit.

XXXI

Notices

Notices provided for in the Act, Master Deed or By-Laws shall be in writing, and shall be addressed to the Association or to any Unit co-owner at Keowee Key, Salem, South Carolina, or at such other address as hereafter provided. The Association or Board of Directors may designate a different address or addresses for notices to them, respectively, by giving written notice of such change of address to all Unit owners at such time. Any Unit co-owner may also designate a different address or addresses for notices to him by giving written notice of his change of address to Association. Notices addressed as above shall be deemed delivered when mailed by United States Registered or Certified Mail or when delivered in person with written acknowledgment of the receipt thereof, or if addressed to a Unit co-owner, when deposited in his mail box in the building or at the door of his Unit in the building.

XXXII

Severability and Rule Against Perpetuities

If any provision of this Master Deed or the By-Laws shall be held invalid it shall not effect the validity of the remainder of the Master Deed and the By-Laws. If any provision of the Master Deed or By-Laws would otherwise violate the rule against perpetuities or any other rule, statute or law imposing time limits, then such provision shall be deemed to remain in effect until the death of the last survivor of the now living descendants of the individuals executing this instrument and the witnesses to such execution plus twenty-one (21) years thereafter.

XXXIII

Liberal Construction

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan.

XXXIV

Master Deed Binding Upon Developer,
Its Successors and Assigns
and Subsequent Owners

The restriction and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in General Common Elements. This Master Deed shall be binding upon Lake Keowee Development Corporation, its successors and assigns, and upon all parties who may subsequently become owners of Units in the Regime, and their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, Lake Keowee Development Corporation has caused these presents to be executed in its name, by its President and Secretary, and its corporate seal to be hereunto affixed, this 1st day of June, 1983.

WITNESSES:

Hebbie Leptis

Cheryl J. Honeycutt

LAKE KEOWEE DEVELOPMENT CORPORATION

By: [Signature]
President

Attest: [Signature]
Secretary

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

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PROBATE

PERSONALLY appeared before me the undersigned and made oath that (s)he saw the within named Lake Keowee Development Corporation, by Richard J. Ford, Jr. its President and Gary L. Steadman its Secretary, sign, seal and as their act and deed, deliver the within written instrument for the uses and purposes therein mentioned, and that (s)he with Cheryl F. Honeycutt witnessed the execution thereof.

Debbie Leptis

SWORN to before me this
1st day of June, A.D., 19 83

Richard L. Jakubcin

Notary Public for South Carolina
Debra L. Jakubcin

My Commission Expires:
MY COMMISSION EXPIRES
MARCH 22, 1992