

(b) "Apartment" or "Apartment Unit" means a part of the Property intended for a type of independent use and is more particularly defined in Article III, Section 2.

(c) "Assessment" means an owner's share of the common expenses assessed against such owner and his Unit from time to time by the Association in the manner hereinafter provided.

(d) "Association" means Crafts House council of co-owners as associated as the Crafts House Homeowner's Association, Inc., an association of and limited to Owners of the Units located in CRAFTS HOUSE HORIZONTAL PROPERTY REGIME in the form of a non-profit, non-stock membership corporation organized under the laws of the State of South Carolina.

(e) "Board of Directors" or "Board" means the Board of Directors of the "Association," and "director" or "directors" means a member or members of the Board.

(f) "Co-Owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns an Apartment Unit or any interest therein within the building.

(g) "Common Area and Facilities" and "Common Elements" means and includes all of the Condominium Property after excluding the Apartment Units.

(h) "Common Expenses" means and includes (a) all expenses incident to the administration, maintenance, repair and replacement of the Common Area and Facilities and the Limited Common Area and Facilities, after excluding therefrom such expenses which are the responsibility of a Unit Owner as set forth in Section 2 of Article VIII hereof; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Unit Owners; and (c) expenses declared to be Common Expenses by the Act or the Condominium Documents.

(i) "Condominium Documents" means and includes the Master Deed and the By-laws and all exhibits and attachments to the foregoing, all as amended from time to time.

(j) "Condominium Property" or "Property" means and includes all the property submitted to the Horizontal Property Act by this Master Deed.

(k) "General Common Elements" and "General Common Area and Facilities" shall mean and include generally all of the Horizontal Property Regime property after excluding the Apartment Units and the Limited Common Area and Facilities and more specifically:

- (1) the land on which the buildings stand;
- (2) the foundations, main walls, load bearing walls, roofs, non-reserved parking areas;
- (3) all interior roads and roadways;
- (4) all yards, open spaces and gardens, not excluded as limited common elements;
- (5) the compartments or installations of central services such as power, light, gas, cold and hot water, sewerage, refrigeration, water tanks and pumps, and the like, not excluded as limited common elements;
- (6) all devices or installations existing for common use; and

(7) all other elements of the property rationally of common use or necessary to its existence, upkeep and safety, as well as all those common elements enumerated in Article III, Section 3 as Common Elements and not embraced within the definition of Limited Common Area and Facilities.

(l) "Grantor" shall mean and refer to Crafts House Partners, its successors and assigns.

(m) "Limited Common Elements" and "Limited Common Area and Facilities" means and includes those common elements which are reserved for the use of a certain number of Apartments to the exclusion of the other Apartments, such as patios, decks, storage compartments, entrance porch, steps and walks and the like, and includes those areas so designated in EXHIBIT "B" attached hereto and incorporated herein by reference.

(n) "Mortgage" shall include real estate mortgage, chattel mortgage, bill of sale to secure debt, deed to secure debt, deed of trust, security agreements and financing statements and any and all other similar instruments given to secure the payment of an indebtedness.

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

(p) "Percentage Interest" means the percentage of undivided interest each Unit Owner owns as tenant in common in the Common Areas and Facilities.

(q) "Regime" shall mean and refer to CRAFTS HOUSE HORIZONTAL PROPERTY REGIME.

(r) "Survey Plat" or "Surveys" means and includes the As-Built Crafts Plat prepared for Crafts House Partners by Bostick Surveying, by Carl W. Bostick, Registered Land Surveyor, dated November 12, 1985, and last revised June 9, 1986, which was filed for record in the Office of the Register of Mesne Conveyance for Charleston County, South Carolina, at Plat Book BJ, page 81 on June 26, 1986, and a reduced copy of which is attached hereto as EXHIBIT "A".

(s) "Crafts House" shall mean and refer to that certain Horizontal Property Regime known as Crafts House, which has been and is being developed on real property now owned by Grantor in Charleston County, South Carolina.

(t) "Trustee" means that person or persons hereinafter selected by the Grantor or the Association who will hold certain funds of the Association. Person or persons include any trust department of a regulated financial institution.

(u) "Unit" shall mean and be synonymous with Apartment.

(v) "Unit Owner" shall mean and be synonymous with "Owner" as hereinabove defined.

(w) "Unit Plans" means and includes the architectural plans of the Units erected or to be erected on

the Condominium Property which will be filed for record in the Office of the Register of Mesne Conveyance for Charleston County, South Carolina, simultaneously with the filing for record of this Master Deed and which Unit Plans are more particularly detailed in EXHIBIT "B", attached hereto and made a part hereof.

The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

ARTICLE II

CRAFTS HOUSE HORIZONTAL PROPERTY REGIME

Section 1. Responsibility for Administration. The administration of the REGIME, the maintenance, repair, replacement and operation of the General Common Area and Facilities and Limited Common Area and Facilities as herein provided, and those acts required of the Association by the Condominium Documents shall be the responsibility of the Association. Such administration shall be in strict accordance with the provisions of the Act, this Master Deed, and the By-laws of the Association.

Section 2. Agreements. The Association shall be and hereby is authorized to enter into such agreements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the development. Each Owner by acquiring or holding an interest in any Apartment Unit thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Directors on behalf of the Association. A copy of all such agreements shall be made available at the office of the Association for review by each Owner.

ARTICLE III

PROPERTY RIGHTS

Section 1. Development Plan. Grantor shall renovate the existing residence building on the property into 28 apartment units. There is a second free-standing outbuilding designated as Carriage House, which contains 2 apartment units. There is an existing detached residential building incorporated into the regime as a single unit without renovations. The renovated buildings and apartments shall be constructed substantially in accordance with the Unit Plans, Master Plan, and Surveys all of which are contained in EXHIBIT "B" attached hereto and incorporated herein by this reference, and show the buildings, number and identity of Units and the materials of which the Units are to be constructed. The Grantor expressly reserves the right, during the course of construction, to revise, modify or change in whole or in part any of such Apartment Unit; provided, however, (i) Grantor shall adhere to the general scheme of development as set forth in EXHIBIT "B" attached hereto and made a part hereof and (ii) Grantor shall not make any such alterations to any Apartment Unit sold or under a valid sales contract without having first obtained the express written consent of the Owner thereof. Any such change or modification shall not alter the Percentage Interest set forth in EXHIBIT "B" (Percentage Interest Sheet 5 of 51) without the unanimous consent (100%) of the Unit Owners expressed in an amendment hereto duly recorded. Some Units may be conveyed and occupied prior to the completion of other Units; provided, however, that prior to the conveyance of each Unit, Grantor shall provide each Purchaser with a verified statement of a registered architect or licensed professional engineer certifying that the Unit Plans and Surveys theretofore filed, or supplemental Unit Plans and/or Surveys being filed simultaneously therewith together with such plans and surveys as may have been filed prior thereto, fully depict the layout, location,

identification, dimensions, and materials used in the construction of such Unit as built.

(a) The Property subjected to this Master Deed is more particularly shown and delineated on the land survey and plot plan entitled Crafts House in EXHIBIT "A" and the building plans attached hereto as EXHIBIT "B", said Exhibits being incorporated herein by reference. The improvements include one apartment building containing twenty-six (26) apartment flats and two (2) townhouse type apartments and a carriage house containing two (2) townhouse type apartments, a detached residential building containing one (1) unit, adjacent roadways and parking areas, limited common areas and common areas. Together with this Master Deed, said EXHIBIT "B" constitutes a graphic description of all apartments, including their identification numbers, locations, areas and dimensions, and all common elements (general and limited), their relative locations and approximate dimensions.

Section 2. Units. Each Unit, together with its Percentage Interest in the General Common Area and Facilities and the Limited Common Area and Facilities, shall for all purposes constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Act and this Master Deed, shall be entitled to the exclusive ownership and possession of his Unit.

The Grantor, in order to implement condominium ownership of the above-described premises, covenants and agrees to, and hereby does, subdivide the above-described Project property vertically and horizontally into the following Freehold Estate:

(a) Thirty-one (31) separate parcels of property, being the 31 apartments, together with the shares in the general and limited common elements appurtenant to each apartment, hereinbefore and hereinafter more particularly described, and as shown graphically in EXHIBITS "A" and "B", attached hereto. Said Exhibits delineate the dimensions of the apartment at floor level, the location and dimension of the perimeter walls, and the locations, dimensions and area of each apartment with reference to established geographical points. The said apartment consists of:

- (1) the volumes or cubicles of space enclosed by the unfinished interior surfaces of perimeter walls and the unfinished surfaces of interior walls, ceilings and floors of the apartment, and by any vents, chimneys, doors, windows and such other structural elements that are ordinarily regarded as enclosures of space; and
- (2) all interior dividing walls and partitions (including the space occupied by such walls or partitions) excepting, however, load bearing walls and those interior walls and partitions, if any, enclosing the common pipe chases and other common facilities; and
- (3) the decorated interior surfaces of perimeter walls and the decorated surfaces of interior walls (including load bearing walls, chimneys, and walls enclosing the common pipe chases, if any), floors and ceilings, consisting of, as the case may be, wallpaper, paint, plaster, carpeting, tiles, and

any and all other finishing materials affixed or installed as a part of the physical structure of the apartment; and

- (4) all fixtures, appliances, mechanical systems and equipment installed in said apartment which are intended for the sole and exclusive use of the apartment. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designated for the service of any other apartment, nor any of the structural members or portions of the apartment building, nor any other property of any kind, including fixtures and appliances within the apartment, which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building, shall be deemed to be a part of any individual apartment. The word "apartment" when used throughout this instrument shall be deemed to refer to the aforesaid apartment as herein described, and shall have the same meaning as set forth in the Act.

Section 3. Common Area and Facilities.

(a) Percentage Interest. The Unit Owners shall own the General Common Area and Facilities and Limited Common Area and Facilities as tenants in common with each Unit having appurtenant thereto the Percentage Interest in said General Common Area and Facilities and Limited Common Area and Facilities as set forth in the Master Plan contained in EXHIBIT "B" attached hereto; provided, however, the use of the Limited Common Area and Facilities shall be restricted as set forth in Section 3(f) of this Article III. The Percentage Interest appurtenant to each Unit has been determined by dividing the stated value of such Unit by the aggregate stated value of all of the Units. The stated Percentage Interest and stated values are permanent in character and cannot be altered without the consent of all (100%) of the Unit Owners expressed in an amendment to the Master Deed duly recorded

(b) Common Elements. A description of the common elements of the Regime (including both the general common elements and the limited common elements) as defined herein and in the Act is as follows:

- (1) The parcel of land described and shown in EXHIBIT "A" attached hereto; and
- (2) Those portions of the apartment buildings not otherwise herein defined as being embraced within the individual apartments, including but not limited to balconies and decks, the foundation, roofs, floors, ceilings, perimeter walls of apartments, load bearing interior walls and partitions, walls enclosing common pipe chases and other common facilities, pipes, wires, conduits, chimneys, air ducts and public utility lines, including the space actually occupied by the above; and
- (3) All improvements to the premises constructed or to be constructed, such as

driveways, walkways, plants, trees, shrubbery, and lawns; and

- (4) All other elements of the buildings, not included within the apartments, constructed or to be constructed on the aforesaid parcel of land, rationally of common use or necessary to their existence, upkeep and safety and, in general, all other devices or installations existing for common use; and
- (5) All other property of the Regime, whether land, building, improvements, personal property, or otherwise, except such as is included in the apartment as more particularly described in Article III, Section 2 herein next above; and
- (6) All assets of the homeowner's association; and
- (7) Easements (wherever required) through apartments for conduits, ducts, plumbing, chimneys, wiring and other facilities for the furnishing of utility services to apartments and the general common elements; and
- (8) An easement of support in every portion of an apartment which contributes to the support of the building; and
- (9) Easements through the apartments and general common elements for maintenance, repair and replacement of the apartments and general common elements; and
- (10) Installations for the furnishing of utility services to more than one apartment or the general common elements, or to an apartment other than the one containing the installation, which installation shall include conduits, ducts, plumbing, chimneys, wiring and other facilities for the rendering of such services.

(c) Inseparability of Percentage Interests. The Percentage Interest in the General Common Area and Facilities and the Limited Common Area and Facilities cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the deed or other instrument.

(d) No Partition. The General Common Area and Facilities and Limited Common Area and Facilities shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Horizontal Property Act, the By-laws, and this Master Deed.

(e) Use of General Common Area and Facilities. The Unit Owners may use the General Common Area and Facilities in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other Unit Owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the General Common Area and Facilities is intended to be used. The

Board shall have the right to promulgate rules and regulations limiting the use of the General Common Area and Facilities to Unit Owners and their guests as well as to provide for the exclusive use of a part of the General Common Area and Facilities by a Unit Owner and his guests for special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee. Any Owner may delegate, in accordance with the provisions of this Master Deed and the By-laws, his right to use the General Common Area and Facilities to his tenants who reside his Apartment Unit.

(f) Limited Common Area and Facilities. Portions of the common elements are hereby set aside and reserved for the restricted and exclusive use of certain Apartments to the exclusion of the other Apartments, and such portions shall be known and referred to herein as limited common elements. The limited common elements restricted to the use of certain Apartments are those portions of any walls and floors which are deemed to be common elements and which are within the individual Apartments, any roof which covers only one Apartment, the stairs, porches, decks/patios, appurtenant to a particular apartment, as shown graphically in EXHIBIT "B". Ownership of each Apartment Unit shall entitle the Owner or Owners thereof to the exclusive use of the Limited Common Area and Facilities adjacent and appurtenant to such Unit and so designated in EXHIBIT "B"; which exclusive use may be delegated by such Owner to his guests, or to his tenants who reside his Apartment Unit.

Section 4. Conveyance by Warranty Deed. All initial conveyances of title of any Apartment Unit shall be by general warranty deed, subject to easements, restrictions, conditions and covenants of record.

ARTICLE IV ¹⁵⁴²⁰

ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation for Assessments. Each Apartment Unit is and shall be subject to a lien and permanent charge in favor of the Association for the annual and special Assessments set forth in Section 2 and 3 of this Article IV. Each Assessment together with interest thereon and cost of collection thereof as hereinafter provided, shall be a permanent charge and continuing lien upon the Apartment Unit against which it relates, and shall also be the joint and several personal obligation of each Owner of such Apartment Unit at the time Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such unit, and each and every Owner by acquiring or holding an interest in any Apartment Unit thereby covenants to pay such amount to the Association when the same shall become due. The purchaser of an Apartment Unit at a judicial or foreclosure sale shall be liable only for the Assessments coming due after the date of such sale.

Section 2. Annual Assessments. No later than December 1st of each calendar year, the Board of Directors shall set the annual Assessments by estimating the Common Expenses to be incurred during the immediately succeeding calendar year and shall prorate such Common Expenses among the Owners of the Apartment Units in accordance with the Percentage Interest appurtenant to such Apartment Units, and shall give written notice to each Unit Owner of the annual Assessment fixed against his Unit for such immediately succeeding calendar year. The annual Assessments levied by the Association shall be collected by the Treasurer as provided in Section 4 of this Article IV.

The annual Assessments shall not be used to pay for the following:

(a) Casualty insurance of individual Owners on their possessions within the Units, and liability insurance of such owners insuring themselves and their employees and tenants individually, which shall be the sole responsibility of such Owners;

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

Grantor anticipates that ad valorem taxes and other governmental assessments, if any, upon the Property will be assessed by the taxing authority upon the Unit Owners, and that each assessment will include the assessed value of the Apartment Unit and of the undivided interest of the Unit Owner in the Common Area and Facilities and Limited Common Area and Facilities. Any such taxes and governmental assessments upon the Property which are not so assessed shall be included in the Association's budget as a recurring expense and shall be paid by the Association as a Common Expense. Each Unit Owner is responsible for making his own return of taxes and such return shall include such Owner's undivided interest in the Common Area and Facilities and Limited Common Area and Facilities as such undivided interest is determined by law for purposes of returning taxes. If no provision is made by law or the taxing authorities for the determination of an Owner's share of the undivided interest in the Common Area and Facilities and Limited Common Area and Facilities, each Owner shall return that percentage of the undivided interest in the Common Area and Facilities and Limited Common Area and Facilities attributable to his Unit under EXHIBIT "B".

Section 3. Special Assessments. In addition to the annual Assessments, the Association may levy in any calendar year, special Assessments for the purpose of supplementing the annual Assessments if the same are inadequate to pay the Common Expenses and of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of the Limited Common Area and Facilities, the Common Area and Facilities, including the necessary fixtures and personal property related thereto; provided, however, that any such special Assessment shall have the assent of a majority of the votes represented, in person or by proxy, at a meeting, at which a quorum is present, duly called for the express purpose of approving such expenditure, written notice of which shall be sent to all Owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting, which notice shall set forth the purpose of the meeting. Special Assessments shall be fixed against the Units according to their Percentage Interests; the period of the Assessment and manner of payment shall be determined by the Board.

Section 4. Date of Commencement of Annual Assessment; Due Dates. Although the annual Assessment is calculated on a calendar year basis, each Owner of a Apartment Unit shall be obligated to pay to the Treasurer of the Association such Assessment in equal monthly installments on or before the first day of each month during such calendar year, or in such other reasonable manner as the Board of Directors shall designate.

The annual Assessments provided for in this Article IV shall, as to each Apartment Unit, commence upon the conveyance thereof (the "commencement date"). The first monthly payment of the annual Assessment for each such Unit shall be an amount (rounding to the nearest whole dollar) equal to the monthly payment for the fiscal year in progress on such commencement date, divided by the number of days in the month of conveyance, and multiplied by the number of days then remaining in such month.

After the date of the first unit conveyance, the developer's unsold units shall bear only the prorata portion of the assessments attributable to insurance. Commencing 60 days following the conveyance of the first units, the unsold units shall bear full, regular assessments.

The Association shall, upon demand at any time, furnish to any Apartment Owner liable for any such Assessment a certificate in writing signed by an officer of the Association, setting forth whether the same has been paid. A reasonable charge, as determined by the Board, may be made for the issuance of such certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; the Lien; Remedies of Grantor. If an Assessment is not paid on the date when due, as hereinabove provided, then such Assessment together with such interest thereon and any cost of collection thereof as hereafter provided, shall be a charge and continuing lien on the Unit to which it relates, and shall bind such Property in hands of the Apartment Owner, his heirs, legal representatives, successors, and assigns. The personal obligation of the then Apartment Owner to pay such Assessment, however, shall remain his personal obligation and if his successor in title assumes his personal obligation, such prior Apartment Owner shall nevertheless remain as fully obligated as before to pay to the Association any and all amounts which he was obligated to pay immediately preceding the transfer; and such prior Apartment Owner and his successor in title who assumes such liabilities shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Apartment Owner and his successor in title creating the relationship of principal and surety as between themselves other than one by virtue of which such prior Apartment Owner and his successor in title would be jointly and severally liable to pay such amounts.

Any such Assessment not paid by the 10th of the month within which such Assessment is due shall bear interest from such date (the "delinquency date") at the legal rate provided for judgments under South Carolina law. The Association employ counsel and may bring legal action against the Apartment Owner personally obligated to pay the same or foreclose its lien against the Apartment Unit to which it relates or pursue either such course at the same time or successively. In any such event, the Association shall also be entitled to recover reasonable attorney's fees and all other costs of collection. Each Apartment Owner, by his acceptance of a deed or other conveyance to an Apartment Unit, vests in the Association or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity. The Association shall have the power to bid in the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Apartment Owner may be relieved from liability from the Assessments provided for herein by abandonment of his Apartment Unit or otherwise.

Section 6. Subordination of the Charges and Liens to Mortgages.

(a) The lien and permanent charge for the annual and special Assessments (together with interest thereon and any attorney's fees and cost of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any mortgagee or his assigns placed on such Apartment Unit as to all such liens and charges authorized hereunder having a due date subsequent to the date such mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu

of foreclosure or the sale under power contained in such mortgage.

(b) Such subordination is merely a subordination and shall not relieve the Apartment Owner of the mortgaged property of his personal obligation to pay all Assessments coming due at a time when he is the Apartment Owner; shall not relieve such property from the lien and permanent charge provided for herein (except as to the extent a subordinated lien and permanent charge is extinguished as a result of such subordination or against a mortgagee or such mortgagees, assignee, or transferee by foreclosure or by sale or transfer in any proceeding in lieu of foreclosure or by sale under power); and no sale or transfer of such property to the mortgagee or to any other person pursuant to a foreclosure sale, or pursuant to any other proceeding in lieu of foreclosure, or pursuant to a sale under power, shall relieve any existing or previous Apartment Owner of such property of any personal obligation, or relieve subsequent Apartment Owners from liability for any Assessment coming due after such sale or transfer.

(c) Notwithstanding the foreclosure, the Association may in writing, at any time, whether before or after any mortgage or mortgages are placed on such property, waive, relinquish or quit-claim in whole or part the right of the Association to Assessments provided for hereunder with respect to such property coming due during the period while such property is or may be held by mortgagee or mortgagees pursuant to said sale or transfer.

Section 7. Exempt Property. Each Apartment Unit shall be exempt from the Assessments created herein until such Unit is completed and a certificate of occupancy is issued by the applicable governmental body. Except as expressly provided herein, no Unit and its appurtenant Percentage Interest shall be exempt from said Assessments.

ARTICLE V

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Board of Directors or its authorized agent shall obtain and maintain at the common expense the following types of insurance to the extent such insurance can be obtained:

I. HAZARD INSURANCE - a "master" or "blanket" type of insurance policy with premiums being paid as a common expense. The policy must cover all of the general and limited common elements that are normally included in coverage. This includes fixtures and building service equipment and common personal property and supplies belonging to the owner's association.

The policy must also cover such fixtures, equipment and other personal property inside individual units to the extent these items are financed by real estate mortgages encumbering the apartment.

The maximum deductible amount shall be the lesser of \$10,000, or 1% of the policy face amount.

This policy must insure against loss or damage by fire or other hazards normally covered by the standard extended coverage endorsement and the standard "all risk" endorsement.

The policy shall include, but not necessarily be limited to, coverage insuring against loss or damage by fire or

other hazards including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover 100% of the replacement cost of any repair, reconstruction or replacement of the project facilities including the individual apartment unit in the event of damage or destruction from any such hazard. The following endorsements, or reasonable equivalents, shall be, if available, required:

1. Agreed Amount and Inflation Guard Endorsement, when it can be obtained;
2. Construction code endorsement, if there is, or shall be, a construction code provision that requires changes to undamaged portions of the buildings even when only part of the project is destroyed by an insured hazard. Typical endorsements include Demolition Cost Endorsement, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement, and Steam Boiler and Machinery Coverage Endorsement, which provides that the insurer's minimum liability per accident at least equals the lesser of \$2,000,000, or the insurable value of the building(s) housing the boiler or machinery.

In addition, the policy should provide that (i) any Insurance Trust Agreement will be recognized; (ii) the right of subrogation against unit owners will be waived; (iii) the insurance will not be prejudiced by an acts or omissions of individual unit owners that are not under the control of the owner's association; and (iv) the policy will be primary, even if a unit owner has other insurance that covers the same loss. The requirements are usually covered by a Special Condominium Endorsement.

It should also require the insurer to notify in writing the owner's association or insurance trustee and each first mortgage holder named in the mortgagee clause at least 10 days before it cancels or substantially changes a condominium project's coverage.

II. LIABILITY INSURANCE - a comprehensive general liability insurance policy covering the General Common Area and Facilities, Limited Common Area and Facilities, all public ways and any other area under its supervision. The liability policy should provide coverage of at least \$1,000,000.00 for bodily injury and property damage for any single occurrence.

The liability insurance should provide coverage for (i) bodily injury and property damage that results from the operation, maintenance or use of the project's common area; and (ii) any legal liability that results from law suits related to employment contracts in which the owner's association is a party.

If the policy does not include "severability of interest" in its terms, it should contain a specific endorsement to preclude the insurer's denial of a unit owner's claim because of negligent acts of the owners' association or of other unit owners.

The policy should also require supplemental coverage to protect against other risks - such as host liquor liability insurance, employer's liability insurance, comprehensive automobile liability insurance, and contractual and all-written contract insurance.

The policy should provide for at least 10 days' written notice to the owners' association before the insurer can cancel or substantially modify it. This notice must also be given to each holder of a first mortgage on an individual unit in the project.

III. FLOOD INSURANCE - If any part of the project is in a special flood hazard area - as defined by the Federal Emergency Management Agency - the owner's association must maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover the buildings and any other common property located within the designated hazard area.

The amount of insurance should be at least equal to the lesser of (i) 100% of the insurable value of all buildings and other insurable property located in the flood hazard area; or (ii) the maximum coverage available for the property under the National Flood Insurance Program.

When the project consists of high-rise or other vertical dwellings, the owners' association must have a separate flood insurance policy for each building that houses dwelling units. The building coverage should equal 100% of the insurable value of the building, including machinery and equipment that are part of the building. The contents coverage must include 100% of the insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned in common by the association members.

IV. FIDELITY BONDS - The board of directors shall require blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the owners' association, whether or not they receive compensation for their services. A management agent that handles funds for the owners' association should also be covered by its own fidelity bond which must provide the same coverage required by the owners' association. The owners' association should be named as an additional obligee in the management agent's bond.

Except for fidelity bonds that a management agent obtains for its personnel, all other bonds should name the owners' association as an obligee and should have their premiums paid as a common expense by the owners' association.

The fidelity bond should cover the maximum funds that will be in the custody of the owners' association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal the sum of three (3) months' assessments on all units in the project, plus the association's reserve funds.

The bonds must include a provision that calls for 10 days' written notice to the owners' association or insurance trustee before the bond can be cancelled or substantially modified for any reason. This same notice must also be given to each servicer that services a FNMA-owned mortgage in the project.

All of the foregoing such insurance policies shall comply with the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of "AAA" or better by Best's Insurance Reports.

(b) Insurance policies should show the named insured as Crafts House Homeowner's Association, Inc., an association of co-owners of units in Crafts House, a Horizontal Property Regime, for the use and benefit of the individual owners, in the same percentage as the Percentage Interest appurtenant to their Units, and their mortgagees, as their respective interest may appear.

The "loss payable" clause should show the owners' association and the insurance trustee as a trustee for each unit owner and the holder of each unit's mortgage.

The policy must also contain the standard mortgage clause and must name any mortgagee and where applicable either FNMA or the servicers for the mortgages held by FNMA on units in the project. When a servicer is named as the mortgagee, its name should be followed by the phrase "its successors and assigns."

(c) All policies shall be for the benefit of the Unit Owners and their mortgagees as their interests may appear.

(d) Provision shall be made for the issuance of a certificate of insurance to each Owner and his mortgagee, if any, which shall specify the proportionate amount of such insurance attributable to the particular Owner's Unit.

(e) The original of all policies and endorsements thereto shall be deposited with the Trustee which shall hold them subject to the provisions of Section 3 of this Article V.

(f) Exclusive authority to adjust losses under policies hereafter in force on the Property shall be vested in the Board of Directors or its duly authorized agent; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations related thereto.

(g) In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Board of Directors hereunder be affected or diminished by insurance purchased by individual owners or their mortgagees.

(h) Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of all of the Owners and their mortgagees, may realize under any insurance policy which the Board of Directors may have in force on the Property at any particular time.

(i) Any Owner who obtains an individual insurance policy covering any portion of the Property, other than on personal property belonging to such Owner and on improvements and betterments made by such Owner at his expense, shall file a copy of such policy with the Board of Directors within 30 days after purchase of such insurance.

(j) Each Owner at his own expense may obtain on his Unit or the contents thereof title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterments and personal property damage and loss.

(k) The Board of Directors shall conduct an annual insurance review for the purposes of determining the full insurable value of the entire Property including all dwellings, the Limited Common Area and Facilities and the General Common Area and Facilities, without respect to depreciation, of all improvements on the Property (with the exception of improvements and betterments made by the respective owners at their expense) by one or more qualified persons.

(l) The Board of Directors or its duly authorized agent shall make reasonable efforts to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims

against the Board of Directors, its duly authorized agents and the Owners and their respective servants, agents and guests; (2) a waiver of insurer's right to repair or reconstruct instead of paying cash; (3) a waiver of insurer's right to cancel, invalidate or suspend the policy on account of the acts of fewer than five Owners or the conduct of any director, officer or employee of the Association or its duly authorized agent without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its agent, any owner or mortgagee; and (4) that any "other insurance" clause in the master policy or policies exclude individual owner's policies from consideration.

(m) Each Owner shall be required to notify the Board of Directors of all improvements made by such Owner to his Unit, the value of which is in excess of One Thousand and 00/100 Dollars (\$1,000.00).

Section 2. No Partition. There shall be no judicial partition of the Property or any part thereof, and Grantor and every person acquiring any interest in the Property or any part thereof shall acquire the same subject to this Master Deed and shall be deemed to have waived any right to seek any such judicial partition until the happening of the conditions set forth in Section 4 of this Article V in the case of damage or destruction or until the Property has been removed from the provision of the Act as provided for in this Master Deed.

Section 3. Trustee.

(a) All insurance policies purchased by and in the name of the Association by the Board of Directors shall provide that proceeds covering property losses shall be paid jointly to the Association and Trustee. Immediately upon the receipt by the Association of such proceeds, the Association shall endorse the instrument by means of which such proceeds are paid and deliver such instrument to Trustee. The Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor shall the Trustee have any obligation to inspect the Property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(b) Among other things, the duty of Trustee shall be to receive proceeds delivered to it and to hold such proceeds in trust for the benefit of the Owners and their mortgagees for the purposes of reconstruction, repair and replacement or distribution as the case may be. An undivided share of such proceeds on account of damage or destruction to the General Common Area and Facilities and Limited Common Area and Facilities shall be allocated and assigned for the Owners in accordance with the Percentage Interest appurtenant to their Units. Proceeds on account of damage or destruction to Units, and the income derived therefrom, shall be allocated and assigned for the Owners of the damaged or destroyed Units in proportion to the cost of repairing or reconstructing the damage or destruction suffered by each such Owner. In the event that a mortgagee endorsement has been issued as to any particular Unit, the share of such Unit Owner shall be held in trust for such Owner and his mortgagee as their interests may appear.

(c) Proceeds of insurance policies received by the Trustee shall be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid into the Trust Fund for the benefit of all Owners.

(ii) If it is determined, as provided in Section 4 of this Article V, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.

(iii) Any and all disbursements of funds by the Trustee for any purpose whatsoever shall be made pursuant to and in accordance with a certificate of the Association signed by the President or Vice President and attested by the Secretary or Assistant Secretary directing the Trustee to make the disbursements.

If the damage or destruction is to the General Common Area and Facilities and/or to the Limited Common Area and Facilities, and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee known by the Insurance Trustee to have the largest interest in or lien upon such General Common Area and Facilities and/or Limited Common Area and Facilities. If the damage or destruction is to one or more Units and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee or mortgagees, if any, known by the Trustee to have an interest in or lien upon such Unit or Units. The Trustee shall not incur liability to any Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

Section 4. Damage and Destruction.

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

(b) Any such damage or destruction to an Apartment Unit which does not render such Unit untenable shall be repaired unless all the Owners unanimously agree in writing not to repair, reconstruct or rebuild the Property in accordance with provisions of the Act. Any such damage or destruction which renders any Apartment Unit untenable or uninhabitable, or any such damage or destruction to the General Common Area and Facilities and Limited Common Area and Facilities, shall be repaired and reconstructed unless at least Seventy-five (75%) percent of the total vote of the Association, evidenced by a written agreement, within 60 days after the casualty vote not to repair or reconstruct. If for any reason the amount of the

insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction are not made available to the Association within said period of 60 days after the casualty, then such period shall be extended until such information shall be made available to the Association; provided, however, that said extension of time shall not exceed 90 days. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired or reconstructed.

(c) In the event that it is determined by the Association in the manner prescribed above that the damage or destruction shall not be repaired or reconstructed, then and in that event (i) the Property shall be deemed to be owned by the Unit Owners as tenants in common, (ii) the undivided interest in the Property owned in common which shall appertain to each Unit Owner shall be the percentage of Percentage Interest appurtenant to each Unit, (iii) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of Percentage Interest of the Unit Owner, and (iv) the Property shall be subject to an action for partition at the instance of any Unit Owner, in which event the net proceeds of sale shall be paid to the Trustee. Said net proceeds of sale, together with the net proceeds of the insurance on the Property, shall be considered as one fund which, after paying all expenses of the Trustee, shall be divided among all of the Unit Owners in a percentage equal to the Percentage Interest appurtenant to their Units, after first paying out of the respective share of the Unit Owners, to the extent sufficient for such purpose, all liens on the undivided interest in the Property owned by each Unit Owner. Disbursements to such Owners shall be made pursuant to certificates provided for in Section 3 of this Article V.

Section 5. Repair and Reconstruction.

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

(b) Any and all sums paid to the Association under and by virtue of those special Assessments provided for in paragraph (a) of this Section shall be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee shall be disbursed as provided in Section 3 of this Article V.

Section 6. Association as Agent. Each Owner by acquiring or holding an interest, equitable or legal, in any Apartment thereby expressly accepts and acknowledges the irrevocable appointment of the Association as his, her or its duly appointed agent for each Owner and for each Owner of any other interest in the Regime Property to adjust all claims arising

under insurance policies purchased by the Association, and to execute and deliver releases upon the payment or satisfaction of claims.

ARTICLE VI

CONDEMNATION

Section 1. General. Whenever all or any part of the Property shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Trustee. Unless otherwise required by law at the time of such taking, any award made therefor shall be disbursed by the Trustee, as hereinafter provided in this Article VI.

Section 2. General Common Area. If the taking is confined to the General Common Area and Facilities on which improvements shall have been constructed and if at least seventy-five percent (75%) of the total vote of the Association and their respective mortgagees shall decide within 60 days after such taking to replace said improvements, or any part thereof, on the remaining land included in the General Common Area and Facilities and according to plans therefor to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Trustee shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Property is to be repaired or reconstructed as provided for in Article V hereof; subject, however, to the right hereby reserved to the Association which may be exercised by a majority of the total vote thereof to provide for the disbursement by the Trustee of the remaining proceeds held by it (after payment of all costs incident to such replacement) to the owners or their respective mortgagees or any one or more of them and their mortgagee in amounts disproportionate to the Percentages Interest appurtenant to their Units established herein, which disproportionate amounts shall correspond with the disproportionate damages sustained by the owners or any one or more of them as the Association may determine. If at least seventy-five (75%) percent of the total vote of the Association and their respective mortgagees shall not decide within 60 days after such taking to replace such improvements or if the taking is confined to the General Common Area and Facilities on which no improvements shall have been constructed, then the Association or the Trustee, as the case may be, shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken, including the right reserved to the Association to provide for the disbursement by the Trustee of the remaining proceeds held by it to the owners in disproportionate amounts.

Section 3. Units. If the taking includes one or more Units, any part or parts thereof or the Limited Common Area and Facilities or parts thereof to which a Unit has exclusive use (other than simply an assigned parking place which is excluded from the term "Limited Common Area" for purposes of this paragraph), then the award shall be disbursed and all related matters, including, without limitation, alteration of the Percentage Interest appurtenant to each Unit, shall be handled pursuant to and in accordance with the consent of all Owners expressed in a duly recorded amendment to this Master Deed. In the event that such an amendment shall not be recorded within 90 days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in Section 4 of Article V herein, whereupon the development will be terminated in the manner therein prescribed.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Approval Required for Changes. To preserve the original architectural appearance of Crafts House Horizontal Property Regime, after the purchase of an Apartment Unit from Grantor, its successors and assigns, no exterior construction of any nature whatsoever, except as specified in the Condominium Documents, shall be commenced or maintained upon any building, including without limitation, the Limited Common Area and Facilities nor shall there be any change, modification or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces, patios, or facades, nor shall any Owner paint, decorate, or change the color of any exterior surface, gate, fence or roof, nor shall any Owner change the design or color of the exterior lights, nor shall any Owner install, erect or attach to any part of the exterior any sign of any kind whatsoever, nor shall any exterior addition or change, including without limitation the generality of the foregoing, the erection or construction of any fence or wall, be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures by the Board of Directors of the Association or by an architectural committee composed of three or more representatives appointed by the Board. NO SUCH CHANGES SHALL BE APPROVED UNLESS AND EXCEPT ONLY WHEN APPROVED BY THE NATIONAL PARK SERVICE AND/OR ANY REGULATORY AUTHORITY HAVING JURISDICTION OVER THE "HISTORIC PRESERVATION CERTIFICATION" OF THE BUILDING AND COMMON AREAS OR HAVING AUTHORITY TO, IN ANY WAY, PREJUDICE OR IMPAIR THE CERTIFICATION WHERE CHANGES ARE MADE WITHOUT EXPRESS APPROVAL.

Section 2. Rights and Limitation of Co-owners to Alter and Modify Apartments. No co-owner of an Apartment shall permit there to be made any structural modification or alterations therein without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of said Association determine, in their sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety. If the modification or alteration desired by the co-owner of any Apartment involves the removal of any permanent interior partition, the Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting General or Limited Common Elements located therein. No co-owner shall cause the balcony abutting his Apartment to be enclosed, or cause any improvements or changes to be made on the exterior of the building, the balconies, or railings, including painting or other decoration, or the installation of electrical wiring, wire, screening, any railing cover, television antenna, machines or air conditioning units which may protrude through the walls or roof of the building, or in any manner change the appearance of any portion of the building, including balconies and railings not within the walls of such Apartment, nor shall storm panels or awnings be affixed, without the written consent of the Association being first obtained.

ARTICLE VIII

EXTERIOR MAINTENANCE

Section 1. Responsibility of Association. Except as specifically provided to the contrary herein, the Association shall maintain, repair and replace, at its expense, all parts of the General Common Area and Facilities and Limited Common Area and Facilities whether located inside or outside of the Apartment

Unit, the cost of which shall be charged to the Unit Owners as a Common Expense subject to the provisions of Section 2 of this Article VIII. The Association shall have the irrevocable right, to be exercised by the Board of Directors, or its agent, to have access to each Apartment Unit from time to time during reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the General Common Area and Facilities an/or Limited Common Area and Facilities therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the General Common Area and Facilities, Limited Common Area and Facilities or to other Units.

Section 2. Responsibility of Owner. In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in Section 1 of this Article VIII is caused through the willful or negligent act of an owner, his family or guest, the cost of which is not covered or paid for by insurance then the cost, both direct and indirect, of such maintenance or repairs shall be added to and become a part of the assessment to which such owner and his Unit is subject. Each owner shall maintain, repair and replace at his own expense all portions of his Unit which may become in need thereof, including the heating and air-conditioning system for such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-load bearing walls, carpeting, drapes and other items within the Unit. Further, each Owner shall, at his own expense, maintain, repair and replace, when necessary, that portion of the air-conditioning system servicing his Unit which is located adjacent to his Unit and each Owner shall, at his own expense, keep the Limited Common Area and Facilities to which his Unit has exclusive access and to which he has exclusive use clean and neat. If the Owner does not make those repairs to be made by him within thirty (30) days from written demand from the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the Unit owned by such Owner.

ARTICLE IX

UNIT RESTRICTION

Section 1. Residential Purposes. Buildings and all Units contemplated in the development shall be, and the same hereby are, restricted exclusively to residential use.

Section 2. Construction and Sale Period. Anything contained herein to the contrary notwithstanding, it shall be permissible for Grantor to maintain, during the period of construction and sale of said Units, upon such portion of the Property as the Grantor may deem necessary, such facilities as in the sole opinion of the Grantor may be reasonably required, convenient or incidental to the construction and sale of said Units, including, but without limitation, a business office, storage area, construction yards and signs, model units and sale office.

Section 3. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Property, except that dogs, cats or other household pets may be kept by the respective owners in their respective Units, provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health or, in the sole discretion of the board of directors, unreasonably disturb the owner of any Unit or any resident thereof.

Section 4. Nuisance. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the Property, nor shall the Property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof. No business activities of any kind whatever shall be

conducted in any building or in any portion of the Property; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of Grantor, its agents or assigns during the construction and sale period.

Section 5. Sheds, Temporary Structures, Garbage Cans, Clotheslines, Etc.. No outside clotheslines, sheds or temporary structures shall be permitted, and to the extent possible, all garbage containers and similar items shall be kept screened so as to conceal them from view of neighboring units. No private outside garbage containers are permitted.

Section 6. Exterior Antennas. No exterior television or radio antennas shall be placed on any improvements without prior written approval of the Board of Directors.

Section 7. Leasing of Units. Units may be rented provided the occupancy is only by the lessee and his immediate family, unless otherwise provided by the Association's Board of Directors. No less than all of a unit may be rented. No unit may be leased or rented for a period of less than thirty (30) days. All lease or rental agreements must be in writing and made available to the Association upon request. 1
2

Section 8. Timesharing Not Permitted. No Apartment Unit with the subject Horizontal Property Regime shall be used for, or submitted to timesharing.

Section 9. For a period of at least two (2) years from the date of the recordation of this Master Deed, no amendment to this Master Deed or the initial By-laws recorded with the Master Deed nor any other action by the Association shall be taken which will directly or indirectly result in any changes to the structure and finish of the physical property of both Common and Limited Common areas which might prejudice in any way the Contracts of Construction or the guaranties and warranties, as they may be, flowing therefrom for any part of the project.

ARTICLE X

EASEMENTS

Section 1. Encroachments. If any portion of the General Common Area and Facilities and/or the Limited Common Area and Facilities encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the General Common Area and Facilities and/or the Limited Common Area and Facilities as a result of settling or shifting of a building, an easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. If any building, any Unit, any adjoining Unit, or any adjoining part of the General Common Area and Facilities and/or the Limited Common Area and Facilities, shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the General Common Area and Facilities and/or the Limited Common Area and Facilities upon any Unit or of any Unit upon any other Unit or upon any portion of the General Common Area and Facilities and/or the Limited Common Area and Facilities, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject building shall stand.

Section 2. Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any Manager employed by the Association as provided for in Section 2 of Article II hereof, and to all policemen, firemen, ambulance personnel and all similar emergency personnel an easement to enter upon the Property or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 3 of Article

X shall be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby. The rights granted herein to the Association includes a reasonable right of entry upon any unit estate to make emergency repairs and to do other work reasonably necessary for the proper maintenance-operation of the project.

Section 3. Utilities, Etc. The Board of Directors may hereafter grant easements for utility purposes for the benefit of the property including the rights to install, lay, maintain, repair, or replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits and wires, and television cables, wires and antennas, over, under, along, and on any portion of the common elements; and each co-owner hereby grants the Board of Directors an irrevocable power of attorney to execute, acknowledge and record for an in the name of each co-owner, such instruments as may be necessary to effectuate the foregoing.

Section 4. Units 401 and 404 have sufficient attic space above the unit to add a second floor bedroom, closet and bathroom of approximately 200 square feet. There is hereby reserved and created an easement appurtenant in favor of each of unit 401 and 404, respectively, to add the second floor bedroom, closet and bathroom of approximately 200 square feet into the attic space immediately above such unit within the limits of its first floor plan provided: (i) all plans and specifications therefor first be submitted and approved by the Board of Directors in the manner prescribed by Article VII, Section 2; (ii) all expenses of construction shall be borne by the unit owner or person other than the Association; (iii) all obligations of a unit owner to repair in respect of his unit shall also obtain for improvements in the easement; and (iv) no use of the easement shall impede or impair any other easement in favor of the Association under Article X; and (v) any special conditions required by the Board of Directors for approval of plans and specifications must be complied with.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Amendment. Amendments to this Master Deed, except as herein expressly provided to the contrary, shall be proposed by the Board of Directors or by any member of the Association in accordance with the following procedure:

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

(b) Adoption. The Master Deed may be amended at any time and from time to time after notice as hereinabove provided has been given by a vote of not less than seventy-five percent (75%) of the total vote of the Association; provided, however, that if the Association shall vote to amend the By-laws in any respect, such amendment shall be set forth in an amendment to this Master Deed and shall be valid when approved by a vote of not less than seventy-five percent (75%) of the total vote of the Association.

(c) Recording. A copy of each amendment provided for in this Section 1 shall be certified by the Board of Directors of the Association as having been duly adopted and shall be effective when recorded.

(d) Amendments Necessary to Comply with Requirements of Secondary Mortgage Market Lenders. This

Master Deed may be amended only in accordance with the Act and the Condominium Documents. Notwithstanding any other provision of this Master Deed to the contrary, if any amendment is necessary in the judgment of the Board of Directors (the "Board") to cure any ambiguity or to correct or supplement any provisions of the Condominium Documents that are defective, missing or inconsistent with any other provisions thereof, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other secondary mortgage market lenders, guarantors, or insurers with respect to condominium projects, then at any time and from time to time the Board may effect an appropriate corrective amendment without the approval of the Unit Owners or the holders of any liens on all or any part of the Property, upon receipt by the Board of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each amendment of this type shall be effective upon the recording of an appropriate instrument setting forth the amendment and its due adoption, which instrument has been executed and acknowledged by one or more officers of the Board.

Section 2. Termination. The Regime may be terminated and the Property removed from the provisions of the Act in the following manner:

(a) Agreement. All of the Unit Owners may remove the Property from the provisions of the Act by an instrument to that effect, duly recorded, provided that the holders of all liens affecting any of the Units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred so as to affect and be a lien upon only the Percentage Interest appurtenant to the Unit subject to such lien.

(b) Destruction. In the event it is determined in the manner provided in Section 4 of Article V hereof, that the Property shall not be repaired or reconstructed after casualty, the Regime will be terminated and the Condominium Documents revoked. The determination not to repair or reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being recorded.

(c) Condemnation. In the event that one or more Units, any part or parts thereof, or the Limited Common Area and Facilities, or parts thereof, to which a Unit has exclusive use shall be taken by any authority having the power of eminent domain and the consent of all Owners as provided in Section 3 of Article VI hereof, shall not be expressed in an amendment to this Master Deed duly recorded within 90 days after such taking, the Regime will be terminated and the Condominium Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being recorded.

(d) Ownership After Termination. After termination of the Regime, the rights of the Unit Owners and their respective mortgagees and lienholders shall be determined in the manner provided in Section 4 of Article V hereof.

Section 3. Covenants Running with the Land. All provisions of this Master Deed shall be construed to be covenants

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

Section 4. Duration. So long as South Carolina law limits the period during which covenants restricting lands to certain uses may run, it shall be the duty of the Board of Directors to cause the covenants contained herein, as amended from time to time, to be extended when necessary by filing a document bearing the signatures of a majority of the then Owners reaffirming and newly adopting the Master Deed and covenants then existing in order that the same may continue to be covenants running with the land. Such adoption by a majority shall be binding on all, and each Owner of any Unit, by acceptance of a deed therefor, is deemed to agree that the Master Deed and covenants may be extended as provided in this Section 4.

Section 5. By-laws. A true copy of the By-laws of the Association, which together with this Master Deed shall govern the administration of the Regime, is attached hereto as EXHIBIT "C" and, by reference, made a part hereof.

Section 6. Enforcement. Each Owner and the Association shall comply strictly with the By-laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to his Unit. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both maintainable by the Board of Directors on behalf of the Association or by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Severability. Invalidation of any covenant, condition, restriction or other provision of this Master Deed or the By-laws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 8. Perpetuities and Restraints on Alienation. If any of the covenants, conditions, restrictions or other provisions of this Master Deed shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until 21 years after the death of the last survivors of the now living descendants of Ronald Reagan, President of the United States, or Jimmy E. Carter, former President of the United States.

Section 9. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 10. Headings. The headings appearing herein are intended for purposes of convenience only and are not to be considered in construing this instrument.

ARTICLE XII

ASSIGNED VALUE AND UNIT VOTE

Section 1. Unit and Property Values. The Master Plan contained in EXHIBIT "B" attached hereto shows the value of each Unit as of the date this Master Deed is recorded and the

percentage of undivided interest in the General Common Area and Facilities and Limited Common Area and Facilities appurtenant to such Unit for all purposes. The value of the Property is equal to the total value of all Units together with the value of the Percentage Interest in the General Common Area and Facilities and Limited Common Area and Facilities appurtenant to such Units, all as shown on EXHIBIT "B".

Section 2. Unit Votes. Each Unit shall be entitled to a vote in the Association and for all other purposes herein equivalent to the Percentage Interest appurtenant to such Unit and such vote shall be exercisable by the Owner or Owners of such Unit through the member assigned to represent such Unit pursuant to Section 3 of Article I of the By-laws.

ARTICLE XIII

Section 1. Lender's Notices And Information. The Association shall make available to unit estate owners and lenders, and to holders, insurers or guarantors of any first mortgage, current copies of the Master Deed, By-laws, other rules concerning the project and the books, records and financial statements of the Association for inspection, upon request, during normal business hours or under other reasonable circumstances.

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the unit estate number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the project or any unit estate on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by an owner of a unit estate subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of 60 days;

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

(d) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders.

Section 2. Reserves and Working Capital. The Association shall establish and maintain an adequate reserve fund as determined by the Board for the periodic maintenance, repair and replacement of improvements to the common areas and those limited common areas which the Association may be obligated to maintain. The fund shall be maintained out of regular assessments for common expenses.

A working capital fund shall be established for the initial months of the project operation equal to at least a two months' assessment for each unit estate. Each unit estate's share of the working capital fund must be collected and transferred to the Association at the time of closing of the sale of each unit estate and maintained in a segregated account for the use and benefit of the Association. The purpose of the fund is to insure that the Association board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the

fund are not to be considered as advance payment of regular assessments.

Section 3. The Association shall have the right to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Property.

ARTICLE XIV

MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of first mortgages on Units in the Regime. To the extent applicable, necessary, or proper, the provisions of this Article XIV apply to both this Master Deed and to the By-laws of the Association. Where indicated, these provisions apply only to "eligible holders," as hereinafter defined; provided, however, voting percentages set forth herein are subject to and controlled by higher percentage requirements, if any, set forth elsewhere in this Master Deed for specific actions.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the unit number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

(a) any proposed termination of the Association;

(b) any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Apartment Unit on which there is a first mortgage held, insured, or guaranteed by such eligible holder;

(c) any delinquency in the payment of assessments or charges owed by an Owner of an Apartment Unit subject to the mortgage of such eligible holder, insurer, or guarantor, where such delinquency has continued for a period of sixty (60) days;

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

(e) any proposed action which would require the consent of eligible holders, as required in Sections 2 and 3 of this Article.

Section 2. Other Provisions for First Lien Holders.
To the extent possible under South Carolina law:

(a) Any restoration or repair of the Regime after a partial condemnation or damage due to an insurable hazard shall be substantially in accordance with this Master Deed and the original plans and specifications, unless the approval of the eligible holders of first mortgages on Apartment Units to which at least fifty-one (51%) percent of the votes of Apartment Units, subject to mortgages held by such eligible holders are allocated, is obtained.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation must require the approval of the eligible holders of first mortgages on Apartment Units to which at least fifty-one (51%) percent of the votes

of Apartment Units, subject to mortgages held by such eligible holders, are allocated.

Section 3. Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Section 2(a) and (b) of this Article XIV.

(a) The consent of at least sixty-seven (67%) percent of the Apartment Unit owner votes and of the Declarant so long as it owns any land subject to this Master Deed and the approval of the eligible holders of first mortgages on Apartment Units to which at least 67% of the votes of the Apartment Units subject to a mortgage appertain, shall be required to terminate the Association if for reasons other than substantial destruction or condemnation of the property.

(b) The consent of at least 67% of the Apartment Unit owner votes and the approval of eligible holders of first mortgages on Apartment Units to which at least fifty-one (51%) percent of the votes of Apartment Units subject to a mortgage appertain, shall be required to amend any provisions of the Master Deed, By-laws or Articles of Incorporation of the Association in any material nature, or to add any material provisions thereto. An amendment changing any of the provisions which establish or regulate the following matters is considered of a material nature:

- (i) voting rights;
- (ii) assessments, assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Area;
- (iv) responsibility for maintenance and repair of the Regime;
- (v) reallocation of interests in the general or limited common areas, or rights to their use.
- (vi) boundaries of any Apartment Unit;
- (vii) convertibility of units into common areas or vice versa. [This subsection shall not apply to the exercise of the easement rights granted to Units 401 and 404 under Article X, Section 4.]
- (viii) expansion or contraction of the Regime or the addition, annexation or withdrawal of property to or from the Regime.
- (ix) insurance or fidelity bonds;
- (x) leasing of Apartment Units;
- (xi) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Apartment Unit;
- (xii) establishment of self-management by the Association where professional management has been required by an eligible holder;

(xiii) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the Regime documents;

(xiv) any action to terminate the legal status of the Regime after substantial destruction or condemnations occur;

(xv) any provisions included in the Master Deed, By-laws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first mortgages on Apartment Units.

(c) Wherever an amendment is not considered as a material change - such as the correction of a technical error or the clarification of a statement, the approval of any eligible mortgage holder may be assumed granted if such eligible mortgage holder fails to submit a response to any written proposal for an amendment within thirty (30) days after the proposal is made.

IN WITNESS WHEREOF, Grantor has executed this Master Deed this 11th the day of July, 1986.

WITNESSES:

CRAFTS HOUSE PARTNERS, a South Carolina General Partnership

Mary Ann Powell
Ralph C. Robinson, Jr.

By: [Signature]
C. Warren Irvin, III
Its: General Partner

Mary Ann Powell
Ralph C. Robinson, Jr.

By: [Signature] and
Robert M. Temple
Its: General Partner

STATE OF SOUTH CAROLINA)
COUNTY OF RICHLAND)

PERSONALLY APPEARED BEFORE ME Mary Ann Powell, who, being duly sworn, deposes and says that s/he saw the within-named Crafts House Partners, a South Carolina general partnership, by C. Warren Irvin, III and Robert M. Temple, its general partners, sign, seal and as its act and deed, deliver the within-written instrument for the uses and purposes therein mentioned and that s/he with Ralph C. Robinson, Jr., witnessed the execution thereof.

SWORN TO BEFORE ME THIS 11th day of July, 1986

[Signature] (L.S.)
Notary Public for South Carolina
My Commission Expires: 4/24/88

Mary Ann Powell