

STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

MI119 : 372

MASTER DEED OF
SEAGROVE HORIZONTAL PROPERTY REGIME

THIS MASTER DEED made by SEAGROVE, INC., a South Carolina Corporation ("Grantor"), pursuant to the Horizontal Property Act of South Carolina (the "Act") for the purpose of creating a horizontal property regime (the "Regime") and establishing certain easements, covenants and restrictions to run with the land;

W I T N E S S E T H :

ARTICLE I

THE PROPERTY

A. DEVELOPMENT IN PHASES.

1. PROPERTY DEVELOPED IN TWO PHASES. The Regime shall include the property ("Property", which term shall here mean and include the land indentified in Paragraph B of this Article and all improvements and structures now existing or hereafter placed thereon and all easements, rights, and appurtenances belonging thereto) described in this Master Deed and shall be developed in two phases or stages: Property in Phase I is referred to as Phase I Property; Property in Phase II, as Phase II Property. Phase I development shall take place on and include the land indentified in Paragraph B of this Article as Phase I Land; Phase II, on the land indentified as Phase II Land. No additional lands shall be annexed to the Regime by Grantor in conjunction with this phase development, but nothing contained in this Master Deed shall prohibit the annexation of additional land by the Council of Co-Owners established in Article II.

2. TIME. All development shall be completed within twenty-four (24) months from the date of the recording of this Master Deed.

3. LOCATION OF BUILDINGS AND IMPROVEMENTS. The location of all Phase I buildings and other improvements is shown on the plot plan (the "Phase I Plot Plan") labelled Sheet 1 of Exhibit A attached to and hereby incorporated by reference in this Master Deed. The planned location, within reasonable construction tolereances, of all Phase II buildings and other improvements to be constructed is shown on the plot plan (the "Phase II Plot Plan") labelled Sheet 2 of Exhibit A attached to and hereby incorporated by reference in this Master Deed. Should any Phase II buildings or other improvements be located other than as shown on Sheet 2 of Exhibit A, Grantor reserves the right to file,

at its own cost and expense prior to the time of recording of the first deed for a Phase II dwelling unit, a revised Phase II Plot Plan. By the acceptance of a deed to a Phase I dwelling unit, each Owner (as defined in Article II, Paragraph B) consents to the filing of a revised Phase II Plot Plan as part of this Master Deed.

4. BUILDINGS. The six buildings in Phase II will, within reasonable construction tolerances, be identical to the five buildings in Phase I, but should variations occur, Grantor reserves the right to prepare and record, at its own cost and expense, supplemental descriptions (and, to the extent necessary, supplemental exhibits) of the variations, and by the acceptance of a deed to a dwelling unit each Owner consents to such supplemental filing.

5. COMMON ELEMENTS. Phase II Common Elements (Common Elements are defined and enumerated in Paragraphs D and E of this Article) shall be similar in quantity and quality to the Common Elements in Phase I except that Phase II will contain a swimming pool for recreational use located as shown on the Phase II Plot Plan. The cost of operating and maintaining the swimming pool will increase the proportionate amount of the Common Expenses (as defined in Article III) payable by the Phase I Owners, but Phase II will not contain any other Common Elements for recreational uses which will substantially increase the proportionate amount of the Common Expenses payable by the Phase I Co-Owners.

B. LAND. The land (Land) owned in fee simple absolute by Grantor and hereby being submitted to the Regime consists of Phase I Land and Phase II land and is described as follows:

1. PHASE I LAND:

ALL that certain piece, parcel or tract of land, situate, lying and being on the Isle of Palms, Charleston County, South Carolina, and being known and designated as PARCEL 1, 2.058 Acres, on a plat entitled "Plat of Seagrove Villas, Tract A, Block V, Parcels 1 & 1 a", dated December 19, 1978, prepared by Wilbur Smith and Associates, Inc., and being duly recorded in the R.M.C. Office for Charleston County, S. C. in Plat Book AN, Page 34. The said tract of land having such size, shape, dimensions, buttings and boundings, more or less, as will by reference to said plat more fully appear.

THIS BEING A PORTION OF the property conveyed to Seagrove, Inc. by deed of Isle of Palms Beach and Racquet Club Company, Inc., dated October 16, 1978 and duly recorded in the R.M.C. Office for Charleston County in Book G-117, Page 320.

2. Phase II LAND:

ALL that certain piece, parcel or tract of land, situate, lying and being on the Isle of Palms, Charleston County, South Carolina, and being known and designated as PARCEL 1 a, 2.120 Acres, on a plat entitled "Plat of Seagrove Villas, Tract A, Block V, Parcels 1 & 1 a", dated December 19, 1978, prepared by Wilbur Smith and Associates, Inc., and being duly recorded in the R.M.C. Office for Charleston County, S.C. in Plat Book AN, Page 34. The said tract of land having such size, shape, dimensions, buttings and boundings, more or less, as will by reference to said plat more fully appear.

THIS BEING A PORTION of the property conveyed to Seagrove, Inc. by deed of Isle of Palms Beach and Racquet Club Company, Inc., dated October 16, 1978 and duly recorded in the R.M.C. Office for Charleston County in Book G-117, Page 320.

C. BUILDINGS AND DWELLINGS. The Land's boundaries approximate a rectangle having its long sides on the east and west generally perpendicular to the water line of the Atlantic Ocean and its shorter sides on the north and south generally parallel to the water line of the Atlantic Ocean. The Land is bounded by the right of way of Seagrove Lane on its northeastern corner, by land of the Isle of Palms Beach and Racquet Club Company, Inc. on the east, south and west, and by other land of the Grantor on the north. The Land is divided into Phase I Land and Phase II Land by a nearly north-south line. Phase I Land lies to the east of the line, consists of approximately 49.3% of the Land's total acreage, and is accessible over and by a cul-de-sac branching off Seagrove Lane and entering Phase I Land at its northeastern corner. Phase II Land lies to the west of the line, consists of approximately 50.7% of the Land's total acreage, and is accessible over and by a cul-de-sac branching off Seagrove Lane, crossing Phase I Land, and entering Phase II Land near its northeastern corner.

Five buildings, each containing four residential apartments or dwellings, are located on Phase I Land. For the purposes of the Act and this Master Deed, the buildings are numbered as follows: the southeasternmost building is building number 1; the next building (attached to building number 1) to the west, number 2; the next building to the north, number 3; the next building (attached to building number 3) to the north, number 4; and the next building to the north, number 5.

Six buildings, each containing four dwellings, are located on Phase II Land. For the purposes of the Act and this Master Deed, the buildings are numbered as follows: the northernmost building is building number 6; the next building (attached to building number 6) to the southwest, number 7; the next building to the south, number 8; the next building (attached to building number 8) to the south, number 9; the next building to the south, number (10), number 11.

Each building, except building number 5, which stands alone, is attached to one other building, and there are thus five groups of two buildings each. The buildings are attached side to side, the point of attachment varying from group to group so that each group has a different exterior appearance from the adjacent group. Buildings 1 and 2 are attached to each other and buildings 6 and 7 are attached to each other at the same relative point, while buildings 10 and 11 are attached to each other in such a way as to be a mirror image or opposite hand version of this grouping. Buildings 3 and 4 are attached to each other at the same relative point as are buildings 8 and 9 so as to make each group a mirror image or opposite hand version of the other. The building groups are shown, within reasonable construction tolerances, on Sheet 1 of Exhibit B attached to and hereby incorporated by reference in this Master Deed.

Without regard to the group in which they occur, all buildings are or will be, within reasonable construction tolerances, identical. Each building is substantially rectangular in shape, has an open (no perimeter walls) ground floor with some enclosed but unheated and uncooled space in the center, three floors of heated and cooled interior space, and an unheated and uncooled attic having an enclosed space containing an electric water heater for each dwelling. The first level or floor contains a one-bedroom dwelling and a two-bedroom dwelling; the second floor contains the lower level of a two-floor, two-bedroom dwelling and the lower level of a two-floor, three-bedroom dwelling; and the third floor contains the upper level of the dwellings immediately below.

The approximate total ground area covered by buildings is 0.64 acres, there being approximately 2,532.5 square feet (0.058 acres) under each building, including its porches and stairs. Within reasonable construction tolerances, the dimensions and area of a typical building are shown on the floor plans labelled Sheets 2 through 5 of Exhibit B attached to and hereby incorporated by reference in this Master Deed.

Each building is of wood frame construction with a steel girder system at the first level floor and a partial steel beam system at the second and third level floors on a foundation of concrete-filled, concrete masonry block piers supported on concrete footings resting on driven concrete pilings and connected by concrete grad beams. Exteriors are of lapped cypress siding with trim and all other exposed wood, including roof overhang soffits, are of rough-sawn plywood. Louvers, stair rails,

pickets, other stair parts and porch and landing flooring, of pine. The exposed ceiling under the first level floor is finished in gypsum board. Roofing is asphalt composition shingle. Chimneys (two per building, each containing two flues) are encased in typical wood and have metal caps. The exterior of a typical building is shown on the elevations labelled Sheets 6 and 7 of Exhibit B attached to and hereby incorporated by reference in this Master Deed.

Each of the eleven buildings contains four residential apartments or dwellings, and each dwelling is designated for the purpose of any conveyance, lease or instrument affecting the title by the number of the building in which it occurs and a letter (either A, B, C, or D) identifying the type of dwelling. The A dwelling is a one-level, one-bedroom flat; the B dwelling, a one-level, two-bedroom flat; the C dwelling, a two-level, two bedroom townhouse; and the D dwelling, a two-level, three-bedroom townhouse. Each dwelling is accessible by the open (unheated and uncooled) main stairs rising in the center of the building from the Ground Level to the Second Level, and by open (unheated and uncooled) stairs on the view side of the building. The location of the stairs and other Common Elements affording access to the dwellings is shown on the Exhibit B floor plans and elevations.

The dwellings have plan elements in common. Each has an entry hall off of which is the living/dining room which (1) opens through sliding glass doors and screen doors to a porch on the view side of the dwelling adjacent to the stairs, (2) has a prefabricated fireplace with a stone hearth and surround, and (3) has an opening in one wall, to allow items to be passed to and from the kitchen. Also, off the entry hall is the linen closet and the kitchen, which has a refrigerator/freezer with icemaker, dishwasher, garbage disposal unit, and range with self-cleaning oven and hood and exhaust fan above. A narrower hall to the rear of the entry hall gives access to a utility/storage room containing a water closet, a lavatory in a counter, a mirror, and medicine cabinet; and a bedroom with a closet.

The top of the slab ground level at bottom of main stair on each building is the following height above Mean Sea Level.

<u>PHASE I</u>		<u>PHASE II</u>	
<u>Building No.</u>	<u>Height</u>	<u>Building No.</u>	<u>Height</u>
1	7.65 ft.	6	7.75 ft.
2	7.68 ft.	7	7.75 ft.
3	7.76 ft.	8	7.75 ft.
4	7.78 ft.	9	7.75 ft.
5	7.75 ft.	10	7.75 ft.
		11	7.75 ft.

The Ground Level is not enclosed by perimeter walls but does have four (one for each dwelling in the building) enclosed but unheated and uncooled storage rooms; two small, enclosed, but unheated and uncooled rooms with air handling equipment, one for Dwelling A and one for Dwelling B; and a small storage area underneath the main stairs. The air conditioning compressors for each of the dwellings in the building are located on concrete pads along the two screen walls on either side of the main stairs. The ceiling has been furred down in various places to conceal sanitary waste lines. The floor plan of the ground level of a typical building is shown on Sheet 2 of Exhibit B.

The top of the subfloor of the First Level of each building is approximately 9' 5" above the concrete slab floor on the ground level. When viewed from the pavement immediately in front of each building, the First Level of the building contains the A configuration dwelling (one-bedroom flat) on the left and the B configuration dwelling (two-bedroom flat) on the right. The floor plan of the First Level of a typical building is shown on Sheet 3 of Exhibit B.

The A configuration dwelling is a one-bedroom flat with an entry hall off of which are a living/dining room, a kitchen, a lock closet, and a small back hall off of which are a utility room, a bathroom, and a bedroom. The dwelling contains approximately 840 square feet of heated and cooled interior floor space, and the nominal height of the ceiling above the top of the subfloor is 8' 3" except in the entry and back hall and at the entrance to the bedroom where the ceiling has been furred down to 7' 0". The A configuration Dwelling includes a closet on the Ground Level with heating, ventilating, and air handling equipment.

The B configuration dwelling is a two-bedroom flat with an entry hall off of which are a living/dining room, a kitchen, a lock closet, and a small back hall off of which are two bathrooms, two bedrooms, and a utility/storage room. The bedroom and bathroom in the center of the building in Phase I have a separate heating, ventilating and air conditioning system, have direct access to the main stairs, and, by the use of a locking privacy door in the back hall, can be closed off from the rest of the flat. The B configuration dwelling in Phase II does not have separate heating, ventilating and air conditioning for the bedroom and bathroom in the center of the building. The dwelling contains approximately 1,155 square feet of heated and cooled interior floor space, and the nominal height of the ceiling above the top of the subfloor is 8' 3" except in the entry and back halls where the ceiling has been furred down to 7' 0". The B configuration Dwelling includes a closet on the Ground Level with heating, ventilating, and air handling equipment.

The top of the subfloor on the Second Level of each building is approximately 9' 2 1/4" above the top of the subfloor on the first level of the building. When viewed from the pavement immediately in front of the building, the Second Level of the building contains the lower level of the C configuration dwelling (two-bedroom townhouse) on the left and the lower level of the D configuration dwelling (three-bedroom townhouse) on the right. The floor plan of the Second Level of a typical building is shown on Sheet 4 of Exhibit B.

The C configuration dwelling is a two-bedroom townhouse with an entry hall off of which is a living/dining room, a kitchen, a lock closet, and a smaller back hall off of which are a utility room, a bathroom, and a bedroom. The living/dining room contains stairs leading to the upper level of the townhouse on the Third Level of the building. This level contains a small landing, a closet with heating, ventilating, air conditioning and air handling equipment for the dwelling, a bedroom, and a hall off of which are a walk-in clothes

closet and a bathroom. The dwelling contains approximately 1,235 square feet of heated and cooled interior floor space, and the nominal height of the ceiling above the subfloor is 8' 4" except in the entry and back hall closet and at the entrance to the Second Level bedroom where the ceiling has been furred down to 7' 0".

The D configuration dwelling is a three-bedroom townhouse with an entry hall of which are a living/dining room, a kitchen, a lock closet, and a smaller back hall off of which are two bathrooms, two bedrooms, and a utility room. The second bedroom and bathroom in the center of the building in Phase I have a separate heating, ventilating, and air conditioning system, have direct access to the main stairs, and, by the use of a locking privacy door in the back hall, can be separated from the rest of the Dwelling. The D configuration in Phase II does not have separate heating, ventilation, and air conditioning for the bedroom and bathroom in the center of the building. The living/dining room contains stairs leading to the upper level of the townhouse on the Third Level of the building. This level contains a small landing, a small closet containing the heating, ventilating, and air conditioning, air handling equipment for the Dwelling, a bedroom, and a hall off of which are a walk-in clothes closet and a bathroom. The dwelling contains approximately 1,520 square feet of heated and cooled interior floor space, and the nominal height of the ceiling above the subfloor is 8' 4", except in the entry and back halls where the ceiling has been furred down to 7' 0".

The floor plan of the Third Level of a typical building is shown on Sheet 5 of Exhibit B.

The Exhibit B floor plans show, within reasonable construction tolerances, the dimensions and area of the dwellings and of their precise location within the building.

Each dwelling unit encompasses and includes the space of that portion of a building designated as being a separate dwelling unit on the Exhibit B floor plans and bounded by:

1. the upper surface of all wood subflooring; and
2. the interior surface of all wall studs, the unfinished inside surface of door and window frames; the unfinished exterior surface of doors leading to and from the dwelling; the exterior surface of windows and door glass; and
3. the unfinished lower surface of all ceiling joists and furred ceiling beams.

The dwelling consequently and further including the following:

1. all window and door glass and screen,
2. all exterior doors except for their finished, exterior surface,
3. all gypsum wallboard,
4. all interior doors,

5. all interior paint and finishes, whether applied to floors, walls, ceilings, overhead beams, cabinets, or other woodwork and trim,
6. all carpet and sheet vinyl and related underlay,
7. all ceramic tile,
8. the fireplace and flue terminating at and excluding the chimney cap, and the stone on the fireplace surround and hearth,
9. all built-in cabinets and shelves,
10. all interior lighting fixtures and the bulbs used in exterior lighting fixtures,
11. all exhaust fans and their ducts,
12. the heating, ventilating and air conditioning system serving such dwelling exclusively,
13. all electric, telephone and other wiring and receptacles, switches, and breaker boxes contained in the floors, walls and ceilings bounding such dwelling and serving such dwelling exclusively,
14. all water, drain, sewer and vent pipes, and all conduits for wiring such dwelling exclusively,
15. the following appliances: range/oven with range hood and exhaust fan, refrigerator/freezer with icemaker, dishwasher, garbage disposal unit, clothes washer, clothes dryer, and heating and exhaust units in any bathroom,
16. hot water heater and plumbing fixtures, and
17. smoke detector.

under floor

D. GENERAL COMMON ELEMENTS. General Common Elements include, without limitation, the land, all drives and parking areas except those beneath each building; all sidewalks, paths, yards, gardens, trees and shrubs; irrigation system; area lighting system; swimming pool, deck, and pool equipment house; the foundations, framing, exterior walls, party walls and roofs of the building; and all other portions of the property not described in Paragraph E of this Article as being a Limited Common Element.

E. LIMITED COMMON ELEMENTS.

1. The storage rooms under each building are reserved for use with the dwelling indicated on the door of the storage room.
2. The areas of the ground level located on either side of the stairway are reserved as parking spaces for use with the townhouses (C & D dwelling configuration) located above said space.
3. All porches, balconies, stairs and their railings are reserved for use with the dwellings to which they give access or from which they are directly accessible.
4. The water heater room in the attic of each building is reserved for use with the dwelling units in that building.

5. Exterior light fixtures are reserved for use with the dwellings having switches to control them.

F. VALUES. The Value of each type of Dwelling per square foot of interior area is \$100.00. The total Value of each type of Dwelling on the basis of such Value per square foot is as follows:

One Bedroom Flat (Units A)	\$ 84,000.00
Two Bedroom Flat (Units B)	\$ 115,500.00
Two Bedroom Townhouse (Units C)	\$ 123,500.00
Three Bedroom Townhouse (Units D)	\$ 152,000.00
TOTAL	\$ 474,500.00

The Value of the Property is or will be the sum of the Values of the Dwellings constituting said Property. The Value of Phase I based upon the foregoing Dwelling Values and upon present plans of the Grantor for Phase I is \$2,375,000.00. The Value of Phase II based upon the foregoing Dwelling Values, and upon present plans of the Grantor for Phase II is \$2,850,000.00.

The Values as are set forth herein are for the sole purpose of complying with the Act and do not necessarily reflect the market value of the Dwellings or of the Property and shall in no way inhibit or restrict the fixing of a different circumstantial value or sale price to any of the Dwellings in any type of act or contract.

G. OWNERSHIP OF COMMON ELEMENTS. Ownership of the Common Elements is apportioned among and appurtenant to the Dwellings based upon the relation of the value of each Dwelling to the value of all or part of the Property, depending on the stage of development.

Until the time of recording of the first Phase II deed, there shall be appurtenant to each Phase I Dwelling (a) an undivided present interest in the Phase I Common Elements, and (b) an undivided future interest in the Phase II Common Elements. The present interest is expressed herein immediately below in percentages upon the relation of the value of the Dwelling to the value of Phase I Property. Until the time of recording of the first Phase II Deed, there shall be appurtenant to each Phase I Dwelling (a) an undivided present interest in the Phase I Common Elements, and (b) an undivided future interest in the Phase II Common Elements. The present interest is expressed herein immediately below in percentages based upon the relation of the value of the Dwelling to the value of Phase I Property. Until the time of recording of the first Phase II Deed, the Grantor shall own (a) all Common Elements in Phase II, and (b) that fraction of the Phase I Common Elements equal to the total of the fractional interests appurtenant to each Phase I Dwelling owned by it, as such total is reduced from time to time on account of the sale of Dwelling by Grantor.

At the time of recording of the first Phase II deed, a portion of the undivided present interest in the Phase I Common Elements appurtenant to each Phase I Dwelling shall revert to Grantor, and such Dwelling's undivided future interest in Phase II Common Elements shall become an undivided present interest. Consequently, at and from the time of recording of the first Phase II deed, there shall be appurtenant to each Dwelling in the Regime an undivided present interest in all Regime Common Elements, expressed herein immediately below in percentages based on the relation of the value of the Dwelling to the value of all Property. The Grantor shall have a percentage ownership interest in all Regime Common Elements equal to the total of the percentage interests appurtenant to the Dwellings owned by it, as such total may be reduced from time to time on account of the sale of Dwellings by Grantor.

Except as described above in conjunction with the recording of the first deed conveying a Phase I Dwelling, the percentage of the undivided interest in the Common Elements appurtenant to each Dwelling shall not be separated from the Dwelling and shall be deemed to be conveyed or encumbered with the Dwelling even though such interest is not expressly mentioned or described in the deed or other instrument of conveyance. Such percentage shall not be altered without the acquiescence of all the Co-Owners.

The percentage of undivided interest in the Common Elements appurtenant to each Dwelling as of the date hereof as determined by dividing the projected Value of each Dwelling by the projected Value of the Property in Phase I based upon present plans of the Grantor for completion of Phase I are as follows:

PHASE I

<u>BUILDING 1</u>	<u>INTEREST STATED IN PERCENTAGE PER ACT</u>
UNIT A	3.53684%
UNIT B	4.86316%
UNIT C	5.20000%
UNIT D	6.40000%
<u>BUILDING 2</u>	
UNIT A	3.53684%
UNIT B	4.86316%
UNIT C	5.20000%
UNIT D	6.40000%
<u>BUILDING 3</u>	
UNIT A	3.53684%
UNIT B	4.86316%
UNIT C	5.20000%
UNIT D	6.40000%
<u>BUILDING 4</u>	
UNIT A	3.53684%
UNIT B	4.86316%
UNIT C	5.20000%
UNIT D	6.40000%
<u>BUILDING 5</u>	
UNIT A	3.53684%
UNIT B	4.86316%
UNIT C	5.20000%
UNIT D	6.40000%
<u>TOTAL</u>	100.00000%

Should the Grantor incorporate Phase II into the Property as hereinafter provided in Article VII, the percentage of interest in the Common Elements appurtenant to each Dwelling shall be determined by dividing the Value of each Dwelling by the combined Values of Phase I and Phase II. Based upon the present plans of the Grantor for completion of Phase I and Phase II, the percentage interests are as follows:

PHASE I

Interest Stated in
Percentage per Act

BUILDING 1

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 2

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 3

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 4

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 5

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

PHASE II

BUILDING 6

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 7

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 8

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 9

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 10

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

BUILDING 11

UNIT A	1.60765%
UNIT B	2.21053%
UNIT C	2.36364%
UNIT D	2.90909%

TOTAL

100%

(Rounded off from 100.00001%)

H. PARKING. There shall be provided not less than two parking spaces per Unit including the parking areas underneath the Buildings.

I. NAME. The name by which the horizontal property regime shall be known is "Seagrove Horizontal Property Regime".

ARTICLE II

THE ASSOCIATION

A. FORMATION. Every Owner, as hereinafter defined, shall be a member of and constitute the council of co-owners (the "Association"), an unincorporated association which shall be managed by a board of administrators (the "Board of Directors") elected by and from the Owners and by a professional administrator (the "Manager"), if the Board of Directors so elect.

B. OWNER. As used herein, the term "Owner" means an individual, corporation, partnership, association, trust or other legal entity, or any combination thereof, who or which owns a Dwelling.

C. BYLAWS. The association and the administration of the Property shall be governed by the bylaws (the "Bylaws") annexed hereto. The Bylaws may be modified or amended only in the manner set forth in Article VII hereof. The Owners shall not be entitled to vote on any matter relating to the development of Phase II.

D. VOTING. On all matters relating to the Association or to the Property upon which a vote of the Owners is conducted, the Owners shall vote in proportion to their respective interests in the Common Elements. All action taken by a vote of the Owners shall be by the affirmative vote of a Majority of the Owners, as hereinafter defined, unless a different majority is specified in this Master Deed or in the Bylaws.

E. MAJORITY. Whenever used in this Master Deed, "Majority of the Owners" means the Owners of fifty-one (51%) percent or more of the basic value of the Property, as a whole, in accordance with their interests in the Common Elements.

F. BINDING EFFECT. All agreements, decisions and determinations lawfully made by the Association in accordance with the voting percentages established in the Act, this Master Deed or the Bylaws shall be deemed to be binding on all Owners.

ARTICLE III

COMMON EXPENSES

A. EXPENSES. The Owners shall bear in proportion to their respective interests in the Common Elements the following expenses

(*Common Expenses*):

1. Expenses of administration, maintenance, repair, or replacement of the Common Elements;
2. Expenses declared to be Common Expenses by the Act, this Master Deed or the Bylaws;
3. Any Expenses (including contributions to reserve funds) agreed upon as Common Expenses or lawfully assessed against the Owners as a group by the Association;
4. Insurance Premiums paid by the Council in accordance with the provisions of this Master Deed and the Bylaws.
5. Indemnification of Board of Directors, Members, and Council Officers as provided in Article XI, Paragraph D, of the Bylaws; and
6. Expenses of moving garbage to area or areas convenient for City of Isle of Palms collection.

During the period in which any Dwelling is not completed and ready for occupancy, the Common Expenses shall be apportioned among all Dwellings as follows: with respect to those Dwellings which are completed and ready for occupancy, said Common Expenses shall be apportioned among such Dwellings, in proportion to the respective interests in the Common Elements belonging to said Dwellings, and shall be borne by the Owners of such Dwellings, said Owners being either the purchaser from Grantor of the individual Dwellings (as regards the Dwellings sold by Grantor) or Grantor (as regards the Dwellings not sold by Grantor); with respect to those Dwellings which are not sold by Grantor and ready for occupancy, said proportionate share of the Common Expenses shall be born by the Grantor until such Dwellings are completed and ready for occupancy.

B. INCOME. All income and revenues received by the Association shall be applied and expended in the following order:

1. To the payment of expenses incurred in generating or collecting such income and revenues;
2. To the payment of Common Expenses;
3. To distributions to the Owners in proportion to their respective interests in the Common Elements.

C. LIABILITY OF OWNER. No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of his Dwelling.

D. SALE OF DWELLING. Upon the sale or conveyance of a Dwelling, all unpaid assessments against an Owner for his prorata share of the Common Expenses shall first be paid out of the sales price or by the acquirer in preference over any other assessments or charges of whatever nature, except the following:

1. Assessments, liens and charges for taxes past due and unpaid on the Dwelling; and
2. Payments due under mortgage instruments or encumbrances duly recorded.

E. LIEN ON DWELLING. All sums assessed by the Association but unpaid for the share of the Common Expenses chargeable to any Dwelling shall constitute a lien on such Dwelling prior and superior to all other liens except only (i) tax liens on the Dwelling in favor of any assessing unit, and (ii) mortgage and other liens, duly recorded, encumbering the Dwelling. Such lien may be foreclosed by suit by the Manager or the Board of Directors, acting on behalf of the Association, in like manner as a mortgage of real property. In any such foreclosure, the Owner shall be required to pay a reasonable rental for the Dwelling after the commencement of the foreclosure action, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The Manager or the Board of

Directors, acting on behalf of the Association, shall have power to bid in the Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage, encumber and convey the same. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing the same.

F. ACQUISITION BY MORTGAGEE. Where the mortgagee of any first mortgage of record or other purchaser of a Dwelling obtains title to the Dwelling as a result of foreclosure of such mortgage or deed in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Dwelling accruing after the date of recording such mortgage, but prior to the acquisition of title to such Dwelling by such acquirer. Such unpaid share of the Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Owners, including such acquirer, his successors and assigns.

G. RECORDS. The Board of Directors shall keep, or cause to be kept, a book with a detailed account, in chronological order, of the receipts and expenditures affecting the Property and its administration, and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. Both said book and vouchers accrediting the entries made thereupon shall be available for examination by all the Owners at convenient hours on working days that shall be set and announced for general knowledge.

ARTICLE IV

EASEMENTS, COVENANTS AND RESTRICTIONS

A. USE OF PROPERTY. Each Owner shall be entitled to the exclusive ownership and possession of his Dwelling and may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of other Owners. The Board of Directors shall resolve any question regarding the intended use of the Common Elements.

B. UTILITY EASEMENTS. There shall be appurtenant to each Dwelling a non-exclusive easement for use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving such Dwelling and situated in any other Dwelling. Each Dwelling shall be subject to an easement in favor of other Dwellings for use of all pipes, wires, cables, conduits, utility lines, flues and ducts situated in such Dwelling and serving such other Dwellings. Phase I shall be subject to a perpetual, non-exclusive easement in favor of Phase II for construction, use and maintenance of all water, sewer and gas pipes and all electric power, telephone and television wires reasonably necessary or appropriate to any use of Phase II permitted by applicable laws and ordinances. Such easements shall include the right to connect to and use any such existing pipes or wires which are owned or maintained by a public or private utility company or a governmental body. Grantor further reserves the right to grant easements to public or private utility companies or governmental bodies for the purpose of installation and maintenance of general utilities and drainage.

C. EASEMENT TO GRANTOR. The Property shall be subject to a non-exclusive easement in favor of the Grantor, its contractors, subcontractors and agents, for construction of the Dwellings and other improvements on the Property and for exhibition and sale of the Dwellings.

D. ENCROACHMENTS. If any portion of the Common Elements now encroaches upon any Dwelling, or if any Dwelling now encroaches upon any other Dwelling or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of (i) settling of a Dwelling or Dwellings; (ii) repair, alteration or reconstruction of the Common Elements made by or with the consent of the Association; (iii) repair or reconstruction of a Dwelling or Dwellings

following damage by fire or other casualty; or (iv) condemnation or eminent domain proceedings; or (v) construction of Dwellings in Phase II; a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Property remains subject to the Act.

E. RIGHT OF ACCESS. The Association shall have the irrevocable right, to be exercised by the Manager or the Board of Directors, to have access to each Dwelling from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Dwelling.

F. MAINTENANCE OF COMMON ELEMENTS. The necessary work of maintenance, repair and replacement of the Common Elements and the making of any additions or improvements thereto shall be carried out only as provided in the Act, this Master Deed and the Bylaws.

G. PROHIBITED WORK. No Owner shall do any work which would jeopardize the soundness or safety of the Property, reduce the value thereof, or impair any easements or hereditaments without in every such case unanimous consent of all other Owners affected being first obtained.

H. PARTITION. The Common Elements shall remain undivided and no Owner or any other person shall bring any action for partition or division of any part thereof, unless the Property has been removed from the provisions of the Act in the manner therein provided. Any Covenant to the contrary shall be null and void.

I. RESTRICTIONS AND EASEMENTS OF RECORD. The Property is and shall be subject to the following easements, covenants and restrictions in addition to those contained herein:

- (1) "Covenants For Properties In The Isle Of Palms Beach And Racquet Club", dated April 5, 1977 and duly recorded in the R.M.C. Office for Charleston County, S. C. in Book B-112, Page 257;
- (2) "Amendment To Restrictive Covenants", dated December 22, 1978 and duly recorded in the R.M.C. Office for Charleston County, S. C. in Book W-117, Page 227;
- (3) "Declaration Of Covenants & Restrictions Of Isle of Palms Beach And Racquet Club Community Association", dated April 5, 1977, and duly recorded in the R.M.C. Office for Charleston County, S. C. in Book B-112, Page 259;
- (4) Right-Of-Way Easement to Southern Bell Telephone and Telegraph Company, dated October 20, 1976 and duly recorded in the R.M.C. Office for Charleston County, S. C. in Book S-110, Page 308;
- (5) Easement to South Carolina Electric & Gas Company, dated February 16, 1979 and duly recorded in the R.M.C. Office for Charleston County, S. C. in Book U-118, Page 388.
- (6) Acquisition and construction loan or loans in favor of The South Carolina National Bank.
- (7) "Covenants Affecting Beach Residential Areas In Isle Of Palms Beach And Racquet Club", dated April 5, 1977 and duly recorded in the R.M.C. Office for Charleston County in Book B-112, Page 258.

ARTICLE V

INSURANCE

The Association shall insure the Property against risks, without prejudice to the right of each Owner to insure his Dwelling on his own account and for his own benefit.

ARTICLE VI

REPAIR AND RESTORATION

A. RECONSTRUCTION. In case of fire or other disaster, the indemnity from any insurance obtained by the Manager or the Board of Directors shall, except as herein provided, be applied to reconstruct the Property. Reconstruction shall not be compulsory where it comprises the whole or more than two-thirds (2/3rds) of the Property. In such case, and unless otherwise unanimously agreed upon by the Owners, the indemnity shall be delivered prorata to the Owners entitled to it in accordance with provisions made in the Bylaws or in accordance with the decision of three-fourths (3/4ths) of the Owners if there is no Bylaws provisions. Should it be proper to proceed with the reconstruction, the provisions for such eventuality made in the Bylaws shall be observed, or, in lieu thereof, the decision of the Association shall prevail.

B. COSTS. Where the Property is not insured or where the insurance indemnity is insufficient to cover the costs of reconstruction, the rebuilding costs shall be paid by all the Owners directly affected by the damage, in proportion to the value of their respective Dwellings, or as may be provided in the Bylaws; and if any one or more of those composing the minority shall refuse to make such payment, the majority may proceed with the reconstruction at the expense of all the Owners benefited thereby, upon proper resolution setting forth the circumstances in the case and the cost of the works, with the intervention of the Association. The provisions of this paragraph may be changed by the unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster occurred.

ARTICLE VII

AMENDMENTS

A. BY OWNERS. This Master Deed and the Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Owners of two-thirds (2/3rds) of the total interest in the Common Elements subject to the following conditions:

1. No amendment by the Owners shall alter the dimensions of a Dwelling or the percentage of the interest in the Common Elements appurtenant thereto without the consent of the Owner of such Dwelling; and
2. No amendment by the Owners shall be effective prior to December 31, 1980, without the consent of the Grantor so long as Grantor owns any Dwelling in any Phase.

B. BY GRANTOR. Grantor reserves unto itself and its successors and assigns, including any purchasers at any foreclosure sale of Property, the right to amend this Master Deed, the Bylaws, the Plat and the Plans at any time prior to December 31, 1980, without the consent of the other Owners for any lawful purpose, including the following:

1. To describe by number, type, location, dimensions, etc., buildings and Dwellings hereafter constructed as part of the Property;
2. To re-allocate the interest in the Common Elements appurtenant to each type of Dwelling following addition of Phase II.

C. BY BOARD OF DIRECTORS. If this Master Deed, Bylaws, the Plat and the Plans, as the same may hereafter be amended from time to time, do not accurately describe the Property, including all Dwellings, constructed or being constructed as of December 31, 1980, the Board of Directors shall be empowered to amend this Master Deed, the Bylaws, the Plat and the Plans at any time after December 31, 1980, without the consent of the Owners or Grantor as may be required to describe accurately the Property, including all Dwellings then constructed or being constructed. Any such amendment by the Board of Directors shall be presumed to describe the Property accurately, and Grantor shall have no right to commence construction of new Dwellings or to commence any other work upon the Property if not described in or authorized by this Master Deed following such amendment. Such power to amend shall include the power to amend this Master Deed to state the actual value of the Property based upon the values as hereinabove set forth of the Dwellings constructed thereon and also to state the percentage of interest in the Common Elements appurtenant to each type of Dwelling as determined by dividing the value of such type of Dwelling as hereinabove set forth by the value of the Property as a whole.

D. POWER OF ATTORNEY. Each Owner shall be deemed by his acceptance of this deed to a Dwelling to have consented to the powers of amendment herein reserved by Grantor and to any amendments previously or thereafter executed by Grantor pursuant thereto. Each owner shall further be deemed by his acceptance of a deed to a Dwelling to have appointed Grantor his attorney-in-fact to give, execute and record the consent of said Owner to any and all amendments to this Master Deed which Grantor may wish to execute pursuant to the powers herein reserved.

E. RECORDING. No amendment to this Master Deed shall be effective unless and until recorded in accordance with the Act.

ARTICLE VIII

GRANTOR

A. Rights as Owner. Grantor is the initial Owner of each Dwelling and shall be entitled to exercise all rights appurtenant thereto until such time as Grantor has conveyed title to the Dwelling to another person. For purposes of the exercise of rights appurtenant to the Dwellings by Grantor, Phase I shall be deemed to include 20 Dwellings and Phase II shall be deemed to include 24 Dwellings. The Dwellings in Phase I shall be deemed in existence as of the date hereof, and the Dwellings in Phase II shall be deemed in existence at such time as Grantor amends this Master Deed to incorporate such Phase into the Property, regardless in each case of whether construction of the Dwellings has been commenced or completed.

B. Rights and Powers. Until December 31, 1980, or until Grantor no longer owns any Dwelling in either Phase, whichever shall first occur, Grantor shall be entitled to exercise, without the consent of the Owners, all powers granted to the Owners or to the Board of Directors by the Act, this Master Deed, or the Bylaws, and any action taken by the Owners or by the Board of Directors during such time shall be valid only if approved by Grantor. Grantor shall be entitled to withhold approval of any such action for any reason.

C. Rights following Destruction of Property. In the event that the Property is more than two-thirds destroyed by fire or other disaster and the owners determine in the manner hereinabove provided in Article VI not to reconstruct the Property, then, the provisions in Article VI to the contrary notwithstanding, the share of the proceeds of any sale of the Property as a whole which are distributed to Grantor, including any portion of such proceeds which are applied to payment of liens against the interest of Grantor in the Property, shall not exceed the sum of (i) insurance proceeds, if any, received by the Manager or the Board of Directors as trustee for the Owners on account of damage to or destruction of any Dwelling owned by Declarant and (ii) the value after the fire or other disaster of any Dwelling owned by Grantor, including the value of the interest in the Land and other Common Elements appurtenant to such Dwelling. Grantor shall be deemed to have waived the right to receive any amount in excess of the sum determined as hereinabove provided, and any such excess amount shall be distributed among the other Owners in proportion to their respective interests in the Property.

D. Successors. The term "Grantor" as used in this Master Deed and in the Bylaws shall be deemed to include any person who succeeds to the title of Grantor to any portion of the Property by sale or assignment of all the interest of Grantor in the Property, if the instrument of sale or assignment expressly so provides, or by exercise of a right of foreclosure or power of sale granted in or conveyed by any mortgage given by Grantor and duly recorded prior to the recording of this Master Deed. Any such person shall be entitled to exercise all rights and powers conferred upon Grantor by the Act, this Master Deed, or the Bylaws.

ARTICLE IX

MISCELLANEOUS

A. Application. All Owners, tenants of Owners, employees of Owners and Tenants, or any other persons that may in any manner use the Property or any part thereof shall be subject to the Act and to this Master Deed and the Bylaws.

B. Compliance. Each Owner shall comply strictly with the Bylaws and with 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 the Dwelling of such Owner. Failure to comply with any of the same shall be ground for an action to recover

sums due, or damages or injunctive relief, or both, maintainable by the Manager or the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Owner.

C. Waiver. No provision hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

D. Conflicts. This Master Deed is executed to comply with the requirements of the Act, and in the event that any of the provisions hereof conflict with the provisions of the Act, the Act shall control.

E. Severability. The provisions of this Master Deed are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability, or affect of the remainder hereof.

F. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Master Deed or the intent of any provision hereof.

G. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.

H. Termination. All the Owners or the sole Owner of the Property may waive the horizontal property regime and regroup or merge the records of the Dwellings with the Common Elements, provided that the Dwellings are unencumbered, or, if encumbered, that the creditors on whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the Property owned by the debtors.

IN WITNESS WHEREOF, SEAGROVE, INC. has caused these to be executed by its proper corporate officers, and its Corporate Seal to be hereto affixed this 12th day of June, 1979.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Sharon S. Sherrad
MSB

SEAGROVE, INC.
By: Michael J. Burlett
Its President
By: Sharon S. Sherrad
Its Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY appeared before me Sharon S. Sherrad and made oath that (s)he saw the within named SEAGROVE, INC., by the above named officers, sign, seal and, as its act and deed, deliver the within written Master Deed, and that (s)he with MICHAEL J. BURLETT witnessed the execution thereof.

Notary Public for South Carolina
My Commission Expires: 12/1/79

(SEAL)
Notary Public for South Carolina
My Commission Expires: 12/1/79

BYLAWS OF
SEAGROVE HORIZONTAL PROPERTY REGIME

THESE BYLAWS of SEAGROVE HORIZONTAL PROPERTY REGIME are promulgated pursuant to the Horizontal Property Act of South Carolina (the "Act") for the purpose of governing Seagrove Owners Association (the "Association") and the administration of Seagrove (the "Property"), which has been submitted to a Horizontal Property Regime. The terms used herein are defined in the Master Deed by which the Property is so constituted, and these Bylaws incorporate and are subject to the provisions of said Master Deed.

ARTICLE I

OWNERS

A. MEMBERSHIP. Every Owner shall be a Member of the Association. A person who holds title to a Dwelling merely as security for payment of a debt shall not be entitled to exercise the rights of an Owner unless such person holds a proxy conferring such rights.

B. Each Owner shall be entitled to cast one vote for each ten thousandth (0.0001th) of a percent of such Owner's interest in the Common Elements. Votes can be cast only at meeting of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer, a partnership shall act by any general partner, an association shall act by any associate, a trust shall act by any trustee, and any other legal entity shall act by any managing agent. The failure of an absent Owner to execute and return the proxy form sent to him in the registered mailing referred to in Paragraph P of this Article shall constitute a proxy to and for the majority present and voting. When an Owner consists of two or more persons, any one shall be deemed authorized to act for all unless another objects, in which case the vote which such Owner would otherwise be entitled to cast may not be cast. All votes appurtenant to a single Dwelling must be cast together and may not be split.

C. MAJORITY. "Majority of the Owners" means the Owners of fifty-one (51%) percent or more of the basic value of the Property as a whole, each Owner entitled to cast votes in accordance with their percentage interests in the Regime Common Elements.

D. QUORUM. Prior to the time of recording the first Phase II deed, the presence of Owners owning fifty-one (51%) percent of the value of Phase I Property shall constitute a quorum for the transaction of business at meetings of the Council, and from the time of recording the first Phase II deed, the presence of Owners owning fifty-one (51%) percent of the value of all Property shall constitute a quorum; provided, however, that any absent Owner who does not execute and return the proxy form sent to him in the registered mailing referred to in Paragraph P of this Article shall be deemed to be present for the purpose of determining the presence of a quorum.

E. CONSENTS. Any action which may be taken by a vote of the Owners may also be taken by written consent of such action signed by all Owners.

F. ORGANIZATIONAL MEETING. The organizational meeting of the Association shall be held at such time as Declarant deems appropriate but no later than thirty (30) days following the day on which Declarant ceases to own any Dwellings in Phase I. The following matters, and such other business as the Manager may deem appropriate, shall be taken up at the initial meeting:

1. adoption of a fiscal year,
2. approval of a budget for the fiscal year,
3. determination of the Annual Assessment and the date upon which it is due and payable,

4. determination of the date of the first and subsequent annual meetings, and
5. the election of the initial, three-person Board of Directors in accordance with Article II of these Bylaws

G. ANNUAL MEETINGS. An annual meeting of the Owners shall be held on the second Tuesday of the first month of each fiscal year of the Association, beginning with the first fiscal year following the fiscal year in which the organizational meeting is held, or at such other time during each fiscal year as may be determined by a vote of the majority of the Owners. Any business which is appropriate for action of the Owners may be transacted at an annual meeting.

H. SPECIAL MEETINGS. Special meetings of the Owners may be called at any time by the President of the Association or by a majority of the Board of Directors and shall be called upon the written request of a Majority of the Owners. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Owners waive notice of any additional business.

I. **NOTICE OF MEETINGS.** Written notice of every annual or special meeting of the Owners stating the time and place of the meeting and, in the case of a special meeting, the business proposed to be transacted shall be given to every Owner not fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Failure to give proper notice of a meeting of the Owners shall not invalidate any action taken at such meeting unless an Owner who was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Owner objects shall be void.

J. **WAIVER OF NOTICE.** Waiver of notice of a meeting of the Owners shall be deemed the equivalent of proper notice. Any Owner may in writing waive notice of any meeting of the Owners either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

K. **PLACE OF MEETING.** All meetings of the Owners shall be held upon the Property or at such other place within the county in which the Property is situated and convenient to the Owners as the President of the Association or the Board of Directors may direct.

L. **ADJOURNMENT.** Any meeting of the Owners may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of Owners holding a majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

M. **ORDER OF BUSINESS.** The order of business at all meetings of the Owners shall be as follows:

1. Roll call;
2. Proof of proper notice of the meeting or waiver of notice;
3. Reading of the minutes of preceding meeting;
4. Report of the Board of Directors;
5. Reports of officers;
6. Reports of committees;
7. Election of inspectors of election (when required);
8. Election of Directors (when required);
9. Unfinished business;
10. New business.

N. **MINUTES OF MEETINGS.** The Secretary of the Association shall prepare, or cause to be prepared, and keep accurate minutes of every meeting of the Owners. Such minutes shall be made available for examination and copying by any Owner at any reasonable time.

O. **WHO MAY ACT FOR AN OWNER.** In the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof, and any other legal entity shall act by any managing agent thereof. When an Owner consists of two or more persons, any one of such persons shall be deemed authorized to act for all in taking any action on behalf of such Owner unless another of

such persons objects, in which case such persons shall act individually in proportion to their respective interest in their Dwellings.

P. PROXIES. Any Owner may by written proxy designate an agent to cast his vote. Unless a proxy states otherwise, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Council. A proxy may be revocable or irrevocable but shall be deemed revocable at will unless it states otherwise. No proxy shall be honored until delivered to the Secretary of the Council. If at least thirty days prior to a duly called meeting an Owner is informed by registered mail of (1) the time and place of the meeting, (2) the agenda for the meeting, and (3) such data as is then available relative to issues on which there will be a vote, and a proxy form is included in such mailing, and the Owner neither attends the meeting nor returns his executed proxy, then such Owner shall be deemed to have given his proxy to and for the majority present and voting.

ARTICLE II

BOARD OF DIRECTORS

A. FORM OF ADMINISTRATION. The administration of the Association and the Property shall be vested in a Board of Directors consisting of five (5) Directors elected from the Owners.

B. AUTHORITIES AND DUTIES. The authorities and duties of the Board of Directors shall include the following:

1. To provide for the surveillance and security of of the Property;
2. To provide for the maintenance, repair and replacement of the Common Elements;
3. To employ and discharge the persons necessary for the operation, maintenance, repair and replacement of the Common Elements;
4. To collect from the Owners their respective shares of the Common Expenses;
5. To insure the Property as hereinafter provided;
6. To enact reasonable regulations governing the operation and use of the Common Elements;
7. To enforce the terms of the Act, the Master Deed, and these Bylaws, and the regulations promulgated pursuant hereto as hereinafter provided; and
8. To administer the Association and the Property on behalf of and for the benefit of all Owners.

C. QUALIFICATION. Only an individual who is an Owner, or who together with another person or other persons is an Owner, or who is an officer of a corporation, a general partner of a partnership, an associate of an association, a trustee of a trust, or a managing agent of any other legal entity which is an Owner, or which together with another person or persons is an Owner, may be elected or continue to serve as a Director of the Association. An Owner which consists of more than one individual or which is a corporation or other legal entity consisting of more than one individual who is qualified to be a Director shall not be permitted to provide a greater number of Directors than the number of Dwellings such Owner owns.

D. ELECTION AND TERM. The initial Board of Directors shall be elected at the organizational meeting of the Association. One Director shall be elected to serve until the first annual meeting of the Owners, two Directors shall be elected to serve until the second annual meeting of the Owners, and two Directors shall be elected to serve until the third annual meeting of the Owners. At each annual meeting of the Owners a Director or Directors shall be elected to succeed the Director or Directors whose term or terms expires at such meeting. Each such Director shall be elected to serve until the third annual meeting of the Owners following his election. A plurality of the votes cast shall be sufficient to elect a Director in any election. A Director may be elected to succeed himself, and a Director shall be deemed to continue in office

until his successor has been elected and has assumed office.

E. REMOVAL. A Director may be removed from office with or without cause by the affirmative vote of Owners of two-third (2/3rds) of the total interest in the Common Elements. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of a Majority of the Owners.

F. VACANCIES. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the Owners shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

G. VOTING. Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these Bylaws. Proxies shall not be permitted in any vote of the Board of Directors. The affirmative vote of a simple majority of the Directors present at the time of a vote, if a quorum is present at such time, shall be sufficient for any action unless otherwise specified in these Bylaws.

H. QUORUM. A majority of the Directors shall constitute a quorum for the transaction of business.

I. CONSENTS. Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

J. ANNUAL MEETINGS. An annual meeting of the Board of Directors shall be held during each fiscal year at least ten (10) days prior to the annual meeting of the Owners. The time, date and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the Owners by mutual agreement of a majority of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

K. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such times, dates and places as the Board of Directors may determine from time to time, but at least three (3) regular meetings shall be held each fiscal year. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

L. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called from time to time by the President of the Association, and shall be called upon the written request of two members of the Board of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

M. NOTICE OF MEETINGS. Written notice of every regular or special meeting of the Board of Directors stating the time, date and place of the meeting and, in the case of a special meeting, the business proposed to be transacted shall be given to every Director not fewer than three (3) nor more than ten (10) days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless a Director who was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Director objects shall be void.

N. WAIVER OF NOTICE. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any

Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised before the business of which proper notice was not given is put to vote.

O. PLACE OF MEETING. All meetings of the Board of Directors shall be held upon the Property or at such other place convenient to the Directors as the President of the Association or the Board of Directors may direct.

P. RECESS. Any meeting of the Board of Directors may be recessed from time to time for periods not exceeding two (2) hours by a vote of the majority of the Directors present, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at a subsequent session following a recess of such meeting, and no additional notice of such subsequent session shall be required.

Q. MINUTES OF MEETINGS. The Secretary of the Association shall prepare, or cause to be prepared, and keep accurate minutes of every meeting of the Board of Directors. All such minutes shall be made available for examination and copying by any Owner at any reasonable time.

R. COMPENSATION. The Directors shall serve without compensation, but shall be entitled to reimbursement by the Association for expenses incurred in the conduct of their duties.

ARTICLE III

OFFICERS

A. DESIGNATION. The Association shall have a President, a Vice President, a Secretary and a Treasurer. The Association may also have one or more assistants to the Secretary and to the Treasurer and such other officers as may be necessary from time to time. The offices of the Secretary and the Treasurer may be filled by the same individual.

B. QUALIFICATIONS. The President and the Vice President must be Directors, and all other officers must be individuals who are qualified to be Directors.

C. ELECTION AND TERM. Officers of the Association shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be reelected to any number of terms.

D. REMOVAL. Any officer may be removed from office at any time with or without cause by the Board of Directors or by the Owners. An officer removed by the Board of Directors or by the Owners shall be replaced only by the Owners.

E. PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors at which he is present. He shall have all of the general powers and duties which are usually vested

in the office of president of an unincorporated association, including, but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

F. VICE PRESIDENT. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Director to take the place and perform the duties of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

G. SECRETARY. The Secretary shall keep the minutes of all meetings of the Owners and of the Board of Directors, shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties incident to the office of secretary of an unincorporated association.

H. TREASURER. The Treasurer shall have custody of and responsibility for the Association funds and securities and shall keep the financial records and books of account belonging to the Association. If a Manager is employed as hereinafter provided, custody of Association funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Manager if the Board of Directors so determine, but in such case the Treasurer shall verify the amounts of Association funds and securities in the custody of the Manager and review and reconcile the accounts maintained by the Manager at such intervals as may be determined by the Board of Directors.

I. COMPENSATION. The officers may receive such compensation as the Owners may determine and shall be entitled to reimbursement by the Association for expenses incurred in the conduct of their duties.

ARTICLE IV

MANAGER

A. EMPLOYMENT. The Board of Directors may employ a Manager to assist in or take charge of the administration of the Association and the Property.

B. QUALIFICATION. The Manager may be an individual or a corporation or other legal entity. No individual who is a Director or an officer of the Association or who resides in the home of a Director or an officer of the Association shall be the Manager.

C. AUTHORITY AND DUTIES. The Manager shall have such authority and duties as may be determined by the Board of Directors and shall report to the Board of Directors or to the President, as the Board of Directors may determine.

D. COMPENSATION. The Manager shall receive such compensation as the Board of Directors may determine.

ARTICLE V

FINANCES

A. FISCAL YEAR. The fiscal year of the Association shall be the calendar year unless the Owners shall otherwise determine.

- B. BUDGET.** The Board of Directors shall prepare and submit to the Owners at each annual meeting of the Owners a proposed budget for the Association for the upcoming fiscal year. The proposed budget shall set forth with particularity the anticipated Common Expenses for the fiscal year and the amount of money needed to establish reasonable reserves for the payment of future or unforeseen Common Expenses.
- C. APPROVAL OF BUDGET.** The proposed budget, as it may be amended upon motion of any Owner, shall be submitted to a vote of the Owners and when approved by the affirmative vote of a Majority of the Owners shall become the budget of the Association for the fiscal year (the "Budget"). The terms of the Budget shall be binding upon the Board of Directors until such terms are amended by action of the Owners.
- D. REGULAR ASSESSMENTS.** The funds required by the Budget shall be collected from the Owners by the Board of Directors in equal monthly or quarterly assessments as the Board of Directors may determine.
- E. SPECIAL ASSESSMENTS.** The funds required from time to time to pay any Common Expenses which are not covered by the Budget but which are approved by the Owners shall be collected from the Owners by the Board of Directors in such installments as the Owners shall determine.
- F. INDIVIDUAL ASSESSMENTS.** Any payments to the Association which one or more, but less than all, of the Owners shall be obligated to make pursuant to the terms of the Act, the Master Deed or these Bylaws shall be due upon demand and shall be collected by the Board of Directors.
- G. COLLECTION.** Owners shall be personally liable for all assessments and shall pay the same promptly when due. The Board of Directors shall take prompt and appropriate action to collect by suit, foreclosure or other lawful method any over due assessment. If any overdue assessment is collected by attorney or by action at law, the Owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.
- H. PENALTY.** An assessment not paid within ten (10) days following the date when due shall bear a penalty of five dollars (\$5.00) plus one percent (1%) of the assessment per month from the date when due. The penalty shall be added to and collected in the same manner as as the assessment. For purposes of this paragraph only, an unpaid assessment shall not be deemed over due until the Board of Directors has delivered to the Owner owing the same a demand for payment, unless the Board of Directors has within thirty (30) days prior to the date when due delivered to such Owner a written notice of the amount and the date due, in which case no further demand shall be necessary. The Board of Directors may in its discretion waive all or any portion of a penalty imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Owner.
- I. ACCOUNTS.** The Board of Directors shall maintain on behalf of the Association a checking account with a state or federally chartered bank having an office in the county where the Property is situated. If a Manager is employed, said accounts may be maintained in the name of the Manager if the Board of Directors approve. All funds of the Association shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars (\$50.00) for payment of minor current expenses of the Association. The books and records relating to any account of the Association shall be made available for examination and copying by any Owner at any reasonable time.
- J. PAYMENTS.** The Board of Directors shall provide for payment of all debts of the Association from the funds collected from

the Owners. Expenditures specifically approved in the Budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of Fifty (\$50.00) Dollars shall be reviewed and approved by the President or the Board of Directors before payment is made. All checks and requests for withdrawals drawn upon any account of the Association shall be signed by the President and the Treasurer or by any two (2) alternate officers of the Association. If a Manager is employed, the Board of Directors may authorize the Manager to draw checks upon the account of the Association to pay expenditures specifically approved in the Budget. The Board of Directors may also authorize the Manager to make disbursements from the petty cash fund, if any.

K. BONDING. The Board of Directors shall secure from a surety company rated "AAA" or better by Best's Insurance Reports a fidelity bond in an amount of not less than Twenty-Five (\$25,000.00) Thousand Dollars covering every individual authorized to withdraw funds from any checking or savings account maintained by the Association. The cost of the bond shall be a Common Expense.

L. ACCOUNTING AND AUDITS. All books and records of the Association shall be kept in accordance with good and accepted accounting practices, and an outside audit shall be made at least once a year.

ARTICLE VI

MAINTENANCE AND IMPROVEMENTS

A. MAINTENANCE BY BOARD OF DIRECTORS. The Board of Directors shall provide for the maintenance, repair and replacements of the Common Elements, including the Limited Common Elements, and shall employ and dismiss the personnel required for such maintenance, repair and replacement.

B. MAINTENANCE BY OWNERS. Each Owner shall maintain his Dwelling, except the exterior portions thereof which are maintained by the Board of Directors, in good condition and repair. Each Owner shall also provide for the routine sweeping and cleaning of all Limited Common Elements reserved for the use of his Dwelling exclusively and shall maintain such Limited Common Elements in a clean and orderly condition.

C. DEFAULT BY OWNER. In the event that any Owner fails to perform the maintenance required of such Owner by these Bylaws or by any lawful regulation enacted pursuant hereto and such failure creates or permits a condition which is hazardous to life, health or property or which unreasonably interferes with the rights of another Owner or which substantially detracts from the value or appearance of the Property, the Board of Directors shall, after giving such Owner reasonable notice of an opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Owner by an individual assessment.

D. EXPENSES. Except as hereinafter provided, the expenses of maintenance, repair and replacement provided by the Board of Directors shall be Common Expenses. The expenses of maintenance, repair or replacements which are necessitated by (i) the failure of an Owner to perform the maintenance required by these Bylaws or by any lawful regulation enacted pursuant hereto, (ii) the willful act, neglect or abuse of an Owner, or (iii) an uninsured loss which is to be borne by an Owner in accordance with Article VII of these Bylaws shall be charged to such Owner by an individual assessment.

E. IMPROVEMENTS. The Board of Directors shall provide for the making of such improvements to the Common Elements as may be approved from time to time by the Owners. The cost of such improvements shall be Common Expenses; provided, however, that no Owner shall without his consent be assessed in any one year for the making of improvements to the Common Elements an amount in excess of one (1%) percent of the value of his Dwelling as set forth in the Master Deed.

ARTICLE VII

REPAIR AND RESTORATION

A. DECISION OF OWNERS. In the event of substantial damage to or destruction of any portion of the Property, the damage or destruction shall promptly be appraised by the Board of Directors. If more than two-thirds (2/3rds) of the Property has been destroyed, the Board of Directors shall promptly call a special meeting of the Owners to determine in the manner provided in the Master Deed whether the Property shall be reconstructed. In the event that the Owners determine not to reconstruct the Property, the Secretary shall execute a certificate to that effect and cause the same to be recorded in the same manner as these Bylaws.

B. RECONSTRUCTION. Unless the Owners affirmatively determine in the manner provided in the Master Deed not to reconstruct the Property following damage or destruction thereof, the Board of Directors shall promptly provide for such reconstruction. If the cost of such reconstruction exceeds Ten Thousand (\$10,000.00) Dollars, the Board of Directors shall employ an architect licensed to practice in the jurisdiction or jurisdictions in which the Property is situated to supervise the reconstruction. It shall be the duty of such architect to inspect the progress of the reconstruction at regular intervals and submit written authorization to the Insurance Trustee hereinafter defined for the payment for work performed. When an Architect is not required by the terms hereof, the Board of Directors may perform such inspections and submit such authorizations.

C. COSTS. The Board of Directors shall employ for the purpose of reconstructing the Property the proceeds on any insurance obtained on the Property by the Board of Directors as trustee for the Owners. If such insurance proceeds do not cover the cost of reconstruction the deficiency shall be borne by the Association as a Common Expense up to an amount equal to the sum of (i) the amount deducted pursuant to a "loss deductible" clause of the insurance policy plus (ii) fees and expenses of the Insurance Trustee hereinafter identified. Any deficiency in excess of such amount shall be borne by the Owners in proportion to their respective interests in the portion or portions of the Property reconstructed.

ARTICLE VIII

CONDEMNATION

A. RIGHTS OF OWNERS. If any portion of the Property is condemned by any authority having the power of eminent domain, each Owner shall be entitled to receive notice of such condemnation and to participate in the proceedings incident thereto unless otherwise prohibited by law. Each Owner shall be entitled to an individual award to be determined by the value of his interest in the portion or portions of the Property condemned.

B. DUTIES OF THE ASSOCIATION. In the event that any award is received by the Association on account of condemnation of any portion or portions of the Common Elements, the Board of Directors shall promptly pay such award to the Insurance Trustee hereinafter identified as trustee for the Owners to be disbursed in the same manner as if it were insurance proceeds. The Board of Directors shall promptly call a special meeting of the Owners to determine whether any condemned portion of the Common Elements shall be replaced. If the Owners determine to replace any condemned portion of the Common Elements, the Board of Directors shall provide for the replacement of such portions in the same manner as if such portions had been destroyed by casualty.

ARTICLE IX

INSURANCE

A. **INSUREDS.** Insurance policies upon the Property, covering the items described below, shall be purchased by the Council or its Manager for the benefit of the Regime, the Council and the Owners of the Dwellings and their mortgagees, as their interests may appear. Provision shall be made for the issuance of certificates of insurance, with mortgagee endorsements, to the mortgagees of all Owners. Such policies and endorsements shall be deposited with and held by the Manager.

B. **COVERAGE.** Insurance shall cover the following when available:

(a) the replacement value of all Phase I Dwellings and Common Elements until the recording of the first Phase II deed, and of all Dwellings and Common Elements from and after the recording of the first Phase II deed. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and against such other risks as are customarily covered with respect to buildings and improvements similar to the buildings and improvements on the Land. No insurance of the contents of or improvements to any Dwellings (other than the fixtures originally installed therein during construction) shall be provided by the Council.

(b) public liability in such amounts and with such coverage as shall be determined by the Board of Directors, including, but not limited to, hired automobile and non-owned automobile coverage;

(c) workmen's compensation (if required); and

(d) such other insurance as the Board of Directors from time to time determine to be desirable.

C. **PREMIUMS AND DEDUCTIBLES.** Premiums upon insurance policies and that portion of any covered loss not compensated for because of the deductible clause of the policy shall be paid by the Council as a Common Expense, and shall be paid by the Owners in proportion to their respective interest in the Common Elements.

D. **PROCEEDS.** The proceeds received by the Council from any indemnity paid under a hazard insurance policy shall be held by the Board of Directors. After deduction of all reasonable expenses of the Board in administering such proceeds, the net proceeds shall be distributed as follows:

(a) if the Property is not reconstructed as provided in Article IX of the Master Deed, then each Owner shall receive a share of the proceeds proportionate to his interest in the Common Elements as set forth in the Master Deed; or

(b) if reconstruction takes place, then such proceeds shall be used to meet reconstruction costs as provided in Article VI of the Master Deed and Article VII of these Bylaws, and any proceeds remaining after all the costs of reconstructing the Property have been paid shall be distributed to the Council for the benefit of all Owners.

E. **INSURANCE BY OWNERS.** Each Owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable: (1) hazard insurance on his Dwellings and its contents for his own benefit, and (2) liability insurance covering accidents occurring within his Dwelling. Any Owner who obtains hazard insurance for his own benefit shall within thirty days of obtaining the same deliver to the Board of Directors a copy of the policy of insurance.

ARTICLE X

RESTRICTIONS AND REGULATIONS

A. RESTRICTIONS. The use of the Property shall be subject to the following restrictions:

1. Dwellings shall be used only as residences. Until such time as Grantor no longer owns any Dwellings in Phase I or II, Grantor may, in fact, use one or more Dwellings as a "sales model". Subsequent to that time, however, no Dwelling shall be used by anyone, including the Owner, as a "sales model", "open house", or "sales office". This shall not, however, restrict any owner or his agent from reasonable access to his Dwelling for the purpose of showing the Dwelling to Prospective Purchasers of the Dwelling.

2. No Owner shall maintain or permit any nuisance within his Dwelling or unreasonably interfere with the use and enjoyment of the Property by any other person entitled to the same by creating anywhere on the Property or permitting within his Dwelling the creation of excessive noise, smoke or offensive odors. No person shall maintain on the Property, and no Owner shall permit within his Dwelling any condition which is unreasonably hazardous to the life, health or property of any other person.

3. No person shall make any additions to or perform any work upon the Common Elements or otherwise alter the Common Elements without the express authorization of the Board of Directors. No Owner shall alter or permit the alteration of the external appearance of any portion of his Dwelling without the express approval of the Board of Directors.

B. REGULATIONS. The Board of Directors shall adopt and amend from time to time such reasonable regulations ("Regulations") governing the operation and use of the Property as they may deem necessary or desirable. It shall not be necessary to record Regulations newly adopted or the amendment or repeal of existing Regulations, but no Owner shall be bound by any newly adopted Regulations or any amendment or repeal of an existing Regulation until a copy of the same has been delivered to such Owner.

C. ENFORCEMENT. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto and shall take prompt and appropriate action to correct any violations of the same. In addition to any other remedy to which the Association or any Owner may be entitled, the Board of Directors may impose against an Owner reasonable fines not to exceed a total of Ten (\$10.00) Dollars per day for any violation of the terms of the Act, the Master Deed or these Bylaws or of the Regulations promulgated pursuant hereto. Such fines shall be collected by individual assessment. Each day during which a violation occurs or continues shall be deemed a separate offense.

D. **RESPONSIBILITY OF OWNERS.** Each Owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Owner shall not relieve any member of his household or any of his tenants, agents or guests for any liability to the Association or to an Owner for their own acts.

ARTICLE XI

LIABILITIES AND INDEMNIFICATION

A. **LIABILITY OF OWNERS.** No Owner shall be liable upon a debt or tort of the Association for any amount in excess of such portion of the total liability of the Association which bears the same ratio to the total liability as the portion of the Common Expenses which such Owner is required to pay bears to the total of the Common Expenses. All correspondence of the Association and all contracts executed by the Association shall incorporate the following recital:

Seagrove Owners Association is an unincorporated association.

No member of the Association shall be liable upon a debt of the Association for an amount in excess of such portion of the debt which the member is required to pay pursuant to the terms of the Master Deed and the Bylaws of Seagrove Horizontal Property Regime.

B. **INDEMNIFICATION AMONG OWNERS.** Each Owner shall be entitled to contribution from and indemnification by every other Owner to the extent that such Owner discharges or is required to discharge any portion of any liability of the Association in excess of such Owner's proportionate share thereof, except that no Owner shall be required to provide contribution or indemnification on account of a debt which was liquidated in amount and due and payable prior to the time such Owner became an Owner.

C. **LIABILITY OF DIRECTORS AND OFFICERS.** No Director or officer of the Association shall be liable to any Owner for any decision action or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Master Deed or these Bylaws.

D. **INDEMNIFICATION OF DIRECTORS AND OFFICERS.** The Association shall indemnify and defend each Director and each officer of the Association from any liability claimed or imposed against him by reason of his position or actions as a Director or an officer of the Association if all of the following conditions are satisfied:

1. Such liability does not arise from the willful misconduct of such Director or officer;
2. Such Director or officer is not required to bear such liability by the terms of the Act, the Master Deed or these Bylaws;
3. Such Director or officer gives the Association adequate notice of the claim or imposition of liability to permit the association reasonable opportunity to defend against the same; and
4. Such Director or officer cooperates with the Association in defending against the liability.

The expense of indemnifying a Director or an officer shall be a Common Expense and shall be borne by all the Owners, including such Director or officer, in proportion to their respective interests in the

Common Elements. The Board of Directors may obtain insurance indemnifying any Director or officer of the Association for any liability claimed or imposed against him by reason of his position as a Director or officer of the Association, and the cost of such insurance shall be a Common Expense.

ARTICLE XII

SEAL AND SIGNATURES

A. SEAL. The Association shall have a seal inscribed with the name of the Association and such other information as the Board of Directors may determine. The Secretary of the Association shall have custody of the seal and shall affix and attest the same upon such documents as the Board of Directors may direct.

B. ATTESTATION OF DOCUMENTS. The presence of the Association seal, attested by the Secretary or an assistant secretary of the Association, on any contract, conveyance or any other document executed on behalf of the Association shall attest:

1. That the Association seal affixed to the document is in fact the seal of the Association;
2. That any officer of the Association executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Association, and that the signature of such officer subscribed to the document is genuine;
3. That the execution of the document on behalf of the Association has been duly authorized.

C. CERTIFICATION OF DOCUMENTS. When the seal of the Association is affixed to any document relating to the Property or the Association and is attested by the secretary or an assistant secretary of the Association, a third party without knowledge or reason to know to the contrary may rely on such document as being what it purports to be.

D. CERTIFICATION OF ACTIONS AND FACTS. When a written statement setting forth (i) actions taken by the Owners or by the Board of Directors or (ii) facts relating to the Property or the Association as determined by the Board of Directors is executed by the Secretary or an assistant secretary of the Association and bears the seal of the Association, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

E. ABSENCE OF SEAL. The absence of the seal of the Association from any contract, conveyance or other document executed on behalf of the Association shall not impair the validity of such contract, conveyance or document or of any action taken pursuant thereto or in reliance thereon, but the person relying on the same shall bear the burden of establishing that the execution of the same was duly authorized and accomplished on behalf of the Association.

ARTICLE XIII

AMENDMENTS

A. PROCEDURE. These Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Owners of two-thirds (2/3rds) of the total interest in the Common Elements. No amendment shall be effective unless and until recorded as an amendment to the Master Deed in accordance with the Act.

B. EFFECT. All Owners, tenants of Owners, employees of Owners and tenants, and any other persons that may in any manner use the Property or any part thereof shall be bound to abide by any amendment to these Bylaws duly adopted and recorded as specified herein.

ARTICLE XIV
MISCELLANEOUS

A. RECORD OF OWNERSHIP: Any person who acquires title to a Dwelling, except a person who acquires title to a Dwelling merely as security for a debt, shall promptly inform the Board of Directors of the identity of such person and the date upon and manner in which title to the Dwelling was acquired. The Board of Directors shall maintain a record of the names of all Owners and of the dates upon which they acquired title to their Dwellings.

B. NOTICES. Any notices or documents placed in the mail receptacle or affixed to the front door of a Dwelling by or at the direction of the Board of Directors shall be deemed delivered to the Owner of such Dwelling, unless the Owner of such Dwelling has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of an Owner shall be deemed delivered to the Board of Directors.

C. WAIVER. No provision of these Bylaws or of the Regulations promulgated pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

D. CONFLICTS. In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control as appropriate. In the event of a conflict between these Bylaws and the Regulations promulgated pursuant hereto, these Bylaws shall control.

E. SEVERABILITY. The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

F. CAPTIONS. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of these Bylaws or the intent of any provision hereof.

G. GENDER AND NUMBER. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT, I am the duly elected acting Secretary of the SEAGROVE HORIZONTAL PROPERTY REGIME; and

THAT the foregoing Bylaws constitute the original Bylaws of said Regime, as duly adopted at a meeting of the Board of Administration thereof, held on the 14th day of June, 1979.

Arthur C. Clark
acting Secretary