

or recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant. THE DESIGNATION OF ANY OF THE PROPERTY AS COMMON ELEMENTS SHALL NOT MEAN THAT THE PUBLIC AT LARGE ACQUIRES ANY EASEMENT OF USE OR ENJOYMENT THEREIN.

1.1.11. "Common Expense" means all liabilities or expenditures made or incurred by or on behalf of the Association, including, without limitation, expenses of administration, insurance, operation, and management; expenses of maintenance, repair or replacement of the Common Elements (including Limited Common Elements); and other expenses declared to be Common Expenses by this Master Deed or the Bylaws.

1.1.12. "Condominium" or "condominium ownership" means the form of ownership intended by the Master Deed, that is, ownership by Owners of individual Units, with a common right to a share of the Common Elements.

1.1.13. "Declarant" means Montecito Enclave, LLLP, a Florida limited liability partnership, its successors and assigns. The Declarant may assign its rights as Declarant, in whole or in part, by a written assignment signed by the Declarant and the assignee and duly recorded in the Register of Mesne Conveyance Office for Charleston County, South Carolina. Conveyance by Declarant or an Owner of a deed to a Unit or the existence of a mortgage on a Unit or the Property shall not be deemed to make the grantee or the mortgagee a "Declarant."

1.1.14. "Elevations" means the drawings showing the exterior characteristics and dimensions of the Buildings or other improvements on the Property, or showing the vertical location of Units or Common Elements in such improvements, which drawings are attached hereto as Exhibit E and by this reference made a part hereof, and any amendment or supplement thereto set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.15. "Floor Plans" means the plans for the Buildings that show the general configuration of Units, which plans are attached hereto as Exhibit D and by this reference made a part hereof, and any amendment or supplement thereto set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.16. "Joint Owner" means a Person that owns a Unit with any other entity and the combination of which constitutes a single Unit Owner. Where a Person is a Joint Owner of a Unit, the Association may establish such rules and procedures as it deems appropriate to govern which Joint Owner or Owners has the right to act or communicate on behalf of the Unit in matters governed by this Master Deed.

1.1.17. "Limited Common Elements" means Common Elements that are reserved for the use of a certain Unit or Units to the exclusion of the other Units, and that are shown and designated as a Limited Common Element, or similar wording clearly indicating such intent, on or in (a) this Master Deed and the exhibits thereto, as amended from time to time, or (b) any recorded plat of the Property or Supplement to the Master Deed, including any exhibits thereto, that has been approved in writing by the Declarant. (See Section 3)

1.1.18. "Majority of Co-owners", "Majority of Owners" or "Majority in Interest" means fifty-one percent (51%) or more of the Percentage Interests, as shown in Exhibit H to this Master Deed.

1.1.19. "Management Agent" means any entity retained by the Association as an independent contractor to supervise the use, maintenance and repair of the Common Elements, or portions thereof, or manage the business affairs of the Association.

1.1.20. "Master Deed" means this Master Deed and all amendments filed of record from time to time in the Register of Mesne Conveyance Office for Charleston County, South Carolina.

1.1.21. "Occupant" means any individual lawfully occupying any Unit, including, without limitation, any Owner or tenant, their resident family members, and their guests, invitees, and licensees.

1.1.22. "Owner" means any Person that owns fee simple title to any Unit. "Owner" shall not mean (i) a mortgagee unless such mortgagee has acquired title to the Unit or (ii) any Person having a contract to purchase a Unit but to which title has not been conveyed of record.

1.1.23. "Operation of the Property" means and includes matters relating to the administration, use, operation, maintenance, repair, replacement, renovation or development of the Property or portions of the Property, including the Common Elements.

1.1.24. "Owner" or "Unit Owner" means a "Co-Owner" of a Unit, as that term is defined in the Act.

1.1.25. "Percentage Interest" means the percentage of undivided interest in the Common Elements then appertaining to each Unit, as set forth in Exhibit H to this Master Deed.

1.1.26. "Person" means an individual, firm, corporation, limited liability company, partnership, association, trust or other legal entity.

1.1.27. "Plot Plan" means the plat(s) or survey(s) of the Property showing the location of any Building or other significant improvements on the Property, as shown in Exhibit C to this Master Deed, and any amendment or supplement thereto showing Added Property and set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.28. "Property" means the property described in Exhibit A to this Master Deed and any Added Property.

1.1.29. "Regime" means the Peninsula on James Island Horizontal Property Regime created by the recordation of this Master Deed, as set forth in Section 27-31-30 of the Act.

1.1.30. "Rules and Regulations" means those standards governing the use, administration and operation of the Property as are more specifically set forth in Exhibit J to this Master Deed.

1.1.31. "Townhouse" means a Unit that is not located in a Building containing other Units and has a separate entrance.

1.1.32. "Unit Plans" means the plans showing the general configuration and horizontal dimensions of each type of Unit, as shown in Exhibit G, and any amendment or supplement thereto set forth in a recorded amendment or Supplement to the Master Deed that has been approved in writing by the Declarant.

1.1.33. "Unit" means an "Apartment" as that term is defined in the Act, and includes one or more rooms and adjoining patio and/or balcony designated as part thereof, and occupying one or more floors or a part or parts thereof, designed or intended for independent use as a single family dwelling, together with its Percentage Interest in the Common Elements. (Also see Section 2.2.)

2. GENERAL DESCRIPTION; STAGING; UNITS.

2.1. GENERAL DESCRIPTION AND STAGING OF DEVELOPMENT

2.1.1. General Description and Staging.

The Property is located in the City of Charleston, Charleston County, South Carolina. The Property is accessed from Daniel Ellis Drive and is bordered on the Northwest by the James Island Expressway. The Property contains three hundred (300) Units in thirteen (13) Buildings, consisting of five (5) Building configurations (Type 1, Type 2, Type 3, Type 4 and Type 5). The Property also contains, as part of the General Common Elements, a swimming pool, a tennis court, a clubhouse and on-grade parking. Eighty-eight (88) garage spaces exist as Limited Common Elements. A Plot Plan showing the location of the Buildings, garages, on-grade parking, swimming pool, tennis court and clubhouse is attached as Exhibit C. All Units are in Stage One.

2.1.2. Number of Units.

The Regime contains a total of three hundred (300) Units.

2.1.3. Subdividing or Consolidating Units.

No additional Units may be established by subdivision of existing Units, conversion of Common Element, or otherwise. A lesser number of Units may be established by consolidating two or more existing Units into a single Unit provided that (i) such consolidation is approved in writing by the Board of Directors, the Owners of the Units to be consolidated, and any applicable regulatory entities, and (ii) such consolidation shall not modify the Percentage Interests of any Units not involved in such consolidation unless expressly approved in a recordable writing evidencing the approval of such Units, and (iii) in the absence of the approval referenced in (ii), above, the consolidated Unit shall have a Percentage Interest that is the sum of the previous Percentage Interests of the Units being consolidated into a single Unit. After confirmation of the approvals referenced in (i) and/or (ii), above, the Board of Directors shall cause to be recorded an amendment to this Master Deed amending any applicable provisions of this Master Deed (including any Exhibits). The Board of Directors may, in its sole discretion, determine whether any expenses of the Association in creating, approving, and recording such amendment shall be payable by the Owner or Owners of the Units being consolidated.

2.2. DIVISION INTO CONDOMINIUM UNITS

2.2.1. Units in Buildings.

Each Unit in a Building is depicted on the Plans (as identified below) and, in addition to any Limited Common Elements belonging to such Unit and the Unit's Percentage Interest in the Common Elements, consists of enclosed space within a Building bounded by the Perimeter Walls, Unfinished Ceiling, Unfinished Floor, exterior doors, and windows forming the Unit. For the purpose of further defining a Unit in a Building:

- (a) "Unfinished Wall" means the studs, supports, and other wooden, metal, or similar structural materials to which the interior wall material, such as drywall, is attached, but not the interior wall material visible from the interior of the Unit.
- (b) "Perimeter Wall" means Unfinished Walls surrounding all or part of the Unit.
- (c) "Unfinished Ceiling" means the beams, joists, and wooden, concrete or other structural materials to which the interior ceiling material, such as drywall, is attached, but not the interior ceiling material visible from the interior of the Unit.
- (d) "Unfinished Floor" means the beams, floor joists, and wooden, concrete or other floor or deck materials to which the interior floor material, such as wood, plywood subflooring or tile, is attached, but not the interior floor material visible from the interior of the Unit.
- (e) A Unit includes (i) any non-bearing walls within the Unit; (ii) the drywall, plaster, insulation, wall paneling, wood, tile, paint, paper, carpeting, or any other wall, ceiling, or floor covering attached to Perimeter Walls and non-bearing walls within the Unit, ceilings, or floors; (iii) windows, window frames and screens; awnings; and doors, door hardware and door frames serving only the Unit; (iv) any fireplace or stove hearth, facing brick, tile, stone or firebox; (v) removable appliances, equipment, wiring, fans, fixtures and hardware and all improvements contained within the Perimeter Walls, ceilings, and floors that serve only y the Unit; (vi) spas,

fountains or hot tubs within the Unit or within Limited Common Elements serving only the Unit; and (vii) any heating and cooling elements or related equipment, utility lines and outlets, electrical and plumbing fixtures, pipes, ducts, chases, channels, compressors, air handling systems, controls, fans, registers, diffusers and all other related equipment required to provide heating, air-conditioning, hot and cold water, electrical, or other utility services solely to the Unit, wherever located. A Unit does not include any of the structural components of the Unit or utility or service lines, fireplace flues or utility chases located within the Unit that serve more than one Unit.

2.2.2. Attaching Items to Interior of Unit.

An Owner shall have the right to affix to the interior surface of the Perimeter Walls, ceiling, and floors of such Owner's Unit usual electrical wiring or fixtures, wall ornaments, and similar accessories if such action complies with applicable codes and does not, in the opinion of the Board of Directors, (a) damage any structural element, Common Elements, another Unit, or any equipment or system serving another Unit or Common Elements, or (b) violate the provisions of this Master Deed or the Rules and Regulations.

2.3. SUMMARY OF PLANS

In accordance with Section 27-31-110 of the Act, attached hereto and made a part of this Master Deed are the following documents, which cumulatively constitute the "Plans":

- (a) Plot Plan (Exhibit C).
- (b) Floor Plans (Exhibit D)
- (c) Elevations (Exhibit E).
- (d) Unit Sizes and Designations (Exhibit F).
- (e) Unit Plans (Exhibit G).
- (f) Percentage Interests (Exhibit H)

The Plot Plan shows the location and type of the Buildings, significant improvements, and some of the areas that are intended as Common Elements, as certified by a registered land surveyor. The Floor Plans show the general location of Units and the general location and approximate dimensions of corridors, stairwells, elevators, storage areas and some Building areas that are intended as Common Elements or Limited Common Elements, by Building Type. The Elevations and Sections show the exterior characteristics and dimensions of the Buildings, by Building Type. The Unit Sizes and Designations show the approximate Unit sizes and designations of each Unit. The Unit Plans show the approximate configuration and dimensions of the Units. Whenever square footage or other dimensions are shown on the Plans, they are approximate, reflecting such factors as (a) the measurement of square footage or dimensions can vary depending on the technique used (e.g. whether measured from interior finished or unfinished wall, floor or ceiling; from exterior wall, floor or ceiling; from beginning or finished grade; etc.) and (b) minor modifications may have been made during the construction process.

2.4. DESIGNATION OF UNITS

In accordance with Section 27-31-120 of the Act, the location of each Unit in Stage One is shown on Sheet 1 of the Plot Plan (Exhibit C). The approximate size and designation of each Unit is shown on Exhibits F.

2.5. GENERAL DESCRIPTION OF BUILDINGS

2.5.1. Construction System Generally.

The exteriors of the Buildings are constructed primarily of hardy plank artificial siding over gypsum board on wooden studs. Party walls between Units are primarily constructed of wooden studs and fire rated gypsum board. Buildings 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11 are located above grade on wooden support systems attached to wooden pilings. The floor of first floor Units in these buildings is wood frame over which is applied either carpet, vinyl or ceramic tile, depending on location. The exterior of the above-ground portion of the pilings are screened by decorative lattice. Buildings 12, 13 and 14 are slab on grade construction over which is applied either carpet, vinyl or ceramic tile, depending on location. The floor of second and third floor Units is "gypcrete" over plywood sub-flooring, over which

is applied either carpet, vinyl or ceramic tile, depending on location. Interior walls and ceilings consist of gypsum sheet board with a paint finish. Ceilings consist of sprayed gypsum sheets. Roofs are constructed primarily of fiberglass shingles over roof felts on plywood sheathing, which sheathing is attached to wooden roof trusses. Each Unit has an individual electric heat pump heating and air conditioning system.

2.5.2. General Description of Layout by Building Type.

2.5.2.1: Type 1 Buildings: There is one (1) Type 1 Building. It contains 12 flat-type Units on three (3) habitable levels. Each floor contains four (4) Ibis units (B3 units).

2.5.2.2: Type 2 Buildings: There is one (1) Type 2 Building. It contains 24 flat-type Units on three (3) habitable levels. Each floor contains four (4) Egret units (A1 units) and four (4) Flamingo units (A2 units).

2.5.2.3: Type 3 Buildings: There are four (4) Type 3 Buildings. Each Building contains 24 flat-type Units on three (3) habitable levels. Each floor contains four (4) Flamingo units (A2 units) and four (4) Gull units (B1 units).

2.5.2.4: Type 4 Buildings: There are five (5) Type 4 Buildings. Each Building contains 24 flat-type Units on three (3) habitable levels. Each floor contains four (4) Egret units (A1 units) and four (4) Heron units (B2 units).

2.5.2.5: Type 5 Buildings: There are two (2) Type 5 Buildings. Each Building contains 24 flat-type Units on three (3) habitable levels. Each floor contains four (4) Ibis units (B3 units) and four (4) Osprey units (C1 units).

3. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

3.1. COMMON ELEMENTS

The Common Elements consist of the entire Property other than the Units (see Section 2, above). In addition to any other Common Elements shown or described on the Plans, Common Elements include the swimming pool, tennis court and clubhouse shown on the Plot Plan; any Units or other facilities owned by the Association and used, rented or leased by the Association or its designees for such purposes as conducting leasing, sales, administration, storage, or other activities determined by the Board of Directors to be beneficial to the Association or the Owners; the steps and foyers into to Buildings; the stairs and hallways outside Units; on-grade parking (but not Garages, as defined in Section 3.5, below, or parking spaces in Garages); driveways and walkways; yards; plantings in or on Common Elements; areas containing mechanical, electrical, telecommunications or other equipment serving more than one Unit and the equipment therein unless the property of others; trash rooms and storage rooms serving more than one Unit; Unfinished Perimeter Walls, Unfinished Ceilings and Unfinished Floors (as defined in Section 2.2) and adjacent insulation; joists, beams, supporting walls, columns, and other structural elements; roofs, slabs, footings and foundations; alarm and communications systems, appliances, mechanical equipment, electrical equipment, heating and air conditioning equipment, other equipment, doors, built-in fixtures, pipes, wiring, conduits, channels, drains, ducts, chases or other utility lines and similar elements that serve more than one Unit; plus personal property and assets held and maintained for the joint use and enjoyment of all the Unit Owners.

3.2. LIMITED COMMON ELEMENTS GENERALLY

Limited Common Elements are not part of a Unit but are Common Elements that are reserved or reasonably required for the use of one or more, but not all, Units. Limited Common Elements may include, without limitation, unenclosed decks, porches, terraces and patios; specified portions of Common Elements described in Section 3.1; and, in the case of Garage Spaces, as described in Section 3.5 below. Except as otherwise expressly stated in this Master Deed or any Supplement to the Master Deed, the costs of maintaining, repairing and replacing Limited Common Elements shall be Common Expenses of the Association as a whole. The Board of Directors may re-designate Common Elements as Limited Common Elements and re-assign the use of Limited Common Elements to specific Units to the fullest extent permitted by

the Act.

3.3. DISPUTES REGARDING STATUS OR BOUNDARIES

Because of the structural characteristics and arrangement of much of the Property, disputes may arise regarding issues such as whether an element is part of a Unit, a Limited Common Element, or a Common Element. Unit Owners shall attempt to resolve such matters in a fair manner. If a dispute arises between Unit Owners or between a Unit Owner and the Association as to what portion of the Property constitutes a Unit, Common Element or Limited Common Element, or the proper allocation of any costs or expenses relating to such areas, the Board of Directors shall have the authority to determine the proper designation of the disputed element and the allocation of any costs or expenses involved, after such consultation with others as it may determine to be appropriate. The determination of the Board of Directors shall be set forth in writing, shall be made in good faith, and shall not be clearly inconsistent with this Master Deed.

3.4. PERCENTAGE INTERESTS OF UNITS IN COMMON ELEMENTS

A chart showing the Percentage Interest of each Unit Owner in Stage One is set forth in Exhibit H.

3.5. GARAGE SPACES

3.5.1. Garage Spaces Generally.

A "Garage Space" is a portion of a structure that is designed to accommodate the storage of vehicles by an Occupant of a Unit. A Garage Space is a Limited Common Element reserved for the use of a particular Owner. An Owner does not own a Garage Space for which such Owner has been issued a license by the Association (a "Garage Space License"), but the Owner retains the right to use such Garage Space as long as such Owner complies with the provisions of this Master Deed and the terms of the Garage Space License. A list of Garage Spaces is attached hereto as Exhibit F-1.

3.5.2. Garage Space License.

A Garage Space License for use of a specific Garage Space shall be initially be issued by the Association to an Owner at closing of the sale of a Unit if such Owner has entered into a contract with the Declarant (or its authorized designee) to purchase such Garage Space License. As a condition of the issuance of such Garage Space License, the licensee of the Garage Space (the "Garage Space Licensee") shall pay to Declarant or its designee such amount as shall be agreed upon in writing by Declarant or its designee and the Garage Space Licensee.

3.5.3. Transfer of Garage Space Licenses.

Without approval by the Association, a Garage Space Licensee shall be authorized to transfer the Garage Space License to any Owner of a Unit, including a Person to which a Unit is conveyed by the Garage Space Licensee, for such compensation as shall be agreed upon the Garage Space Licensee and the transferee. Without approval by the Association, a Garage Space Licensee shall also be authorized to assign the Garage Space License to a Person renting a Unit from the Garage Space Licensee, for use only during the term of such rental and for such compensation as shall be agreed upon the Garage Space Licensee and the renter. During the term of any temporary assignment, the Garage Space Licensee shall continue to be responsible for all obligations as a Garage Space Licensee, but the assignee shall also be responsible for complying with all rules and regulations established by the Association for use of Garage Spaces. Immediately upon transfer or temporary assignment of a Garage Space License, the Garage Space Licensee shall notify the Association of the transfer or assignment to and execute such documents as the Association shall require from time to time to identify the Person then owning or having temporary use of the Garage Space License and provide such information regarding such Person as may be determined by the Association. The Association may charge a reasonable fee for the administrative costs of monitoring and processing such transfers or temporary assignments.

3.5.4. Termination of Garage Space Licenses.

Unless expressly approved in writing by the Board of Directors of the

Association, any purported transfer or assignment of a Garage Space License that does not comply with the provisions of this Section 3.6 shall be invalid. If a Garage Space Licensee conveys to another Person all Units owned by such Garage Space Licensee and does not transfer all Garage Space Licenses held by such Garage Space Licensee within thirty (30) days of the last of such conveyances, then the Garage Space License shall automatically terminate unless otherwise expressly approved in writing by the Board of Directors. The Board of Directors shall have the authority to suspend or terminate a Garage Space License, without compensation to the Garage Space Licensee, if it determines that the applicable provisions of this Master Deed or the Garage Space License have not been observed.

3.5.5. List of Persons Desiring Garage Space Licenses.

The Association shall maintain a list of Owners or renters who have notified the Association that they wish to purchase or rent a Garage Space and, upon request of any Garage Space Licensee, shall provide a list of such Owners and renters to the Garage Space Licensee.

3.5.6. Garage Budget.

The cost of maintaining the exterior and structure of the Garages, and such other elements of the Garages, if any, as the Association may determine from time-to-time, including establishing any reserves for such purposes, and the cost of insuring the Garages, if separable from other insurance costs, shall be an Association expense that is set forth in a "Garage Budget." The Garage Budget shall be separate from the Association expenses set forth in the Association operating Budget referenced in Section 12.2, below. The Garage Budget shall, however, be determined in a manner similar to that for the Association operating Budget.

3.5.7. Assessments for Garage Spaces.

Each Garage Space Licensee shall pay a "Garage Fee" to the Association, as a Special Assessment (see Section 12.3, below), based on the revenues determined by the Board of Directors to be required from all Garage Fees under the Garage Budget. Each Garage Fee shall be a prorata share of the total revenues required from all Garage Fees.

Example: Assume that (i) the revenue required from Garage Fees under the Garage Budget for the forthcoming fiscal year is \$8,800; and (ii) at the time, there are 88 Garages. Then, the Garage Fee for each Garage Licensee shall be \$100 (\$8,800 divided by 88 Garages).

NOTE: The Garage Fee calculations shown provide a mathematical example only. They are not intended to be estimates of revenues required or the actual Garage Fee which may be applicable from time to time.

4. REPAIR AND MAINTENANCE.

4.1. UNIT REPAIR, MAINTENANCE AND DECORATION

Units shall be maintained in a good, safe state of repair consistent with applicable codes, this Master Deed, and applicable Rules and Regulations. An Owner shall not allow any action or work that will impair the structural soundness of a Building or Unit; impair the proper functioning of the utilities, heating, ventilation, or plumbing systems or integrity of a Building or Unit, impair any easement; or, without express approval by the Board of Directors, damage or adversely affect Common Elements. All maintenance, repairs and replacements to a Unit shall be the responsibility of the Owner of the Unit. Each Owner shall be responsible for all damages to any other Unit or to Common Elements caused by the failure of the Owner to maintain or make timely and appropriate repairs that are the responsibility of such Owner except to the extent that the cost of such repair is paid or payable from insurance proceeds to the Association. Except as may be provided in the purchase and sale agreement between an Owner and the initial purchaser of the Unit, each Owner shall have the exclusive right and duty to paint, tile, wax, paper, or otherwise decorate or redecorate and to maintain and repair the interior surfaces of the walls, floors, ceilings, and doors forming the boundaries of such Owner's Unit and all walls, floors,

ceilings, and doors within such boundaries.

4.2. COMMON ELEMENTS MAINTENANCE AND REPAIR

All maintenance, repairs and replacements to Common Elements shall be made by the Association and shall be charged to all Units as a Common Expense; provided that this shall exclude any maintenance, repairs and replacements to Limited Common Elements, including Garages, that are expressly made the responsibility of a specific Unit or Units by another provision of this Master Deed or any Supplement to the Master Deed. If any maintenance, repair, or replacement of any portion of the Common Elements is required because of the negligent or willful act or omission of an Owner or Occupant of a Unit, then such Owner and/or Occupant shall be responsible for such maintenance, repair, or replacement. Any expenses incurred by the Association for such maintenance, repair, or replacement that is not paid or payable from insurance proceeds to the Association shall be a personal obligation of such Owner; and, if the Owner fails to repay or cause to be repaid the expenses incurred by the Association in a timely manner after notice to the Owner of the amount owed, then the failure to so repay shall be collectible as a Special Assessment against the Unit and the Owner.

5. EASEMENTS.

5.1. EASEMENTS FOR ASSOCIATION

The Association and its directors, officers, agents and employees, including, but not limited to, any Management Agent of the Association and its officers, agents and employees, shall have a general right and easement to enter upon the Property in the performance of their respective duties, including, without limitation, the management, repair, maintenance and replacement of Common Elements. Except in situations that may then reasonably be thought to be emergencies or situations in which access may be needed to prevent damage to the Property, or unless otherwise expressly approved by the Owner(s) directly affected thereby, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner(s) directly affected thereby.

5.2. EASEMENT FOR DECLARANT

Declarant, its successors and assigns, shall have an alienable and transferable right and easement on, over, through, under, and across the Property for the purposes of (a) constructing, installing, maintaining, repairing and replacing portions of the Property or proposed Added Property, (b) storing materials, and (c) making such other uses of the Property as may be reasonably necessary or incident to the construction, sale, rental and management of the Units, including, but not limited to, construction trailers, temporary construction offices, sales and rental offices, management offices, model residences, directional and marketing signs, and use of the Clubhouse or Units owned or rented by the Declarant; provided, however, that such rights shall not unreasonably interfere with the occupancy, use or enjoyment of a Unit by its Owner or Occupants. Except in situations that may then reasonably be thought to be emergencies or situations in which access is may be needed to prevent damage to the Property, or unless otherwise expressly approved by the Owner(s) directly affected thereby, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to any Owner(s) directly affected thereby. The exercise of such right and easement by Persons other than Declarant shall be undertaken only with the express approval of the Declarant. The Declarant shall have a transferable, perpetual power and authority to grant and accept easements to and from any private entity or public authority, agency, public service district, public or private utility or other Person, upon, over, under and across the Common Elements for constructing, installing, maintaining, repairing, inspecting and replacing television antennae or television cable systems, data transmission systems, security and similar systems, landscaping, walkways, lighting, and all utility facilities and services, including, but not limited to, storm and sanitary sewer systems and electrical, gas, telephone, water and sewer lines. The rights of the Declarant hereunder shall automatically be assigned to the Association upon conveyance by the Declarant of the last Unit to another Person, other than a mortgagee, or such earlier time as Declarant records a Supplement to the Master Deed relinquishing its rights under this Master Deed or this section.

5.3. EASEMENT FOR REPAIR, MAINTENANCE AND EMERGENCIES

Some Common Elements may be located within the Units or may be conveniently accessible only through the Units. The Owners of other Units and the Association shall have an irrevocable easement, to be exercised by the Association as the Owners' agent, to have access to each Unit and to all Common Elements from time to time for the maintenance, repair, removal, or replacement of any of the Common Elements therein or accessible therefrom or for making repairs therein necessary to prevent damage to the Common Elements or to any Unit. Except in a situation that is then reasonably thought to be an emergency or a situation in which access is then reasonably thought to be needed to prevent damage to the Property, or unless otherwise expressly approved by the Owner(s) directly affected thereby, this easement shall be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner(s) of the Unit(s) directly affected thereby.

5.4. EASEMENTS FOR ENCROACHMENTS

The Property is subject to the following easements for encroachments between Units and the Common Elements:

5.4.1. In favor of all Owners so that they shall have no legal liability if any part of the Common Elements (including Limited Common Elements) encroaches upon a Unit or other Common Elements;

5.4.2. In favor of the Owner of each Unit so that the Owner shall have no legal liability if any part of such Owner's Unit encroaches upon the Common Elements or upon another Unit; and

5.4.3. In favor of all Owners, the Association, and the Owner of any encroaching Unit for the maintenance and repair of such encroachments.

Encroachments referred to this Section include, but are not limited to, encroachments caused by error, omission or variance from the original plans in the construction of the Common Elements or any Unit constructed; by error in the Plans or this Master Deed; by settling, rising, or shifting of the earth; or by changes in position caused by repair or reconstruction of any part of the Common Elements or any Unit in substantial conformity to the Plans.

5.5. PRIOR RECORDED EASEMENTS

The Property shall be subject to any easements shown on any prior recorded plat of the Property or shown or defined in this Master Deed.

5.6. GOVERNMENTAL EASEMENT

Police, fire, water, health and other authorized governmental officials, employees and vehicles shall have the right of ingress and egress to the Property, and any portion thereof, for the performance of their official duties, to the extent permitted by applicable law and any Rules and Regulations not contrary to applicable law that are adopted by the Board of Directors.

6. PERCENTAGE INTERESTS.

The Percentage Interest of Units is shown in Exhibit H.

7. ASSOCIATION; ADMINISTRATION; VOTING; RECORDS; WORKING CAPITAL.

7.1. THE ASSOCIATION; BOARD OF DIRECTORS

In order to provide for the effective administration of the Regime by the Unit Owners, the Peninsula on James Island Owners Association, Inc., a South Carolina not-for-profit corporation (the "Association") has been formed. The Association shall operate and manage the Regime and undertake and perform all acts and duties incident thereto in accordance with the provisions of this Master Deed and Bylaws of the Association, and the Rules and Regulations promulgated by the Association from time to time. The Board of Directors of the Association shall have authority to take all actions on behalf of the Association that do not require, by law,

this Master Deed, or the Bylaws, the vote of a Majority of Owners, and the decision of the Board of Directors shall be binding upon the Association and the Owners. A copy of the initial Bylaws is annexed hereto and made a part hereof as Exhibit B.

7.2. MEMBERSHIP

The Owner of each Unit shall automatically be a member of the Association upon acquiring an ownership interest to a Unit. Membership in the Association shall be appurtenant to and not separable from ownership of a Unit. The membership of an Owner shall terminate automatically upon conveyance of title to the Unit previously owned by such Owner, regardless of the means by which such conveyance of title occurs. No Person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled solely by virtue of such lien, mortgage or other encumbrance to membership in the Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Regime, the Association shall have authority and power to enforce the provisions of this Master Deed, levy and collect Assessments in the manner hereinafter provided, and adopt, promulgate and enforce such rules and regulation governing the use of the Units, Common Elements, and Limited Common Elements as the Association may deem to be in the best interest of the Regime.

7.3. VOTING

The Owner of a Unit shall have the right to cast the number of votes attributable to the Percentage Interest of such Unit. Votes may be cast in person or by written proxy at all meetings of the Association. The holder of a proxy need not be an Owner. Unless a different number, and not less than a Majority in Interest, is specified in this Master Deed or in the Bylaws, all actions requiring a vote of the Owners shall require approval of a Majority in Interest. Cumulative voting is prohibited. Further details regarding voting shall be set forth in the Bylaws.

7.4. RULES AND REGULATIONS

The Board of Directors shall have authority to adopt Rules and Regulations from time to time governing the use, administration and operation of the Property, subject to the terms of this Master Deed and the Bylaws. The initial Rules and Regulations are set forth in Exhibit J attached hereto and incorporated herein by reference.

7.5. EMPLOYEES, MANAGEMENT AGENT AND MANAGEMENT AGREEMENT

The Board of Directors may employ and dismiss persons on behalf of the Association and/or select a Management Agent, each of which shall have such authority and shall receive such compensation as is set forth in writing and approved by the Board of Directors. The Declarant or an affiliate of Declarant may serve as Management Agent. A copy of any agreement between the Association and the Management Agent shall be provided to any Owner upon written request to the Board of Directors, provided that the Association may charge a reasonable fee for any costs of reproduction, postage or personnel incurred. No management agreement shall be for a term longer than one (1) year, provided that a management agreement may provide for automatic extension for additional terms of not more than one (1) year unless either party notifies the other party within a defined period prior to the expiration of the existing term that it wishes to terminate the agreement or re-negotiate the agreement.

7.6. INDEMNIFICATION

The Declarant, Board of Directors, officers of the Association, and such employees of the Association and/or the Management Agent as the Board of Directors shall specify by written resolution from time-to-time (cumulatively, "Non-Liable Persons"), shall not be liable to the Owners or the Association for any mistake in judgment or acts or omissions unless such act or omission was made in bad faith or was the result of gross negligence or fraud by such Person. The Association shall indemnify and hold harmless such Non-Liable Persons against all liabilities to others arising out of any agreement made by such Non-Liable Persons on behalf of the Association unless such agreement was made in bad faith, was the result of gross negligence or fraud by such Non-Liable Person, or was in clear violation of a contractual obligation of such Non-Liable Person to the Association.

7.7. BOOKS AND RECORDS

Current financial records of the Association shall be available for inspection by an Owner or any agent authorized in writing by an Owner, at the offices of the Association or such other location in Charleston County as may be designated by the Association. The inspection shall occur at reasonable times during normal business hours. The Association shall have the right to require written notice of the particular financial records to be inspected not more than five (5) business days prior to the inspection date (or such longer period as may be reasonable if the records sought are not readily available). The inspection shall be scheduled and conducted in such a manner that the operations of the Association are not unduly disrupted and the safety and integrity of the records are ensured. The Association may charge a reasonable fee to cover the reproduction, postage and administrative expenses incurred by the Association as a result of an inspection.

7.8. FUNDS FOR ASSOCIATION WORKING CAPITAL

In order to provide the Association with adequate working capital funds, the Association shall collect from a new Owner of a Unit, at the time of transfer of ownership to such Owner, an amount equal to one sixth (1/6) of the annual regular Assessment for such Unit in effect at the time of the sale. This provision shall not apply to any transfer of ownership which is exempt from the imposition of a deed recording fee under South Carolina law (currently, South Carolina Code Section 12-24-40). The Association may maintain the working capital funds in a reserve account to meet unforeseen expenditures or use the funds to acquire additional equipment or services for the benefit of the Association. Such payments shall not be considered advance payments of regular Assessments and shall not be refundable at the time of transfer of ownership by the Owner making the payment.

8. INSURANCE.

8.1. TYPES OF INSURANCE

If such insurance is available at reasonable cost, the Association shall endeavor to obtain insurance coverage, in such amounts and with such deductibles as it shall reasonably determine, for the Property (including the Units), other property of the Association, and the activities of the Association, to cover the insurable interests of the Owners, the Association and their mortgagees therein, and the directors, officers employees and agents, if any, of the Association. Such coverage shall exclude personal property of an Owner (see Section 8.3), but the Association may provide information to Owners regarding coverage that is available for such personal property. The insurance coverage that the Association shall endeavor to obtain shall include:

(i) loss or damage by fire, flood, earthquake or other casualty covered by standard extended coverage policies, based upon current replacement cost;

(ii) risks to the Property, such as vandalism, theft and malicious mischief;

(iii) comprehensive general public liability and, if applicable, automobile liability coverage, covering losses or damages resulting from accident or occurrences on or about the Property;

(iv) any coverage mandated by law or regulation, including, without limitation, worker's compensation coverage;

(v) fidelity insurance covering any person having access to or control over any substantial funds of the Association;

(vi) officers and directors, providing coverage against claims brought against the Board of Directors or any administrator or officers of the Association acting in such capacity; and for

(vii) such other insurance as the Association shall determine to be reasonable and desirable from time to time.

8.2. OTHER INSURANCE CRITERIA

The insurance coverage obtained by the Association shall, if feasible, provide that:

(i) the interest of the insured parties shall not be invalidated by any act or neglect of any Owner or any officer or member of the Board of Directors of the Association;

(ii) the coverage shall not be terminated for non-payment of premiums without at least thirty (30) days' prior written notice to the Association;

(iii) subrogation shall be waived by the insurer with respect to the Association and its Board of Directors, employees and agents, and with respect to Owners, members of their families or household, and mortgagees;

(iv) each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association; and

(v) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

8.3. COLLECTION OF PREMIUMS FOR INSURANCE

Because consistent coverage for Units is essential as a result of their structural relationship and problems could ensue for other Owners and the Association if an Owner failed to properly insure the Owner's Unit, insurance premiums and deductibles for the coverage set forth in Section 8.1 shall be a Common Expense of the Association, except as set forth below. If an insurer requires that coverage for the property value of a Unit or personal property of an Owner within a Unit or insurable events occurring within a Unit shall be in the name of the Association, rather than in the name of individual Owners, then premiums for such coverage shall (a) be allocated among Units in the same manner as the insurer determines to be reasonably allocable to each Unit and (b) be collected as a Special Assessment against the applicable Unit, pursuant to Section 12.3.1. If the insurer does not allocate such premiums by Unit, the premiums shall (a) be allocated among Units based on each Unit's Percentage Interest and (b) be collected as part of the Regular Assessment or as a Special Assessment against the applicable Unit, pursuant to Section 12.3.1., as the Board of Directors shall determine. No Unit Owner may elect not to pay its proportionate share of the insurance obtained by the Association.

8.4. INSURANCE BY OWNERS

Each Owner, at such Owner's expense, shall obtain such insurance as the Owner determines is desirable for (a) furnishings and other personal property in the Unit, (b) for liability insurance covering insurable events occurring within the Unit of such Owner (unless informed in writing by the Board of Directors that the insurance obtained by the Association provides coverage for events occurring within the Unit of such Owner), and (c) such other insurance coverage in relation to the Owner's Unit as the Owner determines is desirable, including property coverage for improvements to the Unit made by the Owner or a predecessor Owner that cause such Unit to differ from standard Units of a similar type. If approved by the Board of Directors, the Association may collect and pay premiums for such insurance as a Special Assessment against the applicable Unit(s), pursuant to Section 12.3.1. The existence of such insurance coverage is not intended to affect or replace any insurance coverage obtained by the Association, or give the Owner the right to refuse to pay such Owner's share of the premium for the insurance obtained by the Association, or cause the diminution or termination of such coverage obtained by the Association, or result in apportionment of insurance proceeds as between policies of insurance of the Association and the Owner. An Owner shall be liable to the Association for the amount of any diminution of insurance proceeds to the Association as a result of the existence or non-existence of insurance coverage maintained or required by the Owner, and the Association shall be entitled to collect the amount of the diminution from the Owner as if the amount were a Special Assessment.

Any insurance obtained by an Owner shall include a provision waiving the insurance company's right of subrogation against the Association and other Owners.

8.5. INSURANCE TRUSTEE

The Board of Directors may, at its discretion, retain any bank, trust company or South Carolina attorney or law firm, certified public accountant, or other Person authorized by law to act as trustee, agent or depository (the "Insurance Trustee") on behalf of the Association for the purpose of receiving or distributing any insurance proceeds. If so, the Board of Directors may delegate to the Insurance Trustee any powers or duties of the Association set forth in this Section 8. The Insurance Trustee shall not be liable for payment of premiums, the renewal or sufficiency of the policies, or failure to collect any insurance proceeds. The fees and reasonable expenses of the Insurance Trustee shall be a Common Expense.

8.6. USE OF PROCEEDS IF DAMAGE TO UNITS ONLY

If a loss occurs only to a Unit, without any loss to Common Elements, the Owner and any mortgagee of such Unit shall use the proceeds of any insurance of the Association to effect necessary repairs to the Unit. The Owner shall obtain estimates and/or bids for the cost of repairing and reconstructing the damaged Unit. The Owner shall provide adequate information to the Association to confirm the cost of repairing and reconstructing the damaged Unit, the existence of a valid contract to repair and reconstruct the damaged Unit, and that the insurance proceeds are sufficient to pay for the same. The Association shall disburse the net insurance proceeds received because of the loss directly to the Owner of the damaged Unit(s) pursuant to such procedures as the Association shall reasonably determine. Because of the problems that could ensue for other Owners and the Association if an Owner failed to properly repair or reconstruct the Owner's Unit, if the insurance proceeds are insufficient to pay the cost of the repair of the damaged Unit, the Board of Directors may, in its sole discretion, subject the damaged Unit to a Special Assessment for the remaining funds necessary to repair the Units.

8.7. USE OF PROCEEDS IF DAMAGE TO COMMON ELEMENTS ONLY

If loss occurs only to Common Elements (including Limited Common Elements), the Board of Directors or Insurance Trustee shall obtain estimates and/or bids for the cost of repairing and reconstructing the damaged Property and determine whether insurance proceeds are sufficient to pay for the same. If the insurance proceeds are insufficient to pay the cost of the repair and reconstruction, the Board of Directors may, in its sole discretion, impose a Special Assessment on all Units to provide for the remaining funds necessary to repair or reconstruct the Common Elements. The Association shall then promptly contract for the necessary repairs or reconstruction to the Common Elements.

8.8. USE OF PROCEEDS IF DAMAGE TO BOTH UNITS AND COMMON ELEMENTS

Because of the administrative and construction coordination complications that can occur if a loss occurs to one or more Units and to Common Elements (including Limited Common Elements), the Board of Directors may determine that all insurance proceeds received as a result of such loss shall be delivered to the Association or Insurance Trustee. The Association or Insurance Trustee shall obtain estimates and/or bids for the cost of rebuilding and reconstructing the damaged Property and determine whether insurance proceeds are sufficient to pay for the same. Because of the problems that could ensue for other Owners and the Association if an Owner failed to properly repair or reconstruct the Owner's Unit, if the insurance proceeds are insufficient to pay the cost of the repair of the damaged Units, the Board of Directors may, in its sole discretion, subject the damaged Units to a Special Assessment for the remaining funds necessary to repair the Units. If the insurance proceeds are insufficient to pay the cost of the repair and reconstruction of the damaged Common Elements, the Board of Directors may, in its sole discretion, impose a Special Assessment on all Units to provide for the remaining funds necessary to repair or reconstruct the Common Elements. The Association shall then promptly contract for the necessary repairs and reconstruction of the Common Elements and the damaged Units. If, however, in the sole opinion of the Board of Directors, the necessary repairs to the damaged Units are repairs that can be accomplished without detrimentally affecting other Owners or the Common Elements, then the Association may allow the Owner of the Unit to

contract directly for the repair of the Unit. In such event, the Owners or mortgagees of the damaged Units shall apply the insurance proceeds and any applicable Special Assessment to effect necessary repair and restoration to the Units.

8.9. USE OF EXCESS PROCEEDS

If funds of the Association remain after completion of repairs and reconstruction and payment of any Insurance Trustee's fees and other fees or costs, such funds shall be distributed (i) first, to the Unit Owners who paid Special Assessments for repair and reconstruction in the same proportion as their Special Assessment bears to all Special Assessments for repair and reconstruction, until all Special Assessments (and such imputed interest thereon, if any, as the Board of Directors determines is appropriate and reasonable) have been repaid, (ii) second, to such reserves of the Association as the Board of Directors shall determine is reasonable, and (iii) third, to the Unit Owners in proportion to their Percentage Interests. Any excess insurance proceeds of Unit Owners that are held by the Association shall be distributed to the applicable Unit Owners.

8.10. WHEN RECONSTRUCTION NOT REQUIRED

In accordance with Section 27-31-250 of the Act, reconstruction is not mandatory if more than two-thirds of the Property must be reconstructed. If such provision of the Act is amended, then the amended provision shall apply.

8.11. CONTRACT ADMINISTRATION DURING RECONSTRUCTION

The Board of Directors, Insurance Trustee and Unit Owners shall endeavor to require all substantial contractors, suppliers and providers of services during repair and reconstruction to deliver waivers of mechanics liens on the Property and execute any affidavit required by law or reasonably required by any insurer or the Association.

8.12. RIGHTS OF MORTGAGEES

No mortgagee shall have any right to participate in the determination of whether property is to be rebuilt, nor shall any mortgagee have the right to require that insurance proceeds be used to repay its loan, except in accordance with this Section 8.

8.13. ATTORNEY-IN-FACT FOR OWNER

Each Owner hereby irrevocably constitutes and appoints the Board of Directors and any Insurance Trustee, or either of them, as such Owner's true and lawful attorney-in-fact for the purpose of dealing with any matters relating to the Unit of the Owner and arising under this Section 8. As attorney-in-fact, the Board of Directors and any Insurance Trustee, or either of them, may execute all documents with respect to the interest of the Owner that may be necessary or appropriate to the powers granted hereby.

9. CONDEMNATION.

9.1. IF RESTORATION WILL OCCUR

If the Property or any part thereof shall be taken or condemned by any authority having a power of eminent domain, any compensation therefor shall be payable to the Association or such bank, trust company or law firm authorized to do business in South Carolina as the Board of Directors shall designate as Trustee for all Unit Owners and mortgagees affected thereby, according to the loss or damages to the Common Elements and the Units. To the extent deemed feasible by the Board of Directors, such proceeds shall be used by the Association to restore or replace the condemned Property on the remaining Property. In so doing, the Association shall follow the concepts and procedures set forth in the preceding Section 8, as applicable.

9.2. IF RESTORATION WILL NOT OCCUR

If the Board of Directors determines that such restoration or replacement is impracticable, the Association shall, with the proceeds received from such condemnation or taking, remove all necessary remains of such improvements so taken or condemned, restore the remaining Property affected to good and orderly condition, and equitably distribute any remaining proceeds from such condemnation or taking to the Association or Unit Owners affected thereby. In so doing, the following principles shall apply:

9.2.1. The total amount allocated to a taking of or injury to the Common Elements shall be apportioned among Owners on the basis of each Owner's Percentage Interest in the Common Elements.

9.2.2. The respective amounts allocated to the taking of or injury to a particular Unit shall be apportioned to the Owner of that particular Unit involved.

9.2.3. The total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board of Directors determines to be equitable.

10. MISCELLANEOUS.

10.1. UNIT MORTGAGES

Each Unit Owner shall have the right, subject to the provisions hereof, to make a separate mortgage or encumbrance on his Unit. No Unit Owner shall have the right to make or create, or cause to be made or created, any mortgage, encumbrance or other lien on or affecting the Property or any part hereof, except his Unit.

10.2. REAL ESTATE TAXES

It is intended that real estate taxes, assessments, and other charges of any taxing or assessing authority shall be separately assessed against each Unit and the Unit's corresponding Percentage Interest in the Common Elements. If such taxes, assessments or charges are taxed on the Property as a whole, then each Unit Owner shall pay its proportionate share thereof in accordance with the Unit's respective Percentage Interest. The Board of Directors shall determine the amount due and notify each Unit Owner as to the real estate taxes payable for such Unit. No forfeiture or sale of the Property as a whole for delinquent taxes, assessments, or charges shall ever divest or in any way affect the title to an individual Unit so long as the applicable tax, assessment, or charge on the Unit is currently paid in a timely manner.

10.3. RESTRICTIONS ON RENTALS AND INTERVAL OWNERSHIP

In order to alleviate problems of security and disruption associated with frequent changes in occupancy, Units shall not (a) be divided into or operated as "timeshares" or interval ownership segments or (b) be leased or rented for periods less than one hundred eighty (180) consecutive days. If leased or rented, the Unit Owner shall ensure that Occupants of the Units understand and fully comply with the provisions of this Master Deed and the Rules and Regulations. If rented or leased, the Unit Owner shall notify the Management Agent or such other entity as the Board of Directors shall determine, in writing, in advance of occupancy, of the name(s), home address(es), and home telephone number of the renter(s) or lessee(s). If requested by the Management Agent or the Board of Directors, the renting or leasing Owner shall provide evidence reasonably satisfactory to the requesting entity to confirm the term of rental or lease.

10.4. NOTICE OF SALE OR OTHER CONVEYANCE

If an Owner sells or otherwise conveys a Unit, the conveying Owner shall promptly cause to be furnished to the Association, in writing, the name, home address and home telephone number of such purchaser or transferee and the forwarding address of the conveying or leasing Owner. The Association may require a transferor or transferee Owner to provide a copy of the deed or other instrument by which the Unit was conveyed. When any Person receives title to a Unit by devise or inheritance, or by any other method not heretofore considered, it shall be the responsibility of the Person acquiring title to notify the Association that such transfer has occurred and to provide the information set forth above.

11. NOTICES.

11.1. NOTICE PROCEDURE

Whenever notice is required or permitted under the terms of this Master Deed, it shall be in writing and (a) personally delivered or (b) sent postage or delivery charges prepaid either (i) by United States mail, certified, return receipt requested, in which case notice shall be deemed to occur on the certified date of delivery or rejection of delivery or (ii) if within the United States,

by First Class or Priority United States mail, in which case notice shall be deemed to occur four (4) calendar days after date of postmark, or (iii) by any dependable delivery service that provides evidence of delivery, in which case notice shall be deemed to occur on the certified date of delivery. Notices by other methods, such as facsimile or e-mail transmission, shall be valid if the recipient thereof acknowledges receipt in writing.

11.2. ADDRESSES

All notices to Owners shall be delivered or sent to such address as has been provided, in writing, from time to time, by the Owner to the Association, or if no address has been so provided to the Association or no current address is known, then at the address of the Owner of the Unit on the property tax records of Charleston County, South Carolina or at any other address that would constitute a valid address for service of process.

All notices to Declarant shall be delivered to:

Montecito Enclave, LLLP
333 1st Street North, Suite 310
Jacksonville Beach, FL 32250

or to such other address as has been provided, in writing, from time to time, by the Declarant to the Association.

All notices to the Association shall be delivered in care of the Association at:

Peninsula on James Island Owners Association, Inc.
c/o Spectrum Properties Residential
700 Daniel Ellis Drive
Charleston, SC 29412

or to such other address as has been provided, in writing, from time to time, by the Association.

All notices to mortgagees shall be delivered or sent to such address as has been provided, in writing, from time to time, to the Association, or to any other address that would constitute a valid address for service of process.

12. ASSESSMENTS.

12.1. PURPOSE OF ASSESSMENTS

The Assessments shall be used to accomplish the provisions set forth in this Master Deed and to promote the health, safety, convenience and general welfare of the Owners, including the improvement and maintenance of the Common Element.

12.2. REGULAR ASSESSMENTS AND BUDGET

12.2.1. Fiscal Year and Annual Budget

The fiscal year of the Association shall be the calendar year. Unless otherwise determined by the Board of Directors, the Board of Directors shall prepare or cause to be prepared by December 1 an operating budget (the "Budget") for the next fiscal year setting forth the estimated Common Expenses and anticipated revenues of the Association for such fiscal year, and any projected deficit or surplus from the preceding fiscal year. (In the initial year after recordation of this Master Deed, the Board of Directors may, in its sole discretion, prepare or cause to be prepared the Budget for the balance of the current fiscal year.) The Budget, once approved by the Board of Directors, shall serve as the basis for Assessments to all Owners (the "Total Assessments") for such fiscal year and the primary guideline under which the Association shall be projected to be operated during such fiscal year; provided, however, that the Board of Directors may, in its sole discretion, submit the proposed Budget to a vote of the Owners. If the Association fails for any reason to adopt a Budget for the fiscal year, then until such time as it is adopted, the Budget and Total Assessments in effect for the current year shall automatically be increased effective the first day of the fiscal year in the same proportion as any percentage increase during the current Year over the preceding Year, in the Consumer Price Index, all

Urban Consumers, United States City Average, All Items (the "CPI") or its successor index, as determined by the Board of Directors. In order to provide time to determine any applicable increase, the "Year" for determining the CPI shall be measured from October 1 through September 30. Such adjusted Budget shall be the Budget for the succeeding year, until a new Budget is adopted. The Association shall furnish to each Unit Owner a copy of the Budget for the forthcoming fiscal year and a statement of the amount of the Assessment payable by such Owner for the fiscal year.

12.2.2. Financial Statement

Within ninety (90) days following the close of the Association's fiscal year, the Board of Directors shall endeavor in good faith to cause an unaudited or audited financial statement of the Association (the "Annual Report") to be prepared by a public accountant licensed to practice in the State of South Carolina. Upon written request, a copy of the Annual Report shall be provided to any Owner of any Unit, but the Association may charge a reasonable fee to cover the reproduction, postage and administrative expenses incurred.

12.2.3. Elements of Budget

The Budget and the Assessments shall be based upon annual estimates by the Association of its revenues and its cash requirements to pay all estimated expenses and costs arising out of or connected with the use, maintenance and operation of the Common Elements and the operation of the Association. Such estimated expenses and costs may include, among other things, the following: expenses of management, including compensation of any Management Agent; taxes and assessments; insurance premiums and deductibles; repairs and maintenance; wages and personnel expenses for Association employees; utility charges; legal and accounting fees; any deficit remaining from a previous period; creation of one or more reasonable contingency reserves and/or sinking funds for existing or anticipated expenses or costs of the Association; any principal and interest payments due for debts of the Association; and any other expenses, costs and existing or projected liabilities that may be incurred by the Association. Such expenses and costs shall constitute the "Common Expenses".

12.2.4. Apportioning Assessments

Except as expressly stated in this Master Deed, the Owner of each Unit shall pay that percentage of the Assessments as the Owner's Percentage Interest bears to all Percentage Interests.

12.2.5. When Assessments Are Payable

Unless the Board of Directors elects a different payment period, the Assessments shall be due and payable monthly, prior to the first day of the month to which the Assessments apply. After a Unit Owner has been notified of the amount of the periodic Assessment, no further notice of the Assessment due shall be required.

12.3. SPECIAL ASSESSMENTS

12.3.1. Special Assessments by Board of Directors

In addition to the regular Assessments authorized above, the Board of Directors may levy Special Assessments applicable to no more than a three (3) year period to cover costs such as any unbudgeted property taxes or assessments; in the event of an insured loss or claim, any deductible amount under the insuring policy; and unbudgeted repairs, costs, fees or expenses, etc. of any construction, reconstruction, repair, demolishing, replacement, renovation or maintenance of the Common Elements. Except as set forth below, Special Assessments shall be allocated among Units in the same manner as other Assessments. In addition to Special Assessments of all Units, the Association may levy a Special Assessment against a particular Unit (i) to cover the costs of providing services to or on behalf of a particular Unit or Owner of such Unit at the request of such Owner or (ii) to cover costs incurred as the result of the failure of the Owner or Occupants of the Unit, their agents, guests, invitees or licensees, to execute any responsibility they may have under this Master Deed, the Bylaws or the Rules and Regulations.

12.3.2. Special Assessments with Owner Approval

Any other Special Assessment shall be approved by a Majority of Owners, as

defined in Section 1. Meetings or votes of Owners for the special purpose of considering a Special Assessment shall be held only after written notice by the Association to the Owners of the Units, in accordance with the notice procedure set forth in the Bylaws. The meeting or vote shall occur no earlier than the date specified in the Bylaws for a special meeting of the Association. The notice shall state generally the purpose and amount of the proposed Special Assessment.

12.3.3. When Special Assessments Are Due

Special Assessments shall be payable by the date determined by the Board of Directors, but no earlier than fourteen (14) days after notice of such Assessment shall have been given to the Owner.

12.4. INITIAL WORKING CAPITAL ASSESSMENT

In order to ensure that adequate initial working capital is available to the Association, a "Working Capital Assessment" shall be paid to the Association by the acquiring Owner at closing of the initial purchase of the Unit from the Declarant. The Working Capital Assessment shall be equal to the pro-rated Regular Assessment, for the fiscal year of the Association in which the payment is due, that is allocable to two (2) months. In the event of non-payment of the Working Capital Assessment, the amount due shall bear interest and shall be collected as a Special Assessment pertaining to that Unit only.

12.5. EFFECT OF NON-PAYMENT OF ASSESSMENTS

Any Assessment (including any Special Assessment) that is not paid to the Association when due shall be delinquent. The Board of Directors may levy a "late charge" not to exceed five percent (5%) of the amount due, plus simple interest at a rate not to exceed five (5) percent over the Prime Lending Rate as set forth in The Wall Street Journal from the date when the Assessment is due until the date it is received by the Association. Such charges shall be added to and collected in the same manner as other Assessments. The Board of Directors may, in its sole discretion, waive all or any portion of such charges or interest if it determines that the failure to pay the Assessment or charge when due was caused by circumstances beyond the control of the Owner or other good cause. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Elements or abandonment of his Unit.

12.6. LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS

Assessments, including Special Assessments, interest and charges thereon, and costs of collection thereof (including reasonable attorneys' fees and expenses) shall be (i) the personal obligation of the Person who was the Owner of such Unit at the time when the assessment was due and, unless expressly agreed by the Association, also of any subsequent Owner, (ii) a charge on the Unit to which such assessments are applicable and (iii) a continuing lien and encumbrance upon such Unit in favor of the Association. To evidence a lien for sums assessed pursuant to this Section, the Association may prepare a written notice of lien setting forth the amount of the unpaid Assessment or Special Assessment, the due date, the amount remaining unpaid, including any interest or charges, the name of the Owner of the Unit, and a description of the Unit. Such notice shall be signed and acknowledged by a duly authorized officer of the Association or any Management Agent of the Association and may be recorded in the Register of Mesne Conveyance Office for Charleston County. No notice of lien shall be recorded until there is a delinquency in payment of the Assessment, but notice of lien shall not be a condition precedent to or delay the attachment of the lien, which shall attach on the date that the Assessment is levied or the date of the event that gives rise to the obligation to pay the Association. Such lien may be enforced as set forth in this Master Deed or otherwise permitted by law.

12.7. SUBORDINATION OF LIEN; MORTGAGEE RIGHTS

Unpaid Assessments then due and payable on a Unit shall be paid by the conveying Owner at the time of any conveyance of the Unit, or, if not paid, shall be payable by the Person to which the Unit is conveyed. Pursuant to Section 27-31-210 of the Act, the lien on a Unit for unpaid Assessments shall be subordinate to the liens for any unpaid taxes and any duly recorded prior mortgage or other duly recorded lien on the Unit. Sale or transfer of any Unit shall not

affect the lien for unpaid Assessments. However, pursuant to Section 27-31-210(b) of the Act, if a mortgagee of any mortgage of record or other purchaser of a Unit obtains title at a foreclosure sale, the Person acquiring title shall not be liable for Assessments allocable to the Unit that accrued after the date of recording of the mortgage and prior to the acquisition of title at the foreclosure sale. Unless the Board of Directors determines that such unpaid Assessments shall be waived or reduced by the Association, such unpaid Assessments shall be deemed Common Expenses collectible from all Unit Owners, including the Person acquiring title, its successors and assigns, in accordance with their respective Percentage Interests.

12.8. STATEMENT OF ACCOUNT

Upon written request of any Owner, mortgagee, lessee, prospective mortgagee, or prospective purchaser or lessee of a Unit, the Association or its duly authorized agent shall issue a written statement (which shall be conclusive upon the Association) setting forth the following:

- (i) The amount of unpaid annual Assessment or Special Assessment, if any, applicable to such Unit.
- (ii) The amount of the current annual Assessment and any current Special Assessment and the date or dates upon which any payment thereof shall become due.
- (iii) The amount of any credit for advance payments of annual Assessments or Special Assessments.

The Association may charge a reasonable fee to cover the reproduction, postage and administrative expenses incurred in providing such a statement. Unless such written statement is delivered within twenty-one (21) calendar days after receipt of the request (or such longer period as is authorized in the request) and any reasonable fee charged by the Association, the Association shall have no right to assert a priority lien on the Unit for the amount of unpaid annual Assessment or Special Assessment, if any, applicable to such Unit.

13. REMEDIES OF ASSOCIATION.

13.1. REMEDIES AND ENFORCEMENT

Each Owner shall comply with this Master Deed, the Bylaws and the Rules and Regulations adopted pursuant to this Master Deed, as they may be amended from time to time. Failure to comply shall be grounds for the Association to impose fines (as a Special Assessment and after notice as set forth in Section 12.3.3); institute an action to recover sums due, for damages, for injunctive or equitable relief, or for specific performance; or exercise any other enforcement right that may exist in law in equity. Such actions shall be maintained by the Board of Directors on behalf of the Association. The Association may bring an action at law against a delinquent Owner personally for the collection of any delinquent Assessment or Special Assessment, or foreclose the lien against the delinquent Owner's Unit in the same manner in which a mortgage on real property may be foreclosed in the State of South Carolina. The Association shall have the right to bid in at any foreclosure sale, and, upon conveyance to the Association, thereafter hold, lease, mortgage, or convey the subject Unit. Failure on the part of Declarant or the Association to exercise any right, power or remedy herein provided shall not be deemed a waiver of the right to enforce such right, power or remedy thereafter as to the same violation or breach, or as to any violation or breach occurring prior to subsequent thereto. No right of action shall accrue in favor of and no action shall be brought or maintained by any Person against Declarant or the Association because of its failure to bring an action as a result of any purported or threatened violation or breach by any Person of the provisions of this Master Deed, the Bylaws or any Rules and Regulations of the Association.

13.2. ATTORNEYS FEES AND COSTS

In any suit, arbitration, counterclaim or other legal action by the Declarant or the Association to enforce any of the provisions of the Master Deed or the Bylaws, or any appeal thereof, if the Declarant or the Association is the prevailing party, the Declarant or the Association shall be entitled to recover its costs and disbursements and reasonable attorneys' fees and expenses from any other party to the suit or action that is subject to this Master Deed.

13.3. DISCHARGE OF MECHANIC'S LIENS

The Association may cause to be discharged any mechanic's lien or other encumbrance that in the opinion of the Association may constitute a lien against the Common Elements. If less than all of the Owners are responsible for the existence of said lien, the Owners responsible, as determined by the Board of Directors, shall be jointly and severally liable for the amount necessary to discharge the same, and for all related costs and expenses, including attorney's fees and court costs, incurred by reason of the lien.

14. AMENDMENTS.

14.1. AMENDMENT TO MASTER DEED BY ASSOCIATION

Amendments to this Master Deed, other than those authorized by Sections 14.2 and 14.3, below, shall be approved by at least two-thirds (2/3rds) of the Percentage Interests then existing, in accordance with the procedure set forth in the Bylaws; provided, however, (a) no amendment that imposes a greater economic or legal burden on Declarant than the burden that exists under the current provisions of this Master Deed shall be valid unless it is approved, in writing, by Declarant, and (b) no amendment that increases the Percentage Interest of any Owner shall be valid unless it is approved, in writing, by the affected Owner(s).

14.2. AMENDMENTS TO MASTER DEED BY DECLARANT

Notwithstanding any other provision herein or in the Bylaws, Declarant may amend or supplement this Master Deed without the consent of the Association, any Owner, any easement grantee, or any mortgagee if, in Declarant's opinion, based on advice of legal counsel, such amendment is necessary to (a) correct any scrivener's error in this Master Deed; (b) bring any provision of the Master Deed into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination that is in conflict with this Master Deed; (c) enable any reputable title insurance company to issue title insurance coverage with respect to any Units subject to this Master Deed; (d) enable any mortgagee to make mortgage loans, on reasonable terms; (e) enable any insurer to provide insurance required by this Master Deed; or (f) clarify any provision of this Master Deed or eliminate any conflict between provisions of this Master Deed; provided, however, that, except as set forth in Section 14.3, below, such amendments shall not, without the express written permission of the affected Owner(s), increase any Owner's share of Common Expenses, increase the purchase price of any Unit, or materially and adversely affect the rights of other Owners.

14.3. AMENDMENTS TO RULES AND REGULATIONS

Amendments to Rules and Regulations may be made by a majority of the Board of Directors.

15. GENERAL.

15.1. TITLE

Every Unit Owner shall promptly cause to be duly recorded with the Register of Mesne Conveyance Office for Charleston County the deed or other document conveying the Unit to such Owner. Upon written request of the Association, the Owner shall file a true copy of such evidence of title with the Association or its designee.

15.2. APPLICABLE LAW AND INTERPRETATION

This Master Deed and the Bylaws shall be construed in accordance with the laws of the State of South Carolina. In all cases, the provisions set forth or provided for in this Master Deed shall be construed together, given that interpretation that is reasonable, be liberally interpreted and, if necessary, be extended or enlarged by reasonable implication as to make them fully effective. The captions herein as to the contents of various portions of the Master Deed are inserted only for convenience and are not to be construed as defining, limiting, extending or otherwise modifying or adding to the particular provisions to which they refer. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to any Person, as defined herein, shall in all cases be assumed where reasonably required. The effective date of this Master Deed shall be the date of its filing for record in the Register of Mesne Conveyance

Office for Charleston County, South Carolina.

15.3. CONFLICTS WITH ACT OR LAW

This Master Deed is intended to comply with the Act and, to the extent reasonable, shall be so construed. If any provision of this Master Deed clearly conflicts with a mandatory provision of the Act or applicable law, the provisions of the Act or applicable shall apply and control. If such conflict invalidates any provision of this Master Deed, such invalidation will not affect any of the other provisions contained herein unless the result would clearly be inequitable, and the other provisions shall remain in full force and effect.

15.4. TRANSFER OF DECLARANT'S RIGHTS

Unless the transfer of a right or interest of Declarant is expressly stated in this Master Deed to occur upon the earlier happening of a defined event, any right or interest of Declarant reserved or contained in this Master Deed may be transferred or assigned by the Declarant to any Person, either separately or with other rights or interests, by written instrument executed by both Declarant and the transferee and recorded in the Register of Mesne Conveyance Office for Charleston County, South Carolina.

15.5. MODIFYING SYSTEM OF ADMINISTRATION OF ASSOCIATION

The system of administration of the Association may be modified in accordance with the provisions of South Carolina Code Section 27-31-160 or any successor statute defining the applicable procedure.

IN WITNESS WHEREOF, the Declarant has hereunto set its Hand and Seal this

6th day of January 2005.



WITNESSES:

Cynthia A. Gonzales
Joey Muff

MONTECITO ENCLAVE, LLLP
By Montecito Enclave, Inc., A Florida corporation
Its sole General Partner

[Signature]
By: William J. Rogers Jr
Its: Vice Pres.

STATE OF Florida)

COUNTY OF Duval)

ACKNOWLEDGMENT

I, Janice R. Long, a Notary Public, hereby certify that

William S. Rogers, Jr., as Vice President of Montecito Enclave, Inc, General Partner of Montecito Enclave, LLLP, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Subscribed to and sworn before me this 6th day of January, 2005.

[Signature]
Notary Public for _____

(SEAL)

My Commission Expires: _____

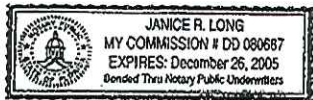


EXHIBIT "B": BYLAWS

BYLAWS

OF PENINSULA ON JAMES ISLAND OWNERS ASSOCIATION, INC.

A South Carolina Nonprofit Mutual Benefit Corporation

Pursuant to the provisions of the South Carolina Nonprofit Corporation Act and the South Carolina Horizontal Property Act, the Board of Directors of the Peninsula on James Island Owners Association, Inc. (the "Association"), a South Carolina nonprofit mutual benefit corporation, has adopted the following Bylaws for such corporation.

1. NAME AND PRINCIPAL OFFICE

1.1. Name.

The name of the nonprofit corporation is "Peninsula on James Island Owners Association, Inc.", hereinafter referred to as the "Association".

1.2. Offices.

The principal offices of the Association shall be in South Carolina.

2. DEFINITIONS

2.1. Definitions.

Except as otherwise provided herein or required by the context hereof, all capitalized terms used herein are intended to have the same meaning as any similar terms set forth in the Master Deed of the Peninsula on James Island Horizontal Property Regime (the "Master Deed"), if such Master Deed is then recorded in the office of the Register of Mesne Conveyances for Charleston County, and all amendments or supplements thereto filed for record from time to time.

3. MEMBERS; VOTING AND MEETINGS

3.1. Members.

Each Owner of a Unit shall be a Member of the Association. If the Member is a corporation, partnership, limited liability company, trust, tenancy in common, joint tenancy, or similar entity or ownership arrangement, it is the entity or ownership arrangement which is the Member, and not each shareholder, partner, member, beneficiary or trustee, joint tenant or tenant in common, etc. who is a Member. In order to permit the efficient administration of the business and operations of the Association, the rights and authority of Members are limited to the extent set forth in the Master Deed or these Bylaws unless otherwise required by applicable law.

3.2. Notice of Ownership.

In order to confirm Membership, upon purchasing a Unit in the Peninsula on James Island Owners, the Owner of such Unit shall promptly furnish to the Association a legible copy of the instrument conveying ownership to the Owner (e.g. a recorded deed), which copy shall be maintained in the records of the Association. This provision shall not apply to the Declarant or any Owner of a Unit who purchases his Unit from the Declarant.

3.3. Annual and Regular Meetings.

The first meeting of the Members shall be held within one (1) year from the date of recording of the Master Deed. Unless otherwise determined by the Board of Directors, subsequent annual meetings shall be held on such dates and at such location in Charleston County, South Carolina as the Board of Directors may determine.

3.4. Special Meetings.

Pursuant to South Carolina Code Section 33-31-702, a special meeting of the Members shall be held (a) upon the call of the President of the Association or the Board

of Directors, or (b) if the holders of at least five percent (5 %) of the Percentage Interests sign, date and deliver to an officer of the Association a written demand for a special meeting describing the purpose for which it is to be held. (The close of business on the thirtieth [30th] day before delivery of the written demand is the record date for determining whether the five percent (5 %) requirement has been met.) If a notice for a special meeting demanded under (b) is not given within thirty (30) days of the date the written demand is properly delivered to an officer of the Association, a person signing the demand may set the time and place of the meeting in Charleston County, South Carolina and give notice in accordance with these Bylaws. Only those matters that are within the purposes described in the meeting notice may be conducted at a special meeting.

3.5. Notice of Meetings.

Unless a shorter time is permitted by applicable law, the Association shall notify Members of the place, date and time of each meeting or ballot in lieu of a meeting at least ten (10) days prior thereto. Notice shall be given in accordance with the procedure set forth in Section 10. A Member may waive any notice required by these Bylaws or applicable law by written waiver, signed by the Member, delivered to the Secretary or President of the Association or the Board of Directors, either before or after the event. Attendance by a Member at a meeting or participation in a ballot waives objection to lack of notice or defective notice thereof unless the Member, prior to the end of the meeting or ballot, submits a written objection to the meeting or ballot.

3.6. Voting by Members.

3.6.1. In all votes or ballots by Members, each Owner of a Unit shall have the same number of votes as the Percentage Interest of such Unit, unless otherwise expressly required by law. The Percentage Interest of each Unit is defined in the Master Deed.

3.6.2. Pursuant to South Carolina law, in decisions requiring the approval of Members, at least fifty-one percent (51%) of the Percentage Interests shall be required to constitute approval.

Example: Members having thirty percent (30%) of the cumulative Percentage Interests vote to approve a matter and Members having twenty-five percent (25%) of the cumulative Percentage Interests vote not to approve the matter. Although fifty-five percent (55%) of the cumulative Percentage Interests cast votes, and at least fifty-one percent (51%) of those casting votes voted to approve the matter, approval did not occur. In this example, fifty-one percent (51%) of all Percentage Interests would have to vote to approve the matter. (Note: this example is provided for mathematical purposes only.)

3.6.3. In approving any decision requiring the approval of Members, the Members may delegate to the Board of Directors or any officer of the Association the authority to determine and implement such details or matters as the Members determine.

Example: Assume that the Members approve obtaining a loan to the Association in a principal amount not to exceed \$10,000 "on such terms and conditions as shall be approved by the Board of Directors." In such case, the Board of Directors shall have authority to determine such details as the term of the loan, the interest rate, the repayment schedule, the security for the loan, etc.

3.6.4. Cumulative voting is prohibited.

3.7. Quorum of Members.

Fifty-one percent (51%) of the cumulative Percentage Interests shall constitute a

quorum for the transaction of business at any meeting or vote of the Members. A meeting may be conducted by any means that permits all Members participating to communicate simultaneously (such as a telephone conference call).

3.8. Proxies and Authority of Person Voting.

A Member may be represented by a written proxy that in the reasonable opinion of the President or Secretary of the Association evidences the intention of the Member to permit the holder of the proxy to vote on such Member's behalf. A proxy may be held by any Person, including, without limitation, any authorized representative of a Management Agent of the Association. The Board of Directors, or, in its absence, the President of the Association, shall have the authority to determine, in their sole reasonable discretion, whether any individual claiming to have authority to vote for a Member has such authority. If the Member is a corporation, partnership, limited liability company, trust, tenancy in common, joint tenancy, or similar entity or ownership arrangement, the Association may require the individual purporting to vote for such Member to provide reasonable evidence that such individual (the "Representative") has authority to vote for such Member. Unless the authority of the Representative is challenged in writing at or before the time of voting, or is challenged orally at the time of voting, however, the Association may accept such Representative as a person authorized to vote for such Member, regardless of whether adequate evidence of such authority is provided.

4. BOARD OF DIRECTORS

4.1. General Powers.

The Board of Directors of the Association (the "Board") shall manage the property, affairs, and business of the Association. The Board shall constitute that body referred to in the Horizontal Property Act of South Carolina as "the board of administration." The Board may exercise all of the powers of the Association, whether derived from law, the Master Deed, the Articles of Incorporation, or these Bylaws, except such powers as are expressly vested in another Person, including the Members as a whole, by such sources. Such powers shall include, without limitation, selection, hiring and dismissal of personnel or entities necessary for administering the affairs of the Association. Unless otherwise expressly set forth in law, the Master Deed, the Articles of Incorporation, or these Bylaws, the Board shall constitute the final administrative authority of the Association, and all decisions of the Board shall be binding upon the Association and the Members. Unless prohibited by applicable law, the Board may, in writing or by resolution of the Board, delegate to one or more officers or to a Management Agent or Agents, such of its duties, responsibilities, functions, and powers, as it determines are appropriate.

4.2. Number, Tenure, and Qualifications.

4.2.1 Until the election of a successor Board of Directors pursuant to Section 4.2.2, the Board of Directors shall consist of not less than three (3) nor more than five (5) individuals, as determined and designated by Declarant from time-to-time. A Controlling Interest shall exist as long as Declarant owns Units to which at least fifty-one percent (51%) of the cumulative Percentage Interests are allocable. Directors need not be Members.

4.2.2. Within one hundred eighty (180) days after the date on which the Declarant no longer has a Controlling Interest, or such earlier time as the Declarant records a document waiving its authority to designate the Board, or notifies the Members that it is waiving its authority to designate the Board as of a defined date, the successor Board shall be selected as follows:

A. The successor Board shall consist of five (5) individuals, each of whom shall serve for a three (3) year staggered term. Initially, however, in order to create a

staggered Board, one (1) Director shall be elected for a one (1) year term, two (2) Directors shall be elected for a two (2) year term, and two (2) Directors shall be elected for a three (3) year term. The two (2) individuals receiving the highest number of votes shall be elected to a three (3) term, the two (2) individuals receiving the next highest number of votes shall be elected to a two (2) year term, and the individual receiving the next highest number of votes shall be elected to the one (1) year term.

B. Thereafter, upon the expiration of the designated term, each Director shall be elected for a three (3) year term. If a Director resigns or is replaced, the replacement Director shall serve for the balance of the applicable term. It is not necessary that a Director be a Member. An individual may serve as a Director for more than one (1) term, but no individual shall serve as a Director for a period in excess of six (6) consecutive years.

C. The current Board of Directors of the Association shall constitute a Nominating Committee to nominate competent and responsible individuals to serve as Directors of the Association. At the discretion of the Board of Directors, elections of Directors shall be held either (i) by written ballot distributed to the Owners of Units without a meeting or (ii) by written ballot at a meeting of the Member. In all cases, the Board of Directors shall determine the form of the written ballot, but the ballot shall contain one or more blank spaces for additional Persons to be nominated.

D. Notice of the election shall be given in accordance with Section 3.5. If election is by written ballot distributed to Member without a meeting, the ballot or accompanying materials shall state a date by which the ballot must be returned to the Association in order to be counted. The notice shall contain the names of those persons recommended by the Nominating Committee, but, if the vote will occur at a meeting, the notice shall state that Member may make other nominations at the meeting.

E. Each Member shall be authorized to cast as many votes as the number of Directors to be elected (i.e. if two Directors are being elected, then a Member may vote for two nominees). Votes shall be weighted to reflect the Percentage interest allocable to each Unit. (See Section 3.6.1).

4.3. Annual and Regular Meetings.

The first meeting of the Board of Directors shall be held within one (1) year from the date of recording of the Master Deed. Unless otherwise determined by the Board of Directors, subsequent annual or regular meetings shall be held on such dates and at such location as the Board of Directors may determine.

4.4. Special Meetings.

Special meetings of the Board may be called by or at the request of the Chairman of the Board of Directors or any two (2) Directors (or if there are only two Directors, then any Director). The Director(s) calling a special meeting of the Board may fix any place within Charleston County, South Carolina (or such other place as is approved by all Directors) as the place for holding such a meeting. Except as otherwise required or permitted by the South Carolina Nonprofit Corporation Act, notice of any special meetings shall be given at least two (2) days prior thereto. Notice shall be in accordance with the procedure set forth in Section 10. Any Director may waive notice of a meeting.

4.5. Quorum, Telephonic Meetings and Manner of Acting.

A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. Upon approval of a majority of the Board, a meeting may be conducted by any electronic means that permits all participating Directors to communicate simultaneously (such as a telephone conference

call). The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have no powers as such.

4.6. Compensation.

No Director shall receive compensation for any services that he may render to the Association as a Director; provided, however, that Directors may be reimbursed for expenses incurred in performance of their duties as Directors and, except as otherwise provided in these Bylaws, may be compensated for services rendered to the Association other than in their capacities as Directors.

4.7. Resignation and Removal.

A Director may resign at any time by delivering a written resignation to either the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause, by proper action of the Person(s) having the right to designate or elect Directors at the time of removal (see Sections 4.2.1 and 4.2.2, above).

4.8. Vacancies.

If a vacancy shall occur in the Board by reason of the death or resignation of a Director, then such vacancy shall be filled by a vote of a majority of the remaining Directors. If a vacancy shall occur in the Board by reason of removal, then such vacancy shall be filled solely by vote of the Person(s) then having the right to designate or elect Directors (i.e. by the Declarant or the Members, as set forth in Sections 4.2.1 and 4.2.2, above). Any Director designated or appointed to fill a vacancy shall serve for the unexpired term of his predecessor.

4.9. Informal Action by Directors.

Any action that is required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

4.10. Election of Chairman of Board.

The Chairman of the Board of Directors shall be elected by a majority of the Board at any meeting. The Chairman shall serve until the earlier of (a) such time as a new Chairman shall be elected, (b) his resignation as Chairman, (c) his resignation or removal as a Director, or (d) his death. The Board of Directors may elect a Vice Chairman to serve in the absence of the Chairman. If a Vice Chairman is elected, he shall also be a Vice President of the Association.

5. OFFICERS

5.1. Number.

The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect.

5.2. Election, Tenure, and Qualifications.

The officers of the Association shall normally be elected by the Board at the annual meeting of the Board. In the event of failure to choose officers at such annual meeting of the Board, officers may be chosen at any subsequent regular or special meeting of the Board. Each officer (whether chosen at a regular annual meeting of the Board or otherwise) shall hold his office until his successor shall have been chosen and qualified, or until his death, or until his resignation or removal in the manner provided in these Bylaws, whichever first occurs. Any one individual may hold any two or more of such offices. No individual holding two or more offices shall act in or execute any instrument in the capacity of more than one office. It is not necessary that an officer be a Director or a Member.

5.3. Subordinate Officers and Agents.

The Board may from time to time appoint such other officers or agents as it deems advisable, each of whom shall have such title, hold office for such periods, have such authority, and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities, and duties. It is not necessary that a subordinate officer or agent be a Director or an Owner.

5.4. Resignation and Removal.

Any officer may resign at any time by delivering a written resignation to the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board at any time, for or without cause.

5.5. Vacancies and Newly Created Offices.

If any vacancies shall occur in any office by reason of death, resignation, removal, disqualification, or any other cause, or if a new office shall be created, such vacancies or newly created offices may be filled by the Board at any regular or special meeting.

5.6. The President.

The Chairman of the Board of Directors shall serve as the President of the Association. The President shall preside at meetings of the Board and at meetings of Members of the Association. He shall sign on behalf of the Association all conveyances, mortgages, documents, and contracts, and shall do and perform all other acts and things that the Board may require of him; provided that the Board may authorize other officers or Persons to act on specific matters by proper resolution of the Board.

5.7. The Vice President.

The Vice President shall preside in the absence of the President and shall do and perform all other acts and things that the Board may require of him. The Board may elect more than one Vice President. (Also see Section 4.10.)

5.8. The Secretary.

The Secretary shall keep the minutes of the Association and shall maintain such books and records as these Bylaws, the Master Deed, any resolution of the Board or applicable law may require him to keep. He shall be the custodian of the seal of the Association, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board may require of him.

5.9. The Treasurer.

The Treasurer shall have custody and control of the funds of the Association, subject to the action of the Board, which may include authorization for other entities, such as a Management Agent, to handle day-to-day matters under the general direction of the Treasurer or the Board. When requested by the President or the Board to do so, the Treasurer shall report the state of the finances of the Association. He shall perform such other duties as the Board may require of him.

5.10. Compensation.

No officer shall receive compensation for any services that he may render to the Association as an officer; provided further, however, that officers may be reimbursed for expenses incurred in performance of their duties as officers and, except as otherwise provided in these Bylaws, may be additionally compensated for services rendered to the Association other than in their capacities as officers.

6. COMMITTEES

6.1. Designation of Committees.

The Board may from time-to-time appoint such committees as it may deem appropriate in carrying out its duties, responsibilities, functions, and powers. The membership of each such committee appointed hereunder shall consist of such number as the Board shall determine. No committee member shall receive compensation for services that he may render to the Association as a committee member; provided, however, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided by these Bylaws) may be compensated for services rendered to the Association other than in their capacities as committee members. It is not necessary that a committee member be a Director, an officer or a Member of the Association.

6.2. Proceedings of Committees.

Unless appointed by the Board, each committee appointed hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep adequate records of its proceedings and shall regularly report such proceedings to the Board. Unless expressly delegated to the committee by the Board, the power and authority of each committee shall only be to make recommendations to the Board, which shall have the final decision whether to take any action or not.

6.3. Quorum and Manner of Acting.

At each meeting of any committee designated hereunder by the Board, the presence of committee members constituting at least a majority of the authorized membership of such committee shall constitute a quorum for the transaction of business, and the act of a majority of the committee members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board hereunder shall act only as a committee, and the individual committee members thereof shall have no powers as such.

6.4. Resignation and Removal.

Any committee member designated hereunder by the Board may resign at any time by delivering a written resignation either to the President, the Board, or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.5. Vacancies.

If a vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal, or otherwise, the remaining committee members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any Board meeting.

7. INDEMNIFICATION

7.1. Indemnification.

Unless expressly prohibited by applicable law, the Association shall indemnify any Person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding (including a proceeding brought by the Association) whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director, officer, employee, or Management Agent of the Association, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement in connection with such action, suit, or proceeding, if the indemnified Person (a) acted in good faith, without fraudulent intent or gross negligence (or, if the action is brought by

the Association, without negligence or breach of any contractual or fiduciary obligation to the Association), and in a manner the Person reasonably believed to be in or not opposed to the best interest of the Association, and (b) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by an adverse judgment, order, or settlement, or plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.2. Determination.

If a Director, officer, employee, or Management Agent of the Association is successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 7.1, or in defense of any claim, issue, or matter therein, he or it shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Section 7.1 hereof shall be made by the Association only upon a determination that indemnification of the Director, officer, employee, or Management Agent is proper in the circumstances because he or it has met the applicable standard of conduct set forth respectively in Section 7.1 hereof. Such determination shall be made by the Board by a majority vote of Directors (excluding any Director whose indemnification is being considered).

7.3. Advances.

Expenses incurred in defending a civil or criminal action, suit, or proceeding as contemplated in this Article may be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon a majority vote of a Directors (excluding any Director whose indemnification is being considered) and upon receipt of an undertaking by or on behalf of the Director, officer, employee, or Management Agent to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the Association as authorized by this Article.

7.4. Scope of Indemnification.

The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the Master Deed, Articles of Incorporation, Bylaws, agreements, vote of disinterested Members of Directors, or applicable law. The indemnification authorized hereby shall apply to all present and future Directors, officers, employees, and Management Agents of the Association and shall continue as to such Persons who cease to be Directors, officers, employees, or Management Agents of the Association and shall inure to the benefit of the heirs and legal representatives of all such Persons.

7.5. Insurance.

The Association may purchase and maintain insurance on behalf of any Person who was or is a Director, officer, employee, or agent of the Association against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the Bylaws or the laws of the State of South Carolina, as the same may hereafter be amended or modified.

7.6. Payments and Premiums.

All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute Common Expenses of the Association and shall be paid with funds of the Association.

8. FISCAL YEAR AND SEAL

8.1. Fiscal Year.

The fiscal year of the Association shall begin on the 1st day of January each year and shall end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation.

8.2. Seal.

The Board may by resolution provide a corporate seal that shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Seal" or "Corporate Seal."

9. RULES AND REGULATIONS

9.1. Rules and Regulations.

The Board may from time to time adopt, amend, repeal, and enforce reasonable Rules and Regulations governing the use and operation of the Property, to the extent that such Rules and Regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Master Deed, or law. Without limitation, such Rules and Regulations may include establishment of reasonable fees for guests or for special use of facilities in the Common Element, definition of the times and conditions of use of facilities in the Common Element, and reasonable charges for failure to observe the terms of this Master Deed or the Rules and Regulations. Upon request of any Owner, such Owner shall be provided a copy of the Rules and Regulations or the Master Deed, provided that the Board may charge a reasonable fee to cover any reproduction, mailing or administrative costs involved.

10. NOTICES

10.1. Notices.

Whenever notice is required or permitted under the terms of these Bylaws, it shall be in writing and (a) personally delivered or (b) sent postage or delivery charges prepaid either (i) by United States mail, certified, return receipt requested, in which case notice shall be deemed to occur on the certified date of delivery or rejection of delivery or (ii) if within the United States, by First Class or Priority United States mail, in which case notice shall be deemed to occur four (4) calendar days after date of postmark, or (iii) by any dependable delivery service that provides evidence of delivery, in which case notice shall be deemed to occur on the certified date of delivery. Notices by other methods, such as facsimile or e-mail transmission, shall be valid if the recipient thereof acknowledges receipt in writing or electronic confirmation of receipt is received by the sender.

10.2. Addresses.

All notices to Owners shall be delivered or sent to such address as has been provided from time to time by the Owner, in writing, to the Association, or if no address has been so provided to the Association or no current address is known, then at the address of such Owner's respective Unit or the address then shown as that of the Owner on the property tax records of Charleston County, South Carolina, or to any other address that would constitute a valid address for service of process.

All notices to Declarant shall be delivered in care of Declarant at 333 1st Street North, Suite 310; Jacksonville Beach, FL 32250, or to such other address as Declarant may from time to time notify the Association in writing.

All notices to the Association shall be delivered in care of the Association at 700 Daniel Ellis Drive; Charleston, South Carolina, 29412, or to such other address as the Association may from time to time give notice in writing.

All notices to mortgagees shall be delivered or sent to such addresses as such mortgagees specify in writing to the Association, or to any other address that would constitute a valid address for service of process.

11. OTHER STATUTORY PROVISIONS

In compliance with Section 27-31-160 of the South Carolina Horizontal Property Act, the provisions governing the care, upkeep and surveillance of the property of the Association and its general or limited common elements and services; the manner of collecting from Owners for payment of common expenses of the Association; the hiring and dismissal of the personnel necessary for the works, and the general or limited common services for the property of the Association; and the procedure for modifying the system of administration of the Association created by the Master Deed, are set forth in the Master Deed of the Association. By reference, such provisions are incorporated herein.

12. AMENDMENT OF BYLAWS

12.1. Amendment by Association.

The Bylaws may be amended by either (a) approval of the proposed amendment by at least fifty-one percent (51%) of the Percentage Interests, or (b) approval of the proposed amendment by vote of two thirds of the then-existing Board of Directors. If approval is sought in the manner set forth in (a), then notice of the proposed amendment shall be given to the Members in writing by a Member or Director proposing the amendment and the notice shall contain a general description of the proposed amendment and the purpose of the proposed amendment. If approval is sought in the manner set forth in (b), then notice of the proposed amendment shall be given to the Board in writing by a Director proposing the amendment and the notice shall contain a general description of the proposed amendment and the purpose of the proposed amendment. No amendment to the Bylaws that imposes or reasonably could be construed to impose a greater economic or legal burden on Declarant than exists under the then current provisions of these Bylaws shall be valid unless it is approved, in writing, by Declarant, and no amendment of the Bylaws that is contrary to this statement shall be valid.

12.2. Amendment by Declarant.

The Declarant may amend the Bylaws without the consent of the Association, any Owner or any mortgagee if, in Declarant's reasonable opinion, such amendment is not inconsistent with applicable law and is necessary to (i) correct any scrivener's error or bring any provision of the Bylaws into compliance or conformity with the provisions of the Master Deed or any applicable governmental statute, rule or regulation or any judicial determination that is in conflict with the Bylaws; (ii) enable any title insurance company to issue title insurance coverage with respect to any Units subject to the Master Deed; (iii) enable any mortgagee to make mortgage loans on any Unit or other improvements subject to the Master Deed; (iv) enable any governmental agency or private mortgage insurance company to insure mortgages on the Units subject to the Master Deed; (v) enable any insurer to provide insurance required by the Master Deed; (vi) clarify any provision of the Bylaws or the Master Deed or eliminate any conflict between provisions of the Bylaws and/or the Master Deed; or (vii) comply with advice of legal counsel.