

STATE OF SOUTH CAROLINA

COUNTY OF CHARLESTON

MASTER DEED
OF
COURTSIDE VILLAS
HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made by KIAWAH ISLAND COMPANY LIMITED (subsequently referred to as Grantor), a corporation organized and existing under the laws of the Territory of the British Virgin Islands, pursuant to the Horizontal Property Act of South Carolina (Act) for the purpose of creating a horizontal property regime and establishing certain easements, covenants, and restrictions to run with the land submitted to the horizontal property regime.

ARTICLE I

NAME

The name of the horizontal property regime hereby established shall be Courtside Villas Horizontal Property Regime (the Regime).

ARTICLE II

THE PROPERTY

A. Property. The term Property means and includes the land described below and all improvements and structures now existing or subsequently placed on the land and all easements, rights, and appurtenances belonging thereto.

B. Land. The land (Land) owned in fee simple absolute by Grantor and hereby being submitted to a horizontal property regime is described as follows:

ALL that piece, parcel, or tract of land situate, lying, and being on the north side of Shipwatch Road, Kiawah Island, Charleston County, South Carolina, containing 1.861 acres and shown on a plat by Coastal Surveying Co., Inc. dated June 22, 1979, revised August 3, 1979, and entitled "Plat of Courtside Villas, Located on Kiawah Island, Charleston County, South Carolina, owned by Kiawah Island Company, Ltd., Kiawah Island, S. C. 29455" recorded in Plat Book AG at page 150, in the R.M.C. Office for Charleston County, S. C., and more particularly described according to the plat as follows:

Commencing at a point marked by a concrete monument on a northern right-of-way of Shipwatch Road, 374.85 feet east of the intersection of the northwestern right-of-way line of Shipwatch Road and Kiawah Beach Drive, and running thence N03°25'57"W, 177.12 feet to a point marked by a concrete monument; thence cornering and running N86°34'03"E, 110 feet to a point marked by a concrete monument; thence cornering and running N03°25'57"W, 120.00 feet to a point marked by a concrete monument; thence cornering and running S86°34'03"W, 110.00 feet to a point marked by a concrete monument; thence cornering and running N03°25'57"W, 81.11 feet to a point marked by a concrete monument; thence cornering and running S41°50'43"E, 59.50 feet to a point marked by a concrete monument; thence cornering and running N37°50'57"E, 48.29 feet to a point marked by a concrete monument; thence cornering and running S67°58'02"E, 40.07 feet to a point marked by a concrete monument; thence running N75°28'28"E, 28.68 feet to a point marked by a concrete monument; thence cornering and running N15°23'29"E, 62.09 feet to a point marked by a concrete monument; thence cornering and running N21°08'23"W, 33.77 feet to a point marked by a concrete monument; thence cornering and running S67°21'14"E, 76.88 feet to a point marked by a concrete monument; thence running N76°42'29"E, 55.89 feet to a point marked by a concrete monument; thence cornering and running S14°37'46"E, 140.37 feet to a point marked by a concrete monument on the northwestern right-of-way of Shipwatch Road;

thence running along the northwestern right-of-way of Shipwatch Road being a curved line having a radius of 89.06 feet, an arc of 81.43 feet, a chord distance of 78.62 feet, and a chord bearing S30°28'14"W to a point marked by a concrete monument; thence running along said northwestern right-of-way of Shipwatch Road, S04°16'43"W, 100.00 feet to a point marked by a concrete monument; thence continuing running along said northwestern right-of-way of Shipwatch Road being a curved line, having a radius of 132.49 feet, an arc of 183.50 feet, a chord distance of 169.18 feet, and a chord bearing S43°57'24"W to a point marked by a concrete monument; thence continuing along said northern right-of-way of Shipwatch Road S83°38'06"W, 100.00 feet to a point marked by a concrete monument; thence continuing along the northern right-of-way of Shipwatch Road being a curved line having a radius of 146.11 feet, an arc of 12.69 feet, a chord distance of 12.69 feet, and a chord bearing of S81°08'49"W to a point marked by a concrete monument, such point being the point of beginning.

C. Buildings and Improvements. The land is bounded by the right-of-way of Shipwatch Road on the south and east, by other land of the Grantor on the northeast, by Fairway Oaks Horizontal Property Regime (Phase I) on the north, and by other land of the Grantor presently in use for a tennis complex on the west. Access to the Property is by two cul-de-sacs branching off Shipwatch Road.

Three buildings containing residential apartments are sited on the Land along a generally north-south axis and are designated, for the purposes of the Act and this Master Deed, A, B, and C: the southernmost building is building A; the next building to the north, B; and the northernmost building, C. The locations of the buildings and other improvements are shown on the plat referred to in Article II, Paragraph B of this Master Deed and on the plot plan labelled Exhibit A attached to and hereby incorporated by reference in this Master Deed.

Each building is substantially rectangular in shape, has two floors or levels, and contains four, one-bedroom residential apartments on each floor. The approximate total ground area covered by all buildings is .201 acres, there being approximately 2,932 square feet (.067 acres) under each building, including its decks and porches. Within reasonable construction tolerances, the dimensions and area of each building are shown on the floor plans labelled Exhibit B attached to and hereby incorporated by reference in this Master Deed.

Each building is of wood frame construction on a foundation of treated piles and girders. Exteriors are of rough-sawn, shiplap, cypress siding and are shown, within reasonable construction tolerances, on the elevations labelled Exhibit C attached to and incorporated by reference in this Master Deed. Each building is constructed with pine joists; treated girders, braces, decks, treads, and piles; plywood porch ceilings; cypress exterior trim, including louvers, trellises, and lattice; and cypress handrails. Roofs are of cedar shingle.

Each building has an unheated, uncooled, and unfinished attic accessible through scuttles in the second floor apartments in the building.

Air conditioning compressors for the apartments are located on treated wood platforms at both ends of the buildings.

D. Villas. There are twenty-four residential apartments known and designated as Villas, and each is designated for the purpose of any conveyance, lease, or instrument affecting the title by a four-digit number. Beginning with the southernmost, first-floor Villa in building A and ending with the northernmost, second-floor Villa in building C, the Villas are numbered 1401 through 1424.

All odd-numbered Villas are first-floor Villas, and all even-numbered Villas are second-floor Villas numbered after (having a number higher by one) the Villa directly below. The number of each Villa and the number of the building in which the Villa is located are shown on the plot plan, Exhibit A, as well as being listed in Exhibit D attached to and hereby incorporated by reference in this Master Deed.

Five apartment configurations designated A, B, C, D, and E, plus the mirror image or opposite hand of A, B, and C, designated AOH, BOH, and COH, respectively, occur in the buildings. When viewed from the part of the cul-de-sac immediately in front of each building, the building contains--looking from left to right--apartment configurations A, C, COH, and AOH on the first floor, and B, D, E, and BOH on the second floor.

The A, B, C, D, and E configuration Villas are substantially similar. Each has an entry hall off of which is a closet containing a furnace serving such Villa exclusively; a bedroom with a walk-in closet; a bathroom which is accessible from the entry hall and the bedroom; and a living-dining room with an alcove (which can be screened by an accordian door) containing a refrigerator/freezer with ice maker, a garbage disposal, a dishwasher, and an oven (self-cleaning)/range with a range hood.

The A configuration Villas are located at the ends of the buildings on the first floor, and the B configuration Villas, at the ends on the second floor. The A and B Villas differ only in that (1) the A Villa has a bay projecting out from the side of the living/dining room, (2) the B Villa has a peaked ceiling in and overhead beams spanning the living/dining room, and (3) the A Villa bedroom has one less window than the B Villa.

The C Villas are located in the middle of the buildings on the first floor and differ from the adjacent A Villas only in that (1) the living/dining room of the C Villa does not have a bay and windows, and (2) the window placement in the bedroom of the two Villas is not the same.

The D and E Villas are located in the middle of the buildings on the second floor and are mirror images of each other except for the bedroom window placement and are mirror images of the adjacent B Villa except for the number and location of bedroom windows and the absence of a window in the living/dining room of the D and E Villas.

The A Villa has approximately 606 square feet of heated and cooled interior floor space, and the B, C, D, and E Villas, approximately 580 square feet.

Within reasonable construction tolerances, the dimensions, area, and location in the building of each Villa and of the Common Elements (defined and enumerated in Paragraphs E, F, and G of this Article) affording access to the Villa are shown on the floor plans, Exhibit B.

The finished floor elevation (top of the subfloor) on the first level of building A is 13.54 feet above mean sea level, of building B, 13.00 feet above mean sea level, and of building C, 12.55 feet above mean sea level. Nominal ceiling height in all first floor Villas is 7'10 5/8". The top of the concrete floor in all second floor Villas is 9' above the top of the subfloor in the first floor Villas. The nominal ceiling height in each second floor Villa is 8' except that (1) in the B, D, and E Villa living/dining room the ceiling slopes up to 16' above the floor, and (2) in the B, D, and E Villa bathrooms the ceiling over the tub is furred down to 7' above the floor.

Each Villa is accessible from the ground by exterior stairs and a small entry deck on the cul-de-sac side.

A Villa encompasses and includes the space of that portion of a building designated by a four-digit number and bounded as follows:

1. by the upper surface of all wood subflooring and concrete flooring; and
2. by the interior surface of all wall studs; the unfinished, inside surface of door and window frames and of window mullions; the unfinished, exterior surface of doors leading to and from the Villa; the exterior surface of windows and door glass; and
3. by the unfinished, lower surface of all ceiling joists and rafters.

The Villa consequently and further includes the following:

1. all window and door glass and all window, door, and porch screens,
2. all exterior doors except for their finished, exterior surface,
3. all gypsum wall board,
4. all interior doors,
5. all interior paint and finishes, whether applied to floors, walls, ceiling, overhead beams, cabinets, or other woodwork and trim,
6. all carpet and underlay, and all floor tile,
7. all ceramic tile,
8. all built-in cabinets and shelves,
9. all interior lighting fixtures and the bulbs used in the exterior lighting fixtures,
10. all exhaust fans and their ducts,
11. the heating, ventilation, and air conditioning system serving such Villa exclusively,
12. all electric, telephone, and other wiring, and all receptacles, switches, and breaker boxes contained in the floors, walls, and ceilings bounding such Villa and serving such Villa exclusively,
13. all water, drain, sewer, and vent pipes and all conduits for wiring serving such Villa exclusively,
14. the following appliances: oven/range with range hood, refrigerator/freezer with ice-maker, garbage disposal, dishwasher, clothes washer, and clothes dryer,
15. hot water heater and plumbing fixtures, and
16. smoke detector.

E. Common Elements. All portions of the Property not encompassed and included within the Villas are common elements (Common Elements).

F. Limited Common Elements. The Limited Common Elements are those Common Elements which are appurtenant to and reserved for the use of a single Villa or group of Villas to the exclusion of other Villas as follows:

1. all decks, porches (including the storage closet), stairs, and their railings are reserved for use with the Villas to which they give access or from which they are directly accessible, and
2. exterior light fixtures are reserved for use with the Villas having switches to control them.

G. General Common Elements. General Common Elements are those Common Elements the use of which are not reserved to a single Villa or group of Villas as follows:

1. the Land,
2. all sidewalks and walkways,

3. piles, girders, braces, fastenings, framing (including plates, studs, headers, sills, joists, rafters, and overhead beams in second floor Villas), sub-flooring, concrete floors, slabs (and surrounding screen walls) upon which air conditioning equipment is located, exterior walls (including sheathing and siding), and roofs,
4. window mullions, and
5. all other portions or parts of the Property not described in Paragraph D of this Article as being included in a Villa or not described in Paragraph F of this Article as being a Limited Common Element.

H. Values. The value of each Villa is \$75,000, and the value of the Property is \$1,800,000. These values are fixed for the sole purpose of complying with the Act and shall not prevent any Co-owner (as defined in Article III, Paragraph A) from fixing a different circumstantial value to his Villa in all types of acts and contracts.

I. Ownership of Common Elements. An undivided, one-twenty-fourth ownership interest in the Common Elements is appurtenant to each Villa. This undivided interest in the Common Elements shall not be separated from the Villa to which it appertains and shall be deemed to be conveyed or encumbered with the Villa even though the interest is not expressly mentioned or described in the deed or other instrument. Such percentage shall not be altered without the acquiescence of all the Co-owners.

ARTICLE III

SYSTEM OF ADMINISTRATION OF THE REGIME

A. Co-owner. The term Co-owner means an individual, firm, corporation (including the Grantor), partnership, association, trust, or other legal entity, or any combination thereof which owns a Villa.

B. Voting. On all matters relating to the Regime upon which a vote of the Co-owners is conducted, each Co-owner shall be entitled to cast two votes. The affirmative vote of the Co-owners owning fifty-one per cent or more of the value of the Property shall be required to adopt decisions unless this Master Deed or the Bylaws require a different percentage for a particular act or decision.

C. Council, Board of Directors, and Manager. Each Co-owner shall be a member of and constitute the Council of Co-owners (Council), an unincorporated association which shall act by and through a board of directors (Board of Directors) elected by and from the Co-owners. The Council shall employ a management agent (Manager) for the Regime.

The Grantor (prior to the election of the first Board of Directors) or the Co-owners (at any time upon the affirmative vote of a majority of the Co-owners) may incorporate the Council, and in such event

- (a) each Co-owner shall be a shareholder of the corporation, and his percentage of stock ownership in the corporation shall be equal to his fractional ownership in the Common Elements,
- (b) the Bylaws referred to in Paragraph D of this Article III shall be adopted as the bylaws of the corporation,
- (c) the Articles of Incorporation shall not contain provisions inconsistent with this Master Deed, and
- (d) the name of the corporation shall be Courtside Villas Council of Co-owners unless such name is not available for use by a corporation.

D. Bylaws and Regulations. The Council and the administration of the Regime shall be governed by (1) the bylaws (Bylaws), Exhibit E, attached to this Master Deed and hereby incorporated by reference in it, and (2) any regulations or house rules (Regulations) adopted pursuant to the Bylaws. The Bylaws may be modified or amended only in the manner set forth in Article IX of this Master Deed.

ARTICLE IV

COMMON EXPENSES

A. Liability of Co-owners. The Co-owners of the Villas are bound to contribute in proportion to their respective interest in the Common Elements toward the following expenses (Common Expenses):

1. those expenses of maintaining, repairing, or replacing the Common Elements as qualified by Article VI, Paragraph D of the Bylaws;
2. insurance premiums paid by the Council in accordance with the provisions of this Master Deed and the Bylaws;
3. indemnification of Board of Directors members and Council officers as provided in Article XI, Paragraph D of the Bylaws, and
4. any other expense (including contributions to reserve funds) lawfully agreed upon by the Council as necessary to the operation, administration, and preservation of the Regime.

The liability of each Co-owner for the Common Expenses shall be limited to the amounts for which he is assessed from time to time in accordance with the Act, this Master Deed, and the Bylaws. No Co-owner may exempt himself from contributing toward the Common Expenses by a waiver of the use or enjoyment of the Common Elements or by abandonment of his Villa.

B. Liability of Purchaser. The purchaser of a Villa (other than a purchaser at a foreclosure sale as described in Paragraph D of this Article) shall be jointly and severally liable with the seller for the latter's pro-rata share of Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the seller the amounts paid by the purchaser as such joint debtor. The Council shall issue to any purchaser upon request a statement of any amounts due by the seller of any Villa, and the purchaser's liability under this paragraph shall be limited to the amount as set forth in the statement.

C. Lien on Villa. All sums assessed but unpaid for the share of the Common Expenses chargeable to any Villa shall constitute a lien on the Villa and upon the sale of the Villa shall first be paid out of the sales price or by the purchaser in preference over any other assessments or charges of whatever nature except the following:

1. tax liens in favor of any assessing unit for taxes which are past due and unpaid, and
2. payments due under mortgage instruments duly recorded.

This lien may be foreclosed by suit by the Manager or the Board of Directors in like manner as a mortgage of real property. In any such foreclosure the Co-owner shall be required to pay a reasonable rent for the Villa after the commencement of the foreclosure action, and the plaintiff shall be entitled to the appointment of a receiver to collect the rent. The Manager or the Board of Directors shall have power to bid in at any foreclosure sale and to acquire, hold, lease, mortgage, encumber, and convey a Villa.

Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving this lien.

D. Foreclosure Purchaser. Where the mortgagee or other purchaser of a Villa obtains title as a result of the foreclosure of a mortgage, such acquirer of title, his successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Co-owners chargeable to such Villa accruing after the date of recording such mortgage but prior to the acquisition of title by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Co-owners, including such acquirer and his successors and assigns.

E. Records. The Manager or the Board of Directors shall keep, or cause to be kept, a book with a detailed account, in chronological order, of the receipts and expenditures affecting the Property and its operation, administration, and preservation and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Both the book and the vouchers accrediting the entries shall be available for examination by all the Co-owners at convenient hours on working days.

ARTICLE V

EASEMENTS, COVENANTS, AND RESTRICTIONS

A. Use of Property. Each Co-owner shall be entitled to the exclusive ownership and possession of his Villa and may use the Common Elements in accordance with the purpose for which they were intended without hindering or infringing upon the lawful rights of other Co-owners. The Board of Directors shall resolve any question regarding the intended use of the Common Elements.

B. Future Easements. The Board of Directors may grant easements for the benefit of the Property, and each Co-owner, by the acceptance of the deed to his Villa, grants to the Board of Directors an irrevocable power of attorney to execute, deliver, and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

C. Encroachments. If any portion of the Common Elements now encroaches upon any Villa, or if any Villa now encroaches upon any other Villa or upon any portion of the Common Elements, or if any such encroachment shall occur as a result of (1) the settling or shifting of the land or any improvement, (2) the repair, alteration, construction, or reconstruction of the Common Elements made by or with the consent of the Council, (3) the repair or reconstruction of a Villa following damage by fire or other casualty, or (4) condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for its maintenance.

D. Right of Access. The Council shall have the irrevocable right, to be exercised by the Manager or the Board of Directors, to have access to each Villa from time to time during reasonable hours as may be necessary to permit the inspection, maintenance, repair, or replacement of any of the Common Elements or the making of emergency repairs necessary to prevent damage to the Property.

E. Maintenance of Common Elements. The maintenance, repair, and replacement of the Common Elements and the making of any additions or improvements thereto shall be carried out only as provided in the Act, this Master Deed, and the Bylaws.

F. Prohibited Work. A Co-owner shall not make any additions or improvements to or do any work upon the Common Elements or make any structural alteration of his Villa without first (1) having the plans and specifications of such addition, improvement, work, or alteration approved by the Board of Directors, and (2) depositing with the Board funds sufficient (in the sole discretion of the Board) to defray all costs, including attorney's fees, of amending this Master Deed and recording such amendment. The Board of Directors shall not approve any addition or improvement which in the Board's judgment would jeopardize the soundness or safety of the Property or reduce the value of the Property. No change in the exterior appearance of any part of a building shall be allowed unless pursuant to an overall plan adopted by the Board.

G. Partition. The Common Elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership. Any covenant to the contrary shall be void.

H. Covenants. The Property, except as hereinafter noted, is and shall be subject to the following easements, covenants, restrictions, and encumbrances in addition to those shown on a recorded plat or the plot plan:

1. Declaration of Covenants and Restrictions of The Kiawah Island Community Association, Inc. dated December 21, 1977, recorded in Deed Book M 114 at page 407 in the Office of the R.M.C. of Charleston County, South Carolina;
2. Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Kiawah Island, dated December 21, 1977, recorded in Deed Book M 114 at page 406 in the Office of the R.M.C. of Charleston County, South Carolina;
3. Class "B" Covenants for Multi-Family Residential Areas in Kiawah Island dated February 19, 1976, recorded in Deed Book T 108 at page 340 in the R.M.C. Office of Charleston County, South Carolina;
4. an easement in favor of Grantor, its agents, independent contractors, invitees, and assigns for entry into and upon and passage over Regime Property for the purpose of facilitating construction and sale of Villas.

ARTICLE VI

LIENS

A. Attachment. No lien arising subsequent to the recording of this Master Deed while the Property remains subject to the Act shall be effective against the Property. During such period liens or encumbrances shall arise or be created only against each Villa and its appurtenant undivided interest in the Common Elements in the same manner and under the same conditions and in every respect as liens or encumbrances may arise or be created upon or against any other separate parcel of real property subject to individual ownership; provided, that no labor performed or materials furnished with the consent or at the request of a Co-owner, his agent, contractor, or subcontractor shall be the basis for the filing of a mechanic's or materialman's lien against the Villa or any other property of any other Co-owner not expressly consenting to or requesting the same, except that such express consent shall be deemed to be given by each and every Co-owner should the need for emergency repairs arise. Labor performed or materials furnished for the Common Elements, if duly authorized by the Council, the Manager, or the Board of Directors in accordance with the Act, this Master Deed, or the Bylaws, shall be deemed to be performed or furnished with the express consent of each Co-owner, and shall be the basis for the filing of a mechanic's or materialman's lien against each of the Villas and may be discharged as provided in Paragraph B of this Article.

B. Discharge. In the event a lien against two or more Villas becomes effective, each Co-owner may remove his Villa from the lien by payment of the fractional or proportionate amount attributable to his Villa. Upon individual payment, discharge, or other satisfaction, the Villa and its appurtenant undivided interest in the Common Elements shall be free and clear of the lien, but such individual payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any Villa and its appurtenant undivided interest in the Common Elements, the Co-owner of which has not made payment.

C. Taxes. Taxes, assessments, and other charges of this State, of any political subdivision, of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on each Villa, which shall be carried on the tax books as a separate and distinct entity for that purpose, and not on the buildings or Property as a whole. No forfeiture or sale of the buildings or Property as a whole for delinquent taxes, assessments, or charges shall ever divest or in anywise affect the title to an individual Villa so long as taxes, assessments, and charges on the Villa are currently paid.

ARTICLE VII

INSURANCE

The Council shall insure the Property against risks, without prejudice to the right of each Co-owner to insure his Villa on his own account for his own benefit.

ARTICLE VIII

RECONSTRUCTION

A. When Required. In case of fire or any other disaster, the indemnity from any insurance obtained by the Council shall, except as hereinafter provided, be applied to reconstruct the Property, but reconstruction shall not be compulsory when two-thirds or more of the Property is in need of reconstruction. In the latter situation, the Board of Directors shall promptly call a special meeting of the Council to determine whether the Property shall be reconstructed, and reconstruction shall take place only upon the unanimous vote of the Co-owners. In the event that the Co-owners determine not to reconstruct the Property, (1) the Secretary shall execute and record, in the same manner as this Master Deed, a certificate evidencing such decision, and (2) the indemnity shall be delivered pro rata to the Co-owners entitled to it in accordance with the provisions made in the Bylaws. Any reconstruction shall be carried out as provided in the Bylaws.

B. Costs. When the Property is not insured or when the insurance indemnity is insufficient to cover the cost of reconstruction, the rebuilding costs shall be paid as provided in the Bylaws unless decided otherwise by unanimous resolution adopted subsequent to the date on which the fire or other disaster occurred.

ARTICLE IX

AMENDMENTS

A. Master Deed. This Master Deed may be amended only by written agreement of the Co-owners owning two-thirds of the value of the Property.

B. Bylaws. The Bylaws may be amended by the affirmative vote of the Co-owners owning two-thirds of the value of the Property.

C. Recording. No amendment to this Master Deed or the Bylaws shall be effective unless and until recorded as required by the Act.

ARTICLE X

MISCELLANEOUS

A. Application. All Co-owners, tenants of Co-owners, employees of Co-owners and tenants, or any other persons who may in any manner use the Property shall be subject to the Act, this Master Deed, the Bylaws, and the Regulations. The easements, covenants, restrictions, and conditions in this Master Deed run with the Property and bind and inure to the benefit of any person having an interest in the Property.

B. Compliance. Each Co-owner shall comply strictly with the Bylaws, the Regulations, and the covenants, conditions, and restrictions set forth or referred to in this Master Deed or in the deed to his Villa. Failure to comply shall be ground for a civil action to recover sums due for damages or injunctive relief or both, maintainable by the Manager, the Board of Directors, or, in a proper case, an aggrieved Co-owner.

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

D. Conflicts. In the event that any of the provisions of this Master Deed conflict with the provisions of the Act, the Act shall control.

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

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

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

H. Termination. All (or such lesser percentage as the Act, if amended, may then allow) the Co-owners or the sole Co-owner of the Property may waive the Regime and regroup or merge the records of the Villas with the Common Elements, provided that the Villas are unencumbered or, if encumbered, that the creditors on whose behalf the encumbrances are recorded agree to accept as security the debtors' undivided ownership interest in the Property.

I. Acceptance of Deed to a Villa. The acceptance of a deed of conveyance, the entering into of a lease, or any other occupancy or use of a Villa shall constitute (1) an acceptance and ratification of the provisions of the Master Deed by such Co-owner, tenant, or occupant, and (2) an acknowledgment by the Co-owner, tenant, or occupant that the Grantor makes no implied or express warranties relating to the Villa or to Common Elements except for such warranties as are contained in the general warranty deed conveying the same.

J. Assignment of Warranties. All contractual warranties running in favor of the Grantor in connection with the construction of the buildings and the installation of material, equipment, and appliances shall accrue to the benefit of and are hereby assigned to the respective Co-owners or the Council as appropriate.

K. Rights of Grantor. Grantor shall have no legal rights and obligations vis-a-vis the Regime except (1) in its capacity as Manager of the Regime, (2) in its capacity as Co-owner of a Villa, and (3) the rights and obligations set out in the prior covenants listed in Article V, Paragraph H of this Master Deed.

IN WITNESS WHEREOF, Grantor has executed this Master Deed this 24th day of September, 1979.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Jo Ann Towe
Thomas G. Buist

KIAWAH ISLAND COMPANY LIMITED
By: Justus C. Gilfillan
Justus C. Gilfillan,
Executive Vice President
By: Richard F. Boultinghouse
Richard F. Boultinghouse
Authorized Agent

STATE OF SOUTH CAROLINA
COUNTY OF CHARLESTON

PROBATE

Before me, the undersigned notary public, appeared Jo Ann Towe, who, being duly sworn, said that (s)he saw Kiawah Island Company Limited by Justus C. Gilfillan, its Executive Vice President, sign the within Master Deed, and Richard F. Boultinghouse, its Authorized Agent, sign and attest the same, and said Corporation by said officer and agent, deliver said Master Deed as its act and deed, and that (s)he with Thomas G. Buist witnessed the same.

Jo Ann Towe

SWORN to before me this 24th
day of September, 1979.

Thomas G. Buist
Notary Public for South Carolina
My commission expires: 11-25-79

EXHIBIT E TO
MASTER DEED
OF
COURTSIDE VILLAS
HORIZONTAL PROPERTY REGIME

BYLAWS

THESE BYLAWS of Courtside Villas Horizontal Property Regime (Regime) are promulgated pursuant to the Horizontal Property Act of South Carolina (Act) for the purpose of governing the Council of Co-owners (Council) and the administration of the Regime. All terms not defined in these Bylaws have the meaning set out in the Act or the Master Deed.

ARTICLE I

COUNCIL OF CO-OWNERS

A. Membership. Each Co-owner shall be a member of the Council. A person who holds title to a Villa merely as security for payment of a debt shall not be a member entitled to exercise the rights of a Co-owner unless such person holds a proxy conferring such rights.

B. Quorum. The presence of Co-owners owning fifty-one percent of the value of the property shall constitute a quorum for the transaction of business at meetings of the Council, and any absent Co-owner who does not execute and return the proxy form sent to him in the registered mailing referred to in Paragraph D of this Article shall be deemed to be present for the purposes of determining the presence of a quorum.

C. Voting. A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article III, Paragraph B of the Master Deed. Votes can be cast only at meetings of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer, a partnership shall act by any general partner, an association shall act by any associate, a trust shall act by any trustee, and any other legal entity shall act by any managing agent. The failure of an absent Co-owner to execute and return the proxy form sent to him in the registered mailing referred to in Paragraph D of this Article shall constitute a proxy to and for the majority present and voting. When a Co-owner consists of two or more persons, any one of such persons shall be deemed authorized to act for all in taking any action on behalf of such Co-owner unless another of such persons objects, in which case the vote which such Co-owner would otherwise be entitled to cast may not be cast. All votes appurtenant to a single Villa must be cast together and may not be split.

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

E. Consents. Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners.

F. Initial Meeting. The initial meeting of the Council shall be held upon call by the Manager (Article IV) as soon after the sale by Grantor of the thirteenth Villa as the Manager deems practicable and convenient. The following matters, and such other business as the Manager may deem appropriate, shall be taken up at the initial meeting:

1. adoption of a fiscal year,
2. approval of a budget for the fiscal year,
3. determination of the Annual Assessment and the date upon which it is due and payable,
4. determination of the date of the first and subsequent annual meetings, and
5. the election of the initial, three-person Board of Directors in accordance with Article II of these Bylaws.

G. Annual Meetings. The annual meeting of the Council shall be held on a date determined by the Council. Any business which is appropriate for action of the Co-owners may be transacted at an annual meeting.

H. Special Meetings. Special meetings of the Council may be called at any time by the President of the Council or by a majority of the Board of Directors and shall be called upon the written request of Co-owners owning a majority of the value of the Property. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-owners waive notice of any additional business.

I. Notice of Meetings. Written notice of every annual or special meeting of the Council stating the time, date, and place of the meeting and, in the case of a special meeting, the business proposed to be transacted, shall be given to every Co-owner not fewer than ten nor more than thirty days in advance of the meeting; provided, however, that notice may also be given as described in Paragraph D of this Article. Failure to give proper notice of a meeting of the Co-owners shall not invalidate any action taken at the meeting unless (1) a Co-owner who was present but was not given proper notice objects at the meeting, in which case the matter objected to shall not be taken up, or (2) a Co-owner who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty days following the meeting, in which case the action objected to shall be void.

J. Waiver of Notice. Waiver of notice of a meeting of the Council shall be deemed the equivalent of proper notice. Any Co-owner may in writing waive notice of any meeting either before or after the meeting. Attendance at a meeting by a Co-owner, whether in person or by proxy, shall be deemed a waiver by the Co-owner of notice of the time, date, and place of the meeting unless the Co-owner objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

K. Place of Meeting. All meetings of the Council shall be held at such convenient place as the Board of Directors may direct.

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

M. Order of Business. The order of business at all meetings of the Co-owners shall be as follows:

1. roll call;
2. proof of proper notice of the meeting or waiver of notice;
3. reading of the minutes of the preceding meeting;
4. report of the Board of Directors;
5. reports of officers;
6. reports of committees;
7. report of Manager;
8. election of Directors (when required);
9. unfinished business; and
10. new business.

N. Minutes of Meeting. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Council. The minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

ARTICLE II

BOARD OF DIRECTORS OF THE COUNCIL

A. Form of Administration. The Council shall act by and through its Board of Directors.

B. Authorities and Duties. On behalf of and as directed by the Council, and as required by the Act, the Master Deed, and these Bylaws, the Board of Directors shall provide for the following:

1. the contracting with a management agent to provide for the surveillance of the Property, the maintenance, repair, and replacement of the Common Elements, and the designation and dismissal of the personnel necessary to accomplish the same;
2. the collection of assessments from the Co-owners;
3. the procuring and keeping in force of insurance on the Property, and the adjusting (including the execution and delivery of releases upon payment) of claims against such policies as are obtained;
4. the enactment of reasonable regulations governing the operation and use of the Common Elements;
5. the enforcement of the terms of the Master Deed, these Bylaws, and any Regulations promulgated pursuant to the Bylaws; and
6. the administration of the Council and the Regime on behalf of and for the benefit of all Co-owners.

C. Qualification. Only an individual who is a Co-owner, or who together with another person or persons is a Co-owner, or who is an officer of a corporation, a general partner of a partnership, an associate of an association, a trustee of a trust, or a managing agent of any other legal entity which is a Co-owner or which together with another person or persons is a Co-owner, may be elected and serve or continue to serve as a Director of the Council. The number of Directors provided at any one time by a Co-owner which is an organization or which consists of more than one individual shall not exceed the number of apartments owned by such Co-owner.

D. Election and Term. The initial Board of Directors shall consist of three people who shall be elected at the initial meeting of the Council and shall serve until the first annual meeting of the Council. At the first annual meeting the Co-owners shall elect five Directors, three for a term of two years (to be elected in one election) and two for a term of one year (to be elected in a second election), and the Board shall thereafter consist of five Directors. At each subsequent annual meeting Directors shall be elected for two-year terms to succeed the Directors whose terms expire at the meeting. A plurality of the votes cast shall be sufficient to elect a Director in any election. A Director may be elected to succeed himself, and a Director shall be deemed to continue in office until his successor has been elected and has assumed office.

E. Removal. A Director may be removed from office with or without cause by the vote of the Co-owners.

F. Vacancies. Any vacancy on the Board of Directors shall be filled by appointment by the majority of the remaining Directors, and the new Director shall serve for the unexpired term of his predecessor.

G. Voting. Each Director shall have one vote on all matters acted upon by the Board of Directors. The affirmative vote of two Directors on the initial Board and of three Directors on subsequent Boards shall be sufficient for any action unless otherwise specified in the Master Deed or these Bylaws.

H. Quorum. Three Directors shall constitute a quorum for the transaction of business.

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

J. Annual Meetings. An annual meeting of the Board of Directors shall be held during each fiscal year within thirty days preceding the annual meeting of the Council. Any business which is appropriate for action of the Board of Directors may be transacted at an annual meeting.

K. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times, dates, and places as the Board of Directors may determine from time to time. Any business which is appropriate for action of the Board of Directors may be transacted at a regular meeting.

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

M. Notice of Meetings. Written notice of every regular or special meeting of the Board of Directors stating the time, date, and place of the meeting and, in the case of a special meeting, the business proposed to be transacted shall be given to every Director not fewer than three nor more than ten days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at the meeting unless (1) a Director who was present but was not given proper notice objects at the meeting, in which case the matter objected to shall not be taken up, or (2) a Director who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty days following the meeting, in which case the action objected to shall be void.

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

O. Place of Meeting. All meetings of the Board of Directors shall be held at such convenient place as the Board may select. Meetings may be conducted by telephone if all Directors consent.

P. Minutes of Meetings. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of the minutes shall be distributed to each Co-owner within thirty days following each meeting, and all minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

Q. Compensation. The Directors may receive such compensation as the Council may determine and shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE III

OFFICERS OF THE COUNCIL

A. Designation. The Council shall have a President, a Vice President, a Secretary, and a Treasurer. The Council may also have one or more assistants to any of such officers as may be necessary from time to time. The offices of Secretary and Treasurer may be filled by the same individual and the combined office referred to as Secretary-Treasurer. The officers shall have the authority, powers, duties, responsibilities provided by these Bylaws, or, to the extent not so provided, by the Board of Directors.

B. Qualifications. Only Directors may be elected and serve as officers.

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

D. Removal. Any officer may be removed from office at any time with or without cause by the Board of Directors.

E. President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the Council and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in a corporate president, including but not limited to the power to appoint committees from among the Co-owners from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Council.

F. Vice President. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

G. Secretary. The Secretary shall prepare and keep, or cause to be prepared and kept, the minutes of all meetings of the Co-owners and of the Board of Directors, and shall have charge of such other books and papers as the Board of Directors may direct.

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

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

ARTICLE IV

MANAGER

A. Employment. Kiawah Island Company Limited or its designee shall be employed by the Council as the Manager of the Regime for the longer of one calendar year from and including the date upon which the Master Deed is recorded or for the Council's first fiscal year; provided, however, that Kiawah Island Company Limited or its designee may consent to serve for a shorter time. After such period of time, the Council shall employ a management agent entirely of its own choosing.

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

C. Authority and Duties. The Manager shall provide the services and perform the duties set out in Article II, Paragraph B, Section 1 of these Bylaws, and shall provide such other services and perform such other duties (including, but not limited to, those enumerated in Article II, Paragraph B, Sections 2 through 6) as authorized and directed from time to time by the Board of Directors. The Manager shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and of the Council when requested to do so by the Board.

ARTICLE V

FINANCES

A. Fiscal Year. The fiscal year of the Council shall be as determined by the Council.

B. Budget. The Board of Directors shall prepare and submit, or cause to be prepared and submitted, to the Co-owners at their annual meeting a proposed budget for the Regime for the fiscal year. The proposed budget shall set forth with particularity the anticipated Common Expenses for the fiscal year and the amount of money needed to establish reasonable reserves for the payment of Common Expenses and contingencies.

C. Approval of Budget. The proposed budget, as it may be amended upon motion of any Co-owner, shall be submitted to a vote of the Co-owners and when approved shall become the budget (Budget) of the Regime for the fiscal year. The terms of the Budget shall be binding upon the Board of Directors unless and until such terms are amended by action of the Co-owners.

D. Annual Assessments. The funds required by the Budget shall be collected from the Co-owners in annual assessments (Annual Assessments) in proportion to their respective interests in the Common Elements as set out in Exhibit D, and the Annual Assessments shall be payable as and when determined by the Council.

E. Special Assessments. The funds required from time to time to pay any Common Expenses which are not covered by the Budget but which are approved by the Co-owners shall be collected from all the Co-owners by the Board of Directors in such installments (Special Assessment) as the Co-owners shall determine.

F. Individual Assessments. Any payments to the Council which one or more, but fewer than all, of the Co-owners shall be obligated to make pursuant to the terms of the Act, the Master Deed, or these Bylaws shall be due upon demand and shall be collected by the Board of Directors as individual assessments (Individual Assessments).

G. Collection. Co-owners shall be personally liable for all assessments and shall pay the same promptly when due. The Board of Directors shall take prompt action to collect by suit, foreclosure, or other lawful method any overdue assessment. If any overdue assessment is collected by an attorney or by action at law, the Co-owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

H. Penalty. An assessment not paid within fifteen days following the date when due shall bear a penalty of five dollars plus one percent of the assessment per month from the date when due. The penalty shall be added to and collected in the same manner as the assessment. The Board of Directors may in its discretion waive all or any portion of a penalty or interest imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Co-owner.

I. Accounts. The Board of Directors shall maintain on behalf of the Council a checking account with a state- or federally-chartered bank having an office in the county where the Property is situated. The Board of Directors may also maintain on behalf of the Council an interest-bearing savings account with a state- or federally-chartered bank, savings and loan association, or building and loan association. If a Manager is employed, said accounts may be maintained in the name of the Manager as agent of the Council. All funds of the Council shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars for payment of minor current expenses of the Council. The books and records relating to any account of the Council shall be made available for examination and copying by any Co-owner at any reasonable time.

J. Payments. The Board of Directors shall provide for payment of all debts of the Council from the funds collected from the Co-owners. Expenditures specifically approved in the budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of two hundred fifty dollars shall be reviewed and approved by the President or the Board of Directors before payment is made. All checks and requests for withdrawals drawn upon any account of the Council shall be signed by the President and the Treasurer or by any two officers of the Council designated by the Board of Directors. The Board of Directors may authorize the Manager to draw checks upon the account of the Council. The Board of Directors may also authorize the Manager to make disbursements from the petty cash fund, if any.

K. Bonding. The Board of Directors shall procure a fidelity bond in an amount of not less than ten thousand dollars covering every individual authorized to withdraw funds from any checking or savings account maintained by the Council. The cost of the bond shall be a Common Expense.

ARTICLE VI

MAINTENANCE AND IMPROVEMENTS

A. Maintenance by Manager. The Manager shall provide for the maintenance, repair, and replacement of the Common Elements.

B. Maintenance by Co-owners. The Villas shall be maintained in good condition and repair by their respective Co-owners.

C. Default by Co-owner. In the event that any Co-owner fails to perform the maintenance required of him by these Bylaws or by any lawful Regulation, and such failure creates or permits a condition which is hazardous to life, health, or property, which unreasonably interferes with the rights of another Co-owner, or which substantially detracts from the value or appearance of the Property, the Board of Directors shall, after giving such Co-owner reasonable notice and opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of doing so to such Co-owner by an Individual Assessment.

D. Expenses. The expenses of all maintenance, repair, and replacement provided by the Manager shall be Common Expenses, except that when such expenses result from the failure of a Co-owner to perform the maintenance required by the Bylaws or Regulations or from the willful act, neglect, or abuse of a Co-owner, they shall be charged to and paid by such Co-owner as an Individual Assessment.

E. Improvements. The Board of Directors shall provide for the making of such improvements to the Common Elements as may be approved from time to time by the Co-owners. The cost of such improvements shall be Common Expenses; provided, however, that no Co-owner shall without his consent be assessed in any one year an amount in excess of one per cent of the value of his Villa (as set out in Exhibit D) for the making of improvements to the Common Elements.

ARTICLE VII

RECONSTRUCTION

A. Reconstruction. Unless the Co-owners affirmatively determine in the manner provided in the Master Deed not to reconstruct the Property following damage or destruction thereof, the Board of Directors shall promptly provide for such reconstruction. If the cost of reconstruction is estimated to exceed ten thousand dollars, the Board of Directors shall employ an architect licensed to practice in the jurisdiction in which the Property is situated to supervise the reconstruction. It shall be the duty of the architect to inspect the progress of the reconstruction at regular intervals and to submit written authorizations to the Council for payment for work performed. If the cost of reconstruction is estimated to be ten thousand dollars or less, the Board of Directors may perform such inspections and submit such authorizations.

B. Costs. The Board of Directors shall employ for the purpose of reconstructing the Property the proceeds of any insurance obtained on the Property by the Board of Directors on behalf of the Council. When the Property is not insured or when the insurance indemnity is insufficient to cover the cost of reconstruction, the rebuilding costs shall be borne by all the Co-owners as a Common Expense.

ARTICLE VIII

CONDEMNATION

A. Rights of Co-owners. If any portion of the Property is condemned by any authority having the power of eminent domain, each Co-owner shall be entitled to receive notice of the condemnation and to participate in the proceedings unless otherwise prohibited by law. Each Co-owner shall be entitled to an individual award to be determined by the value of his interest in the portion or portions of the Property condemned.

B. Duties of Council. In the event that any award is received by the Council on account of condemnation of any portion or portions of the Common Elements, the Board of Directors shall hold the award for disbursement in the same manner as if it were insurance proceeds. The Board of Directors shall promptly call a special meeting of the Council to determine whether any condemned portion of the Common Elements shall be replaced. If the Council determines to replace any condemned portion of the Common Elements, the Board of Directors shall provide for replacement in the same manner as if the portions had been destroyed by casualty.

ARTICLE IX

INSURANCE

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

B. Coverage. Insurance shall cover the following when available:

(a) the replacement value of all Villas and Common Elements. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and against such other risks as are customarily covered with respect to buildings and improvements similar to the buildings and improvements on the land. No insurance of the contents of or improvements to any Villa (other than the fixtures originally installed therein during construction) shall be provided by the Council;

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

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

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

C. Premiums and Deductibles. Premiums upon insurance policies and that portion of any covered loss not compensated for because of the loss deductible clause of the policy shall be paid by the Council as a Common Expense, and shall be paid by the Co-owners in proportion to their respective interests in the Common Elements.

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

(a) if the Property is not reconstructed as provided in Article VIII of the Master Deed, then each Co-owner shall receive a share of the proceeds proportionate to his interest in the Common Elements as shown in Exhibit D; or

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

E. Insurance by Co-owners. Each Co-owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable: (1) hazard insurance on his Villa and its contents for his own benefit, and (2) liability insurance covering accidents occurring within his Villa. Any Co-owner who obtains hazard insurance for his own benefit shall within thirty days of obtaining the same deliver to the Board of Directors a copy of the policy of insurance.

ARTICLE X

RESTRICTIONS AND REGULATIONS

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

1. Villas shall be used only as residences.

2. A Co-owner shall neither create or permit excessive noise, smoke, offensive odors, or any nuisance nor unreasonably interfere with the use and enjoyment of the Property by any other person entitled to the same. No person shall maintain on the Property, and no Co-owner shall permit within his Villa any condition which is unreasonably hazardous to the life, health, or property of any other person.

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

C. Enforcement. The Board of Directors shall enforce the terms of the Act, the Master Deed, the Bylaws and the Regulations by taking prompt action to correct any violations. In addition to any other remedy to which the Council or any Co-owner may be entitled, the Board of Directors may impose against a Co-owner a reasonable fine not to exceed a total of ten dollars (\$10.00) per day for any violation of the Act, the Master Deed, the Bylaws, or the Regulations, and each day during which a violation occurs or continues may be deemed a separate offense. Fines shall be collected by Individual Assessment.

D. Responsibility of Co-owners. Each Co-owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Co-owner shall not relieve any member of his household or any of his tenants, agents, or guests for any liability to the Council or to a Co-owner for their own acts.

ARTICLE XI

LIABILITY AND INDEMNIFICATION

A. Liability of Council. A Co-owner shall not be liable for a greater fraction of a debt or liability of the Council than his fraction of ownership of the Common Elements. All correspondence of the Council and all contracts executed by the Council shall contain the following statement:

Courtside Villas Council of Co-owners is an association established pursuant to the Horizontal Property Act of South Carolina. No member of the Council shall be liable for a greater fraction of a debt or liability of the Council than his fraction of ownership of the Common Elements.

B. Indemnification Among Co-owners. A Co-owner shall be entitled to contribution from and indemnification by every other Co-owner to the extent that he discharges or is required to discharge any portion of any liability of the Council in excess of his proportionate share, except that no Co-owner shall be required to provide contribution or indemnification on account of a debt which was due and payable prior to the time he became a Co-owner.

C. Liability of Directors and Officers. No Director or officer of the Council shall be liable to any Co-owner for any decision, action, or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Master Deed, or these Bylaws.

D. Indemnification of Directors and Officers. The Council shall indemnify and defend each Director and officer of the Council from any liability claimed or imposed against him by reason of his position or decision, action or omission as a Director or an officer of the Council if all of the following conditions are satisfied:

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

The expense of indemnifying a Director or an officer shall be a Common Expense and shall be borne by all the Co-owners, including such Director or officer.

ARTICLE XII

ATTESTATIONS AND CERTIFICATIONS

A. Attestation of Documents. The presence of the signature of the Secretary or an Assistant Secretary of the Council on any contract, conveyance, or any other document executed on behalf of the Council by another officer of the Council shall attest:

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

B. Certification of Documents. When any document relating to the Property or the Council is certified as authentic by the Secretary or an Assistant Secretary of the Council, a third party without knowledge or reason to know to the contrary may rely on such document as being what it purports to be.

C. Certification of Actions and Facts. When there is executed by the Secretary or an Assistant Secretary a written statement setting forth (i) actions taken by the Council or by the Board of Directors, or (ii) facts relating to the Property or the Council as determined by the Board of Directors, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

ARTICLE XIII

MISCELLANEOUS

A. Record of Ownership. Any person who acquires title to a Villa (unless merely as security for a debt) shall promptly inform the Board of Directors of his identity and the date upon and the manner in which title was acquired. The Board of Directors shall maintain a record of the names of all Co-owners and of the dates upon which they acquired title to their Villas.

B. Notices. Any notices or documents placed in the mail receptacle or affixed to the front door of a Villa by or at the direction of the Board of Directors shall be deemed delivered to the Co-owner of the Villa unless he has previously specified to the Board of Directors in writing another address for delivery of notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a Co-owner shall be deemed delivered to the Board of Directors.

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

D. Conflicts. In the event of any conflict between the Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control, as appropriate. In the event of a conflict between the Bylaws and the Regulations, the Bylaws shall control.

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

F. Captions. Captions are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the Bylaws or the intent of any provision.

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

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<i>207-06-00-368</i>

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Sept 25 1979 4:50
DATE TIME
 Book *L120* Page *43*

Robert N. King

Register Mesne Conveyance
Charleston County, S. C.

Recorded this *25th* day of *Sept* 19*79*

~~On Property Record Card~~

Pauline S. Roper

Auditor Charleston County

EXHIBIT D
TO MASTER DEED OF
COURTSIDE VILLAS
HORIZONTAL PROPERTY REGIME

BUILDING NUMBER	VILLA NUMBER	VILLA TYPE	VALUE	VOTES	FRACTIONAL OWNERSHIP OF COMMON ELEMENTS
A	1401	A	\$75,000	2	1/24
A	1402	B	\$75,000	2	1/24
A	1403	C	\$75,000	2	1/24
A	1404	D	\$75,000	2	1/24
A	1405	COH	\$75,000	2	1/24
A	1406	E	\$75,000	2	1/24
A	1407	AOH	\$75,000	2	1/24
A	1408	BOH	\$75,000	2	1/24
B	1409	A	\$75,000	2	1/24
B	1410	B	\$75,000	2	1/24
B	1411	C	\$75,000	2	1/24
B	1412	D	\$75,000	2	1/24
B	1413	COH	\$75,000	2	1/24
B	1414	E	\$75,000	2	1/24
B	1415	AOH	\$75,000	2	1/24
B	1416	BOH	\$75,000	2	1/24
C	1417	A	\$75,000	2	1/24
C	1418	B	\$75,000	2	1/24
C	1419	C	\$75,000	2	1/24
C	1420	D	\$75,000	2	1/24
C	1421	COH	\$75,000	2	1/24
C	1422	E	\$75,000	2	1/24
C	1423	AOH	\$75,000	2	1/24
C	1424	BOH	\$75,000	2	1/24
			<u>\$1,800,000</u>	<u>48</u>	<u>1 (100%)</u>