

(B) Leasing. In order to preserve the character of the Regime as predominantly owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, leasing of Units shall be governed by the restrictions imposed by this Section. As used herein, "leasing" shall mean the regular, exclusive occupancy of a Unit by any Person(s) other than the Owner for which the Owner receives any direct or indirect monetary or economic benefit; the occupancy of a Unit by a roommate of an Owner then occupying a Unit shall not constitute leasing. Except as provided herein, the leasing of Units shall be prohibited.

(1) General. Owners desiring to lease their Units may do so only if they have applied for and received from the Board either a "leasing permit" or a "hardship leasing permit." Such a permit, upon its issuance, will allow an Owner to lease such Owner's Unit, provided that such leasing is in strict accordance with the terms of the permit and this Section. The Board shall have the authority to establish conditions as to the duration and use of such permits consistent with this Section. All leasing permits and hardship leasing permits shall be valid only as to a specific Owner and Unit and shall not be transferable between either Units or Owners (including a subsequent Owner of a Unit where a permit was issued to the Owner's predecessor in title).

(2) Leasing Permits. An Owner's request for a leasing permit shall be approved if current, outstanding leasing permits have not been issued for more than 25% of the total Living Units in the Regime. A leasing permit shall be automatically revoked upon the happening of any of the following events: (i) the sale or transfer of the Living Unit to a third party (excluding sales or transfers to (a) an Owner's spouse, (b) a person cohabiting with the Owner, and (c) a corporation, partnership, company, or legal entity in which the Owner is a principal); (ii) the failure of an Owner to lease such Owner's Living Unit within 90 days of the leasing permit having been issued; or (iii) the failure of an Owner to have such Owner's Living Unit leased for any consecutive 90-day period thereafter. If current leasing permits have been issued for more than 25% of the Living Units, no additional leasing permits shall be issued (except for hardship leasing permits) until the number of outstanding current leasing permits falls below 25% of the total Living Units in the Regime. Owners who have been denied a leasing permit shall automatically be placed on a waiting list for a leasing permit and shall be issued the same if they so desire when the number of current outstanding leasing permits issued falls to 25% or less of the total Living Units in the Regime. The issuance of a hardship leasing permit to an Owner shall not cause the Owner to be removed from the waiting list for a leasing permit.

(3) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board for a hardship leasing permit. The Board shall have the authority to issue or deny request for hardship leasing permits in its discretion after considering the following factors: (i) the nature, degree and likely duration of the hardship, (ii) the harm, if any, which will result to the Regime if the permit is approved, (iii) the number of hardship leasing permits which have been issued to other Owners, (iv) the Owner's ability to cure the hardship, and (v) whether previous hardship leasing permits have been issued to the Owner. Hardship leasing permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional hardship leasing permits. Hardship leasing permits

shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a leasing permit.

(4) Leasing Provisions. Leasing which is authorized, pursuant to a permit, hereunder shall be governed by the following provisions:

(i) Notice. At least seven (7) days prior to entering into the lease of a Unit, the Owner shall provide the Board with a copy of the proposed lease agreement. The Board shall approve or disapprove the form of said lease. In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Master Deed and any rules and regulations adopted pursuant thereto.

(ii) General. Units may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form which is deemed acceptable. There shall be no subleasing of Units or assignment of leases without prior Board approval. All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Unit, the Owner shall provide the Board with a copy of the lease and the name of the lessee and all other people occupying the Unit. The Owner must provide the lessee copies of the Master Deed, Bylaws, and the Association's rule and regulations. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(iii) Liability for Assessment, Use of General Common Elements, and Compliance with Master Deed, Bylaws, and Rules and Regulations. Each Owner covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Unit, agrees to the applicability of this covenant and incorporation of the following language into the lease:

(a) Compliance with Master Deed, Bylaws, and Rules and Regulations. The lessee shall comply with all provisions of the Master Deed, Bylaws, and Association rules and regulations (collectively, "Governing Documents"), and shall control the conduct of all other Occupants and guests of the leased Unit in order to ensure such compliance. The Owner (lessor) shall cause all Occupants of such Owner's (lessor's) Unit to comply with the Governing Documents and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Units are fully liable and may be sanctioned for any such violation. If the fine is not paid by the lessee within the time period set by the Board, the lessor shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Unit.

Any violation of the Governing Documents by the lessee, any Occupant, or any guest of the lessee, is deemed to be a default under the terms of the lease and authorizes the lessor to terminate the lease without liability and to evict the lessee in accordance with South Carolina law. The lessor hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Governing Documents, including, without limitation, the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the lessor, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be an assessment and lien against the Unit.

(b) Use of General Common Elements. The lessor transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the lessor has to use the General Common Elements and the Master Association common property, including, but not limited to, the use of any and all recreational facilities and other amenities.

(c) Liability for Assessments. If lessor fails to pay any annual special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then lessor hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply herewith, lessee shall pay to the Association all amounts authorized under the Master Deed as if lessee were the owner of the Unit. The above provision shall not be construed to release the lessor from any obligation, including the obligation for assessments, for which lessor would otherwise be responsible.

(d) Applicability. Notwithstanding the above, this Section shall not apply to any leasing transaction entered into by the Developer, the Association, or the holder of any first Mortgage on a Unit who becomes the Owner of a Unit through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage, and they shall be permitted to lease without obtaining a permit.

(C) Acquisition by Gift, Devise or Inheritance. When any person obtains a Unit by gift, devise or inheritance, or by any other method not heretofore considered, it shall be the responsibility of such person to notify the Association that such transfer has occurred. The Association may then require that such person furnish the Association with such information concerning the person obtaining the Unit as may be reasonably required and a certified copy of the instrument by which the Unit was obtained.

(D) Mortgagee holding a mortgage on a Unit. Upon becoming the Owner of a Unit, through foreclosure or by deed in lieu of foreclosure, or whosoever shall become the acquirer of

title to a Unit at the foreclosure sale of such approved first mortgage, shall have the unqualified right to sell or otherwise transfer said Unit, including the fee ownership thereof, and/or to mortgage said Unit. No other provision of this Master Deed or any other covenant or restriction applicable to a Unit or Unit Owner is waived by this paragraph.

Section 5.5 Maintenance and Repair.

(A) All maintenance of and repairs to any Unit and any Limited Common Elements exclusive thereto, structural or non-structural, ordinary or extraordinary, (other than maintenance of and repairs to any Common Elements contained therein, and not necessitated by the negligence, misuse or neglect of the Owner of such Unit) shall be made by the Owner of such Unit, specifically including the heating and air conditioning unit(s) for that Unit, whether located on a Common Element or not. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements, that his failure to do so may engender.

(B) All maintenance, repairs and replacements to the General Common Elements, whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner) shall be made by the Board of Directors and be charged to all the Unit Owners as a Common Expense, which shall be computed according to the percentage representing the value of the individual Unit with relation to the value of the whole property as set forth in this Master Deed.

(C) All repairs of internal installations of the Units other than General Common Elements, if any, shall be at the expense of the Unit Owner; such installations shall include, but not be limited to, telephone, air conditioners, sewage, sanitary installations, water, light, gas, power, doors, windows, lamps, patio, fencing, and all other accessories belonging to the Unit.

(D) All maintenance and repair shall be performed promptly and diligently by each Unit Owner obligated to do same and each Owner shall be expressly responsible for the damages and liabilities that his failure to do so may engender.

(E) A Unit Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any Common Elements damaged through his neglect.

Section 5.6 Additions, Alterations or Improvements by the Board of Directors. Additions, alterations, or improvements costing Five Thousand and 00/100 Dollars (\$5,000.00) or less may be performed by the Board of Directors without approval of the Unit Owners, and the cost thereof shall constitute part of the Common Expense. Such additions, alterations or improvements in excess of Five Thousand and 00/100 Dollars (\$5,000.00) must be approved by the Board and by a majority of the Unit Owners, present in person and/or proxy and voting at a meeting duly held. Upon such approval, the Board shall proceed with such additions, alterations, or improvements and shall assess all Unit Owners for the cost thereof as a common charge.