

STATE OF SOUTH CAROLINA
 COUNTY OF CHARLESTON

MASTER DEED
 TO
 MARINER'S WATCH VILLAS
 HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made by KIWAH ISLAND COMPANY LIMITED (subsequently referred to as Grantor), a corporation duly 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 purposes 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 Mariner's Watch Villas Horizontal Property Regime (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 certain tract of land, together with the improvements thereon, situate, lying and being on Kiawah Island, Charleston County, South Carolina, containing 8.356 acres and shown on a plat entitled "Sea Forest Drive & Mariner's Watch Villas" by Coastal Surveying Co., Inc., dated October 12, 1979, and having latest revision date of January 27, 1981, and recorded in Plat Book "AR" at page 141 on January 29, 1981, in the REC Office for Charleston County, S.C. and being more particularly shown on said plat and described as follows:

To locate the POINT OF BEGINNING, commence at the point of the intersection of the center line of Mariner's Watch Drive with the southern right-of-way line of Sea Forest Drive, and running thence in a southeastern direction along the southern right-of-way line of Sea Forest Drive 43.44' to a point marked by a concrete monument, being the POINT OF BEGINNING, said right-of-way line being a curved line, having a radius of 373.65' and a chord bearing of S82°10'17"E; thence continuing along said southern right-of-way line of Sea Forest Drive

concrete monument; thence running S20°53'16"E 50' to a point marked by a concrete monument; thence running S74°38'21"E 37.20' to a point marked by a concrete monument; thence running S20°53'16"E 160' to a point marked by a concrete monument and having South Carolina State grid coordinates N279331.8917 and E2276970.041; thence cornering and running S69°06'44"W 685' to a point marked by a concrete monument; thence cornering and running N20°53'16"W 264.80' to a point marked by a concrete monument; thence cornering and running S68°07'17"W 110.27' to a point marked by a concrete monument; thence cornering and running N21°22'16"W 366.97' to a point marked by a concrete monument; thence, cornering and running S83°47'47"E 330.34' to a point marked by a concrete monument; thence running N77°36'00"E 144.37' to a point marked by a concrete monument; thence, running N86°57'18"E 94.14' to a point marked by a concrete monument; thence running N39°53'19"E 172.66' to a point on the western right-of-way line of Sea Forest Drive marked by a concrete monument and having South Carolina State grid coordinates N279768.4789 and E2276673.732; thence cornering and running in a southerly direction along said southwestern right-of-way line of Sea Forest Drive, 144.07' to a point marked by a concrete monument, said right-of-way being a curved line having a radius of 373.65' and a chord bearing of S61°09'28"E; thence continuing along said southwestern right-of-way line of Sea Forest Drive being the common boundary line with Mariner's Watch Drive 43.28' to the point of the intersection of the center line of Mariner's Watch Drive and said southwestern right-of-way line of Sea Forest Drive, said right-of-way being a curved line having a radius of 373.65' and a chord bearing of S75°31'20"E; thence continuing along said right-of-way line 43.44' to a point marked by a concrete monument, said line being a curved line having a radius of 373.65' and a chord bearing of S82°10'17"E and said concrete monument being the aforesaid POINT OF BEGINNING, be all the said dimensions a little more or less.

C. Buildings and Improvements. The Land's boundaries approximate a rectangle having its long sides on the north and south and its short sides on the east and west. The southern (beach) boundary runs generally along the top of the line of secondary sand dunes of the Atlantic Ocean beach. Access to the Property is by Sea Forest Drive.

There are fifteen buildings containing residential apartments on the Land. The buildings are numbered, for the purposes of the Act and this Master Deed as 1 through 15 and the locations of the buildings and other improvements are shown on the plot plan, Exhibit A, attached to and hereby incorporated by reference in this Master Deed. Within reasonable construction tolerances, the dimensions, area, and location of the apartments in the buildings and of the Common Elements (defined and enumerated in Paragraphs E, F, and G of this Article) affording access to the apartments are shown on the floor plans, Exhibit B, attached to and hereby incorporated by reference in this Master Deed.

Each of the fifteen buildings has two floors or levels, is substantially rectangular in shape, and is classified as one of two different types according to the kind and number of residential apartments occurring in it. There are seven apartment configurations which are designated A, B, C, D, E, F, and G, plus the mirror image or opposite hand of A, B, C, D, and E, designated AOH, BOH, COH, DOH, and EOH, respectively. Each configuration is more fully described in Paragraph D of this Article III, the principal differences being that the A and B configuration apartments each have three bedrooms, and the C, D, E, F, and G configuration apartments each have one bedroom. Buildings 1 through 6 are Type A buildings, and each contains two, three-bedroom residential apartments on each floor. Buildings 7 through 15 are Type B buildings, and each contains four, one-bedroom residential apartments on each floor.

When viewed from the part of the parking immediately in front of each Type A building, the building contains—looking from left to right—apartment configurations A and AOH on the first floor and B and BOH on the second floor. When viewed from the part of the cul-de-sac immediately in front of the building, each Type B building contains—looking from left to right—apartment configurations C, E, EOH, and COH on the first floor, and D, F, G, and DOH on the second floor.

The locations of the buildings, with each being designated according to Type, are shown on the plot plan, Exhibit A.

Each building is of wood frame construction on a foundation of treated piles and girders. The exterior of each Type A building is of roughsawn, shiplap, cypress siding and of each Type B building, of cedar shingles. All buildings have pine joists and treated girders, braces, decks, treads, and piles; plywood porch ceilings; redwood louvers; cypress exterior trim, including trellises, and lattice; and cypress handrails. Chimneys (two per Type A building) are encased by roughsawn, shiplap, cypress siding and have metal caps. Roofs are of cedar shingle. The exterior of each Type A building is shown on the elevations labelled Exhibit C, Pages 1 and 2, and of each Type B building, on the elevations labelled Exhibit C, Pages 3 and 4, all of which are attached to and hereby incorporated by reference in this Master Deed.

The total ground area covered by all buildings is approximately 1.3368 acres, and approximately the following ground area lies under each type building, including its decks and porches:

Type A	4,650 sq. ft.	(.1067 acres)
Type B	3,370 sq. ft.	(.0774 acres)

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 in Type A buildings are located on wooden platforms at both ends of each building under the exterior stairs to the second floor, and for the apartments in Type B buildings, on wooden platforms in front of each building and on wooden platforms at both ends of the building.

The dimensions (within reasonable construction tolerances) of each level of each building and the locations of the exterior stairs providing access to each apartment are shown on the floor plans attached to this Master Deed as Exhibit B.

D. Villas. The residential apartments are known and identified as "Villas." Each Villa is designated for the purpose of any conveyance, lease, or other instrument affecting the title by a four-digit number. The Villas are numbered 4200 through 4295. All even-numbered Villas are first-floor Villas, and all odd-numbered Villas are second-floor Villas and are numbered after (have 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, which is attached to and incorporated by reference in this Master Deed.

The configuration of each Villa is listed in Exhibit D, and the precise location, within reasonable construction tolerances, of the Villas within the buildings is shown on Exhibit B, the floor plans.

The A and B configuration Villas are located only in Type A buildings and are substantially similar. Each has an entry hall off of which are a coat closet, a lockable storage room, and a utility room containing a water heater, clothes washer, a clothes dryer, and a heat pump serving such Villa exclusively. On one side of the entry hall are two bedrooms, each with its own closet and one with a private bathroom

and the other with a bathroom which is also accessible from the hall. On the other side of the entry hall are a dining room; a kitchen with a refrigerator/ freezer with ice maker, dishwasher, garbage disposal, and oven (self-cleaning)/range with a microwave oven above; a breakfast nook; a living room with a prefabricated/fireplace and a raised slate hearth and with a bar area with a small sink and an opening in the wall to allow items to be passed to and from the kitchen; and a master bedroom. Just off the master bedroom are a linen closet, two clothes closets (one of which is a walk-in), a dressing area with two basins, medicine cabinets, and mirrors, and a bathroom with a commode and a tub with a showerhead.

The several differences between the A and B configuration Villas are slight: (1) all B Villa bedrooms and the private bathroom accessible from the bedroom labelled "bedroom #2" on the Exhibit C floor plans are somewhat larger than the A Villa bedrooms as the second floor of the Type A building overhangs the first in these locations, and (2) the first-floor A Villas are split-level with three risers at the end of the entry hall down to the dining room, kitchen, breakfast nook, living room, master bedroom part of the Villa, which is approximately 1'6" below the entry hall level. The second-floor B Villas are not split level, but the ceilings in the master bedroom, living room and part of the dining room are peaked and overhead beams span the living room and master bedroom. The A configuration Villa has approximately 1,665 square feet of heated and cooled interior floor space, and the B Villa, approximately 1,719 square feet.

The C, D, E, F, and G configuration Villas are contained only in Type B buildings and are substantially similar. Each has an entry hall off of which is a closet containing a heat pump air handler serving such Villas exclusively; a bedroom with a walk-in closet; a bathroom which is accessible from the entry hall and the bedroom; a living/dining room and an alcove (which can be screened by moving an accordian, folding, wooden door) containing a refrigerator/ freezer with ice maker, a garbage disposal, a dishwasher, and an oven (self-cleaning), range with a range hood; and a utility room off of the screened porch, containing a water heater, a clothes washer, and a clothes dryer.

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

The E Villas are located in the middle of the Type B building on the first floor and differ from the adjacent C Villas only in that (1) the living/dining room of the E Villa does not have a bay, (2) the window placement in the bedroom of the two Villas is not the same, and (3) the E Villas have two less windows in the living/dining room.

The F and G Villas are located in the middle of the Type B building on the second floor and are mirror images of each other except for the bedroom window placement and are mirror images of the adjacent D Villa except for (1) the number and location of the bedroom windows, and (2) the number and placement of the windows in the living/dining area.

The C Villas has approximately 627 square feet of heated and cooled interior floor space, and the D, E, F, and G Villas, approximately 600 square feet.

The top of the subfloor on the first level of each building is the height above mean sea level as shown on Exhibit A.

Nominal ceiling height in all first floor Villas in both Types of buildings is 8'0", except that in the lower part of split-level A Villas the nominal height is 9'6".

Within reasonable construction tolerances, the top of the concrete floor in all second floor Villas in both Types of buildings is 9' above the top of the subfloor in the first floor Villas (9' above the higher entry hall level and 10'6" above the lower level of the split-level A Villas), and the nominal ceiling height in each second floor Villa is 8', except that (1) in the B Villa bedroom labelled "bedroom #2" on the Exhibit B floor plans part of the ceiling slopes down to 5'5" above the floor, (2) in the B Villa living room and part of the dining room the ceiling slopes up to 16' above the floor, and in the D, F, and G Villa living/dining room the ceiling slopes up to 16' 10" above the floor, (3) in the B Villa master bedroom the ceiling slopes up to 14' 3" above the floor, and (4) in the C, D, E, F and G Villa bathrooms the ceiling over the tub is furred down to 7' above the floor.

The dimensions, with reasonable construction tolerances, and area of a Villa and of the Common Elements affording access are shown on Exhibit B.

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

1. by the upper surface of the subfloor; and
2. by the interior surfaces of all wall studs; the unfinished exterior surface of doors leading to and from the Villa and the exterior surface of windows and glass doors; and
3. by the lower surface of all ceiling joists and, in the case of attic space, by the lower surface of roof rafters.

A Villa consequently and further includes the following:

1. all window and door glass,
2. all exterior doors except for their finished, exterior surface,
3. all window, door, and porch screens,
4. the fireplace, the slate tile on the hearth, and the flue terminating at but excluding the chimney cap (A and B Villas only),
5. all interior doors,
6. all gypsum board,
7. all interior paint and finishes, whether applied to floors, walls, ceilings, handrails, cabinets, or other woodwork and trim,
8. all carpet and underlay, sheet vinyl and underlay, and quarry tile,
9. all ceramic tile,
10. all built-in cabinets, window seats, shelves, and interior handrails,
11. all interior lighting fixtures and the bulbs used in exterior lighting fixtures,
12. all recirculating fans including the fan/light fixture in each bathroom, and their vent and outlet cap,
13. the heating, ventilation, and air conditioning system (including the condensing units located on wood platforms outside the apartment) serving the Villa exclusively,
14. the flexible dryer vent and outlet cap,
15. all electric, telephone, and other wiring, and all receptacles, switches, and breaker boxes contained in the floors, walls, and ceilings bounding the Villa,
16. all water, drain, sewer, and vent pipes and all conduits for wiring serving the Villa exclusively,

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. the parking spaces in that part of the parking area immediately in front of each building are reserved for use with the Villas in that building,
2. all decks, porches, stairs, and their railings are reserved for use with the Villas to which they give access or from which they are directly accessible,
3. the storage rooms under each building are reserved for use with the Villa indicated on the door of the storage room, and
4. 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. Mariner's Watch Drive, and the multi-fingered parking areas branching off of it,
3. the service building housing mailboxes and having utility, linen and cleaning supply storage space,
4. all sidewalks and walkways,
5. piles, girders, braces, fastenings, framing (including plates, studs, headers, sills, joists, rafters, and overhead beams in second floor Villas), sub-flooring, concrete floors, platforms (and surrounding screen walls) upon which air conditioning equipment is located, exterior walls (including sheathing and siding), and roofs,
6. window mullions, and
7. 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 the Property is \$8,400,000.00 and the value of each Villa is as set out in Exhibit D. These values are fixed for the sole purpose of complying with the Act and shall not prevent each Co-owner (as defined in Article III, Paragraph A) from fixing a different circumstantial value to his Villa in all sorts of acts and contracts.

I. Ownership of Common Elements. An undivided ownership interest in the Common Elements, expressed in Exhibit D as a percentage based upon the relation of the value of the Villa to the value of the Property, 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, partnership, association, trust, 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 the number of votes set out in Exhibit D. 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 percentage of 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 Mariner's Watch 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 (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 interests in the Common Elements set out in Exhibit D 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 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 a 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, acting on behalf of the Council, 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 in such foreclosure shall be entitled to the appointment of a receiver to collect the rent. The Manager or the Board of Directors, acting on behalf of the Council, 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.

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 specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. Both the book and the vouchers accrediting the entries made thereupon 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 improvements, (2) the repair, alteration, construction, or reconstruction of the Common Elements made by or with the consent of the Council, (3) the repair or construction 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 or any of the Common Elements or for making 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 modifying this Master Deed and recording such modification. 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. for 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; and
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; and

5. a construction loan in favor of the First National Bank of South Carolina recorded in the R.M.C. Office of Charleston County, South Carolina in Book 123, Page 109.

6. at the option of the Grantor, the utility building situate on that area designated as Utility/Mail Receptacle Area on the plot plan, Exhibit A, shall be leased to Kiawah Island Company Limited, its successors and assigns, for a nominal consideration for an initial term of ninety-nine (99) years, said lease to provide the Company with an option to lease the utility building for an additional term of ninety-nine (99) years to commence upon termination of the initial term.

7. easements for pedestrian and bicycle leisure trails, and utility service and maintenance vehicle passage over such portions of the Property along the western, northern, and eastern boundaries of the Property as shown on the plat referred to in Article II, Paragraph B of this Master Deed.

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 lien 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, the respective Co-owners may remove their Villa from the lien by payment of a percentage of the secured debt or charge equal to their percentage undivided interest in the Common Elements. Upon payment, discharge, or other satisfaction, the Villa and its undivided interest in the Common Elements shall be free and clear of the lien. Such partial 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 not so paid, satisfied, or discharged.

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 where 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

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 that may in any manner use the Property or any part thereof 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, with the Regulations, and with 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 grounds for a civil action to recover sums due for damages or injunctive relief or both, maintainable by the Manager or the Board of Directors on behalf of the Council or, in a proper case, by 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 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 acknowledgement 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 building and the installation of material, equipment, and appliances therein, shall accrue to the benefit of and are hereby assigned to the respective Co-owners or the Council as appropriate.

DK P 1246095

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, (3) the rights and obligations set out in the prior covenants listed in Article V, Paragraph H of this Master Deed, and (4) the rights and obligations as lessee of the utility building as set out in Article V, Paragraph H of this Master Deed.

IN WITNESS WHEREOF, KIAWAH ISLAND COMPANY LIMITED has caused these presents to be executed in its name by Justus C. Gilfillan, its Executive Vice President, and by Edward H. Green, its Assistant Secretary, and its corporate seal to be hereto affixed this 31st day of January, 1981.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

W. Allen Ball
Susan D. Calhoun

KIAWAH ISLAND COMPANY LIMITED

By Justus C. Gilfillan, Executive Vice President
By Edward H. Green, Assistant Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PERSONALLY APPEARED before me Susan D. Calhoun, who, on oath, says that (s)he saw the corporate seal of KIAWAH ISLAND COMPANY LIMITED affixed to the foregoing deed of conveyance and that (s)he saw the within named Justus C. Gilfillan, Executive Vice President, and Edward H. Green, Assistant Secretary, sign and attest the same, and that (s)he together with W. Allen Ball witnessed the execution and delivery thereof, as the act and deed of the said Corporation.

Susan D. Calhoun

SWORN TO before me this 31st day of January, 1981.

William A. Swanson (SEAL)
NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission expires: 3/9/89

EXHIBIT D
TO MASTER DEED OF
MARINER'S WATCH VILLAS
HORIZONTAL PROPERTY REGIME

BUILDING NUMBER	VILLA NUMBER	VILLA TYPE	VALUE	VOTES AND % OF OWNERSHIP OF REGIME COMMON ELEMENTS
1	4200	A	\$140,028.00	1.667
1	4201 <i>one floor</i>	B	\$140,028.00	1.667
1	4202	AOH	\$140,028.00	1.667
1	4203 <i>semi floor</i>	BOH	\$140,028.00	1.667
2	4204	A	\$140,028.00	1.667
2	4205	B	\$140,028.00	1.667
2	4206	AOH	\$140,028.00	1.667
2	4207	BOH	\$140,028.00	1.667
3	4208	A	\$140,028.00	1.667
3	4209	B	\$140,028.00	1.667
3	4210	AOH	\$140,028.00	1.667
3	4211	BOH	\$140,028.00	1.667
4	4212	A	\$140,028.00	1.667
4	4213	B	\$140,028.00	1.667
4	4214	AOH	\$140,028.00	1.667
4	4215	BOH	\$140,028.00	1.667
5	4216	A	\$140,028.00	1.667
5	4217	B	\$140,028.00	1.667
5	4218	AOH	\$140,028.00	1.667
5	4219	BOH	\$140,028.00	1.667
6	4220	A	\$140,028.00	1.667
6	4221	B	\$140,028.00	1.667
6	4222	AOH	\$140,028.00	1.667
6	4223	BOH	\$140,028.00	1.667
7	4224	C	\$70,056.00	0.834
7	4225	D	\$70,056.00	0.834
7	4226	E	\$70,056.00	0.834
7	4227	F	\$70,056.00	0.834
7	4228	BOH	\$70,056.00	0.834
7	4229	G	\$70,056.00	0.834
7	4230	COH	\$70,056.00	0.834
7	4231	DOH	\$70,056.00	0.834
8	4232	C	\$70,056.00	0.834
8	4233	D	\$70,056.00	0.834
8	4234	E	\$70,056.00	0.834
8	4235	F	\$70,056.00	0.834
8	4236	BOH	\$70,056.00	0.834
8	4237	G	\$70,056.00	0.834
8	4238	COH	\$70,056.00	0.834
8	4239	DOH	\$70,056.00	0.834
9	4240	C	\$69,972.00	0.833
9	4241	D	\$69,972.00	0.833
9	4242 <i>down</i>	E	\$69,972.00	0.833
9	4243 <i>up</i>	F	\$69,972.00	0.833
9	4244	BOH	\$69,972.00	0.833
9	4245	G	\$69,972.00	0.833
9	4246	COH	\$69,972.00	0.833
9	4247	DOH	\$69,972.00	0.833
10	4248	C	\$69,972.00	0.833
10	4249	D	\$69,972.00	0.833
10	4250	E	\$69,972.00	0.833
10	4251	F	\$69,972.00	0.833
10	4252	BOH	\$69,972.00	0.833
10	4253	G	\$69,972.00	0.833
10	4254	COH	\$69,972.00	0.833
10	4255	DOH	\$69,972.00	0.833

EXHIBIT D
 TO MASTER DEED OF 3K P 1249095
 MARINER'S WATCH VILLAS
 HORIZONTAL PROPERTY REGIME
 Continued

BUILDING NUMBER	VILLA NUMBER	VILLA TYPE	VALUE	VOTES AND % OF OWNERSHIP OF REGIME COMMON ELEMENTS
11	4256	C	\$69,972.00	.833
11	4257	D	\$69,972.00	.833
11	4258	E	\$69,972.00	.833
11	4259	F	\$69,972.00	.833
11	4260	EOH	\$69,972.00	.833
11	4261	G	\$69,972.00	.833
11	4262	COH	\$69,972.00	.833
11	4263	DOH	\$69,972.00	.833 - 2
12	4264	C	\$69,972.00	.833
12	4265	D	\$69,972.00	.833
12	4266	E	\$69,972.00	.833
12	4267	F	\$69,972.00	.833
12	4268	EOH	\$69,972.00	.833
12	4269	G	\$69,972.00	.833
12	4270	COH	\$69,972.00	.833
12	4271	DOH	\$69,972.00	.833
13	4272	C	\$69,972.00	.833
13	4273	D	\$69,972.00	.833
13	4274	E	\$69,972.00	.833
13	4275	F	\$69,972.00	.833
13	4276	EOH	\$69,972.00	.833
13	4277	G	\$69,972.00	.833
13	4278	COH	\$69,972.00	.833
13	4279	DOH	\$69,972.00	.833 - 2
14	4280	C	\$69,972.00	.833
14	4281	D	\$69,972.00	.833
14	4282	E	\$69,972.00	.833
14	4283	F	\$69,972.00	.833
14	4284	EOH	\$69,972.00	.833
14	4285	G	\$69,972.00	.833
14	4286	COH	\$69,972.00	.833
14	4287	DOH	\$69,972.00	.833
15	4288	C	\$69,972.00	.833
15	4289	D	\$69,972.00	.833
15	4290	E	\$69,972.00	.833
15	4291	F	\$69,972.00	.833
15	4292	EOH	\$69,972.00	.833
15	4293	G	\$69,972.00	.833
15	4294	COH	\$69,972.00	.833
15	4295	DOH	\$69,972.00	.833
<u>TOTAL</u>			<u>\$8,400,000.00</u>	<u>100.0%</u>

EXHIBIT E
TO MASTER DEED OF
MARINER'S WATCH VILLAS
HORIZONTAL PROPERTY REGIME
BYLAWS

THESE BYLAWS of Mariner's Watch 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 per cent 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 conveyed 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 thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof, and any other legal entity shall act by any managing agent thereof. 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 otherwise states, 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 otherwise specified therein. 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 twenty-fifth 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 in such meeting unless (1) a Co-owner who was present but was not given proper notice objects at such meeting, in which case the matter to which such Co-owner objects 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 such meeting, in which case the action to which such Co-owner objects 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 such meeting. Attendance at a meeting by a Co-owner, whether in person or by proxy, shall be deemed waiver by such Co-owner of notice of the time, date, and place of the meeting unless such Co-owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted 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;

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. Such 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;
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 other 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 other 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 three Directors, two for a term of two years (to be elected in one election) and one for a term of one year (to be elected in a second election). 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 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. Referendum. Any decision voted by the Council shall be binding upon the Board of Directors and shall supersede any previous inconsistent action or make invalid any subsequent inconsistent action taken by the Board of Directors, but no such action by the Co-owners shall impair the enforceability of any contract duly authorized or entered into by the Board of Directors pursuant to authority granted in the Act, the Master Deed, or these Bylaws.

K. Annual Meetings. An annual meeting of the Board of Directors shall be held 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.

L. 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.

M. 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.

N. 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 such meeting unless (1) a Director who was present but was not given proper notice objects at such meeting, in which case the matter to which such Director objects 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 such meeting, in which case the action to which such Director objects shall be void.

O. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date, and place of the meeting unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of

notice of all business transacted unless objection to lack of notice is raised before the business of which proper notice was not given is put to a vote.

F. 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.

Q. 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 such minutes shall be distributed to each Co-owner within thirty days following each meeting, and all such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

H. 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, and a Secretary-Treasurer. The officers shall have the authority, powers, duties, and 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-Treasurer. The Secretary-Treasurer 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 books and papers as the Board of Directors may direct. The Secretary-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 Secretary-Treasurer shall verify the amount 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.

H. 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 and promptly pay all assessments when due. The Board of Directors shall take prompt and appropriate 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 per cent 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 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 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 secure 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 are necessitated by (1) the failure of a Co-owner to

perform the maintenance required by these Bylaws or by any lawful Regulation, (ii) the willful act, neglect, or abuse of a Co-owner, or (iii) an uninsured loss which is to be borne by a Co-owner in accordance with Article VII of these Bylaws, they shall be charged to such Co-owner by an Individual Assessment.

E. Improvements. The Board of Directors shall provide for the making of such improvements to the Common Elements as may be approved from time to time by the Co-owners. The cost of such improvements shall be Common Elements; 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 such reconstruction exceeds 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 such architect to inspect the progress of the reconstruction at regular intervals and to submit written authorizations to the Council for payment for work performed. When an architect is not required by the terms hereof, the Board of Directors may perform such inspections and submit such authorizations.

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 such 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 such 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 the replacement of such portions in the same manner as if such portions had been destroyed by casualty.

ARTICLE IX

INSURANCE

A. Insureds. Insurance policies upon the Property, covering the items described below, shall be purchased by the Council or its Manager for the benefit of the Regime, the Council, and the 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. Claims Adjustment. The Board of Directors is hereby irrevocably appointed agent for each Co-owner to adjust all claims arising under insurance policies purchased by the Council or its Manager, and to execute and deliver releases upon payment of claims.

E. 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.

F. 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. No Co-owner shall create or permit excessive noise, smoke, or offensive odors or any nuisance or 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 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 same has been delivered to him.

C. Enforcement. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate 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 reasonable fines not to exceed a total of ten dollars (\$10.00) per day for any violation of the terms of the Act, the Master Deed, these Bylaws, or the Regulations promulgated pursuant hereto. Such fines shall be collected by Individual Assessment. Each day during which a violation occurs or continues may be deemed a separate offense.

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. No Co-owner shall be liable for a greater percentage of a debt or liability of the Council than his percentage of ownership of the Common Elements. All correspondence of the Council and all contracts executed by the Council shall incorporate the following recital:

Mariner's Watch 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 percentage of a debt or liability of the Council than his percentage of ownership of the Common Elements.

B. Indemnification Among Co-owners. Each Co-owner shall be entitled to contribution from and indemnification by every other Co-owner to the extent that such Co-owner discharges or is required to discharge any portion of any liability of the Council in excess of such Co-owner's proportionate share thereof, 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 such Co-owner 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 each officer of the Council from any liability claimed or imposed against him by reason of his position or actions 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 give 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, in equal shares.

ARTICLE XII

ATTESTATIONS AND CERTIFICATIONS

A. Attestation of Documents. The presence of the signature of the 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 such document on behalf of the Council, and that the signature of such 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 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 such Villa unless the Co-owner has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a Co-owner shall be deemed delivered to the Board of Directors.

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

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

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

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 these Bylaws or the intent of any provision.

G. Gender and Number. All nouns and pronouns used herein 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.

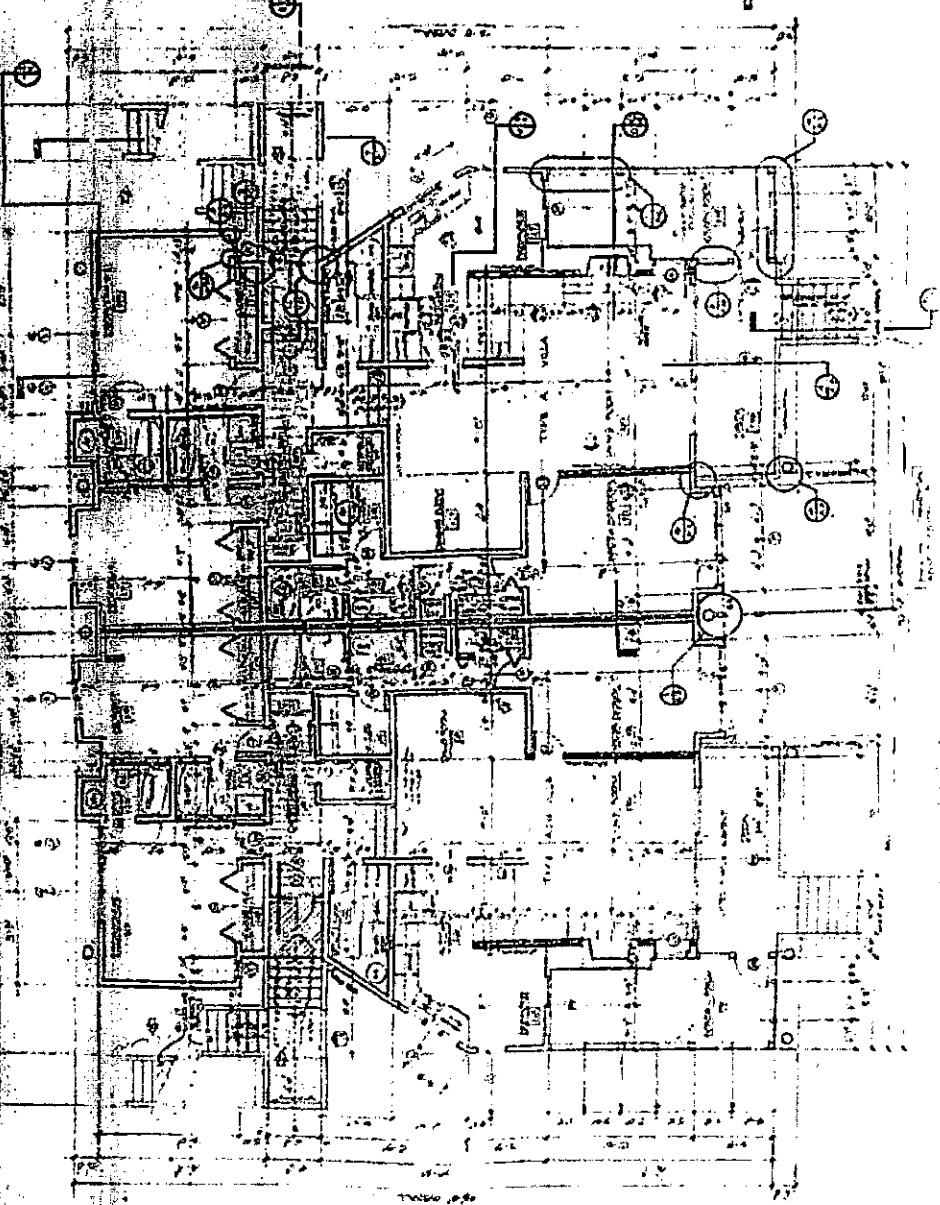
John Phillip
and Associates, Inc.
1000 South Main Street
New York, N.Y. 10038
Phone 212-121-1212

MARSHALL WELCH
1000 South Main Street
New York, N.Y. 10038
Phone 212-121-1212

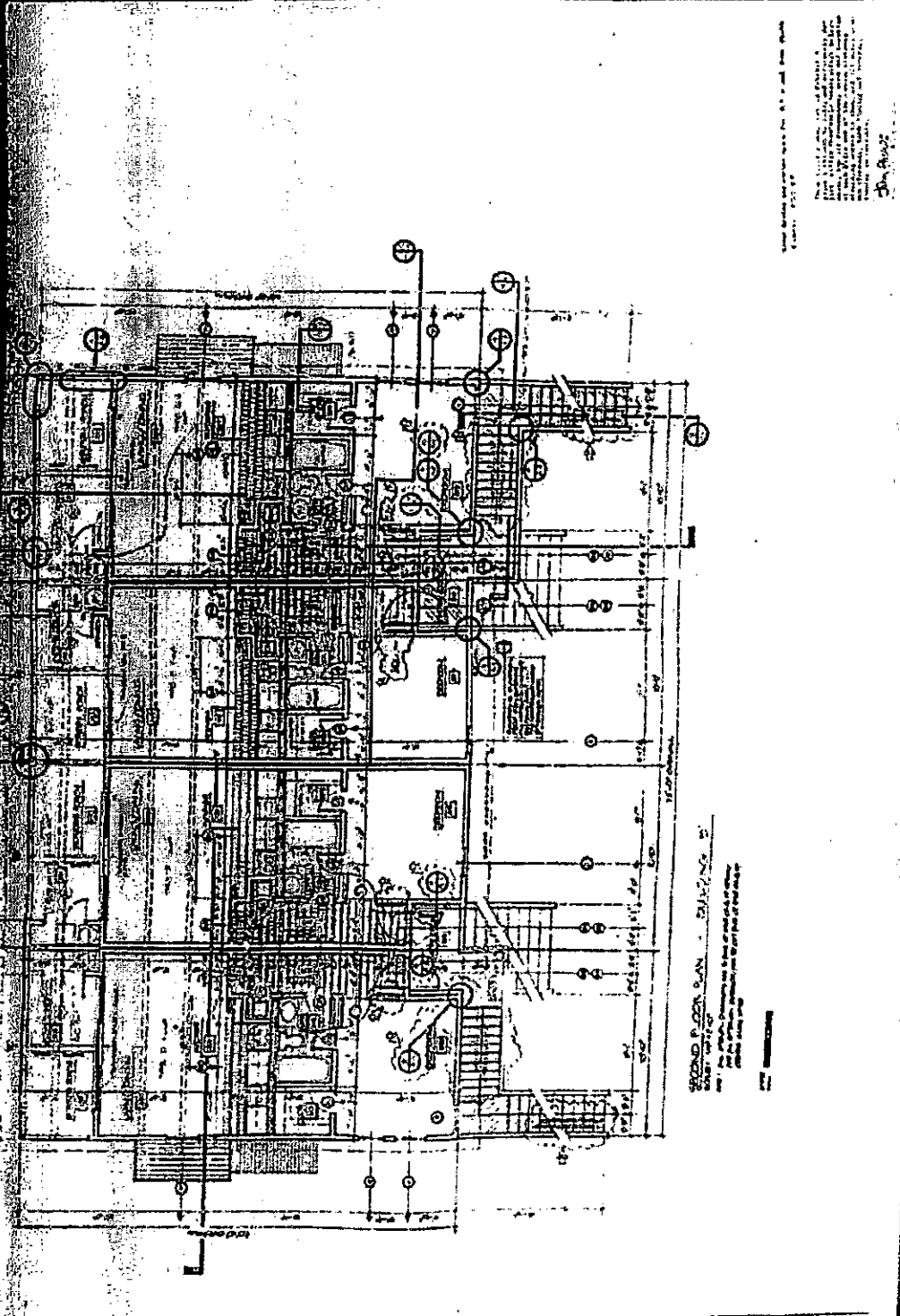
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DATE: 10/1/77
DRAWN BY: J.P.
CHECKED BY: M.W.
SCALE: AS SHOWN
SHEET NO. 1 OF 1

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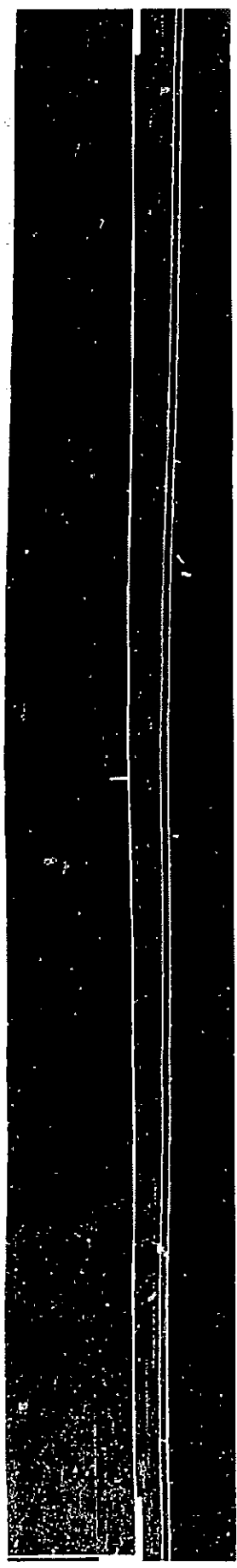
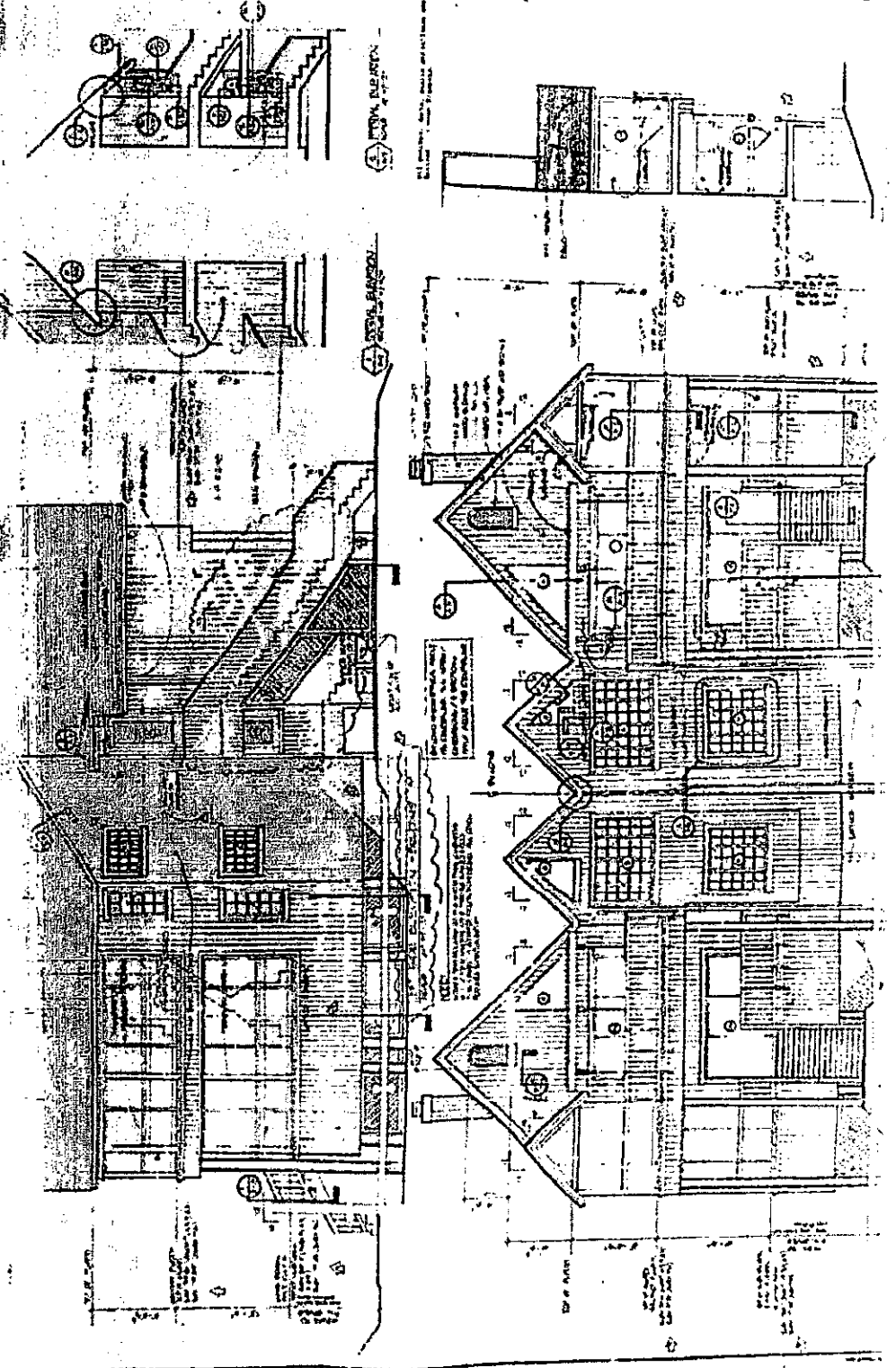


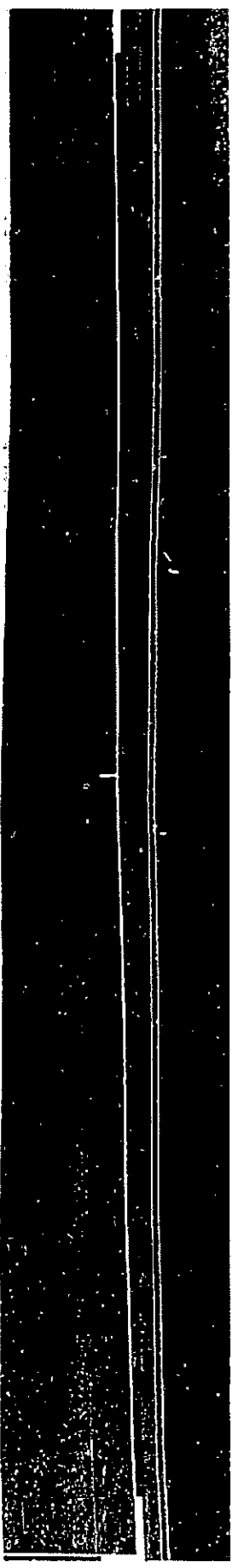
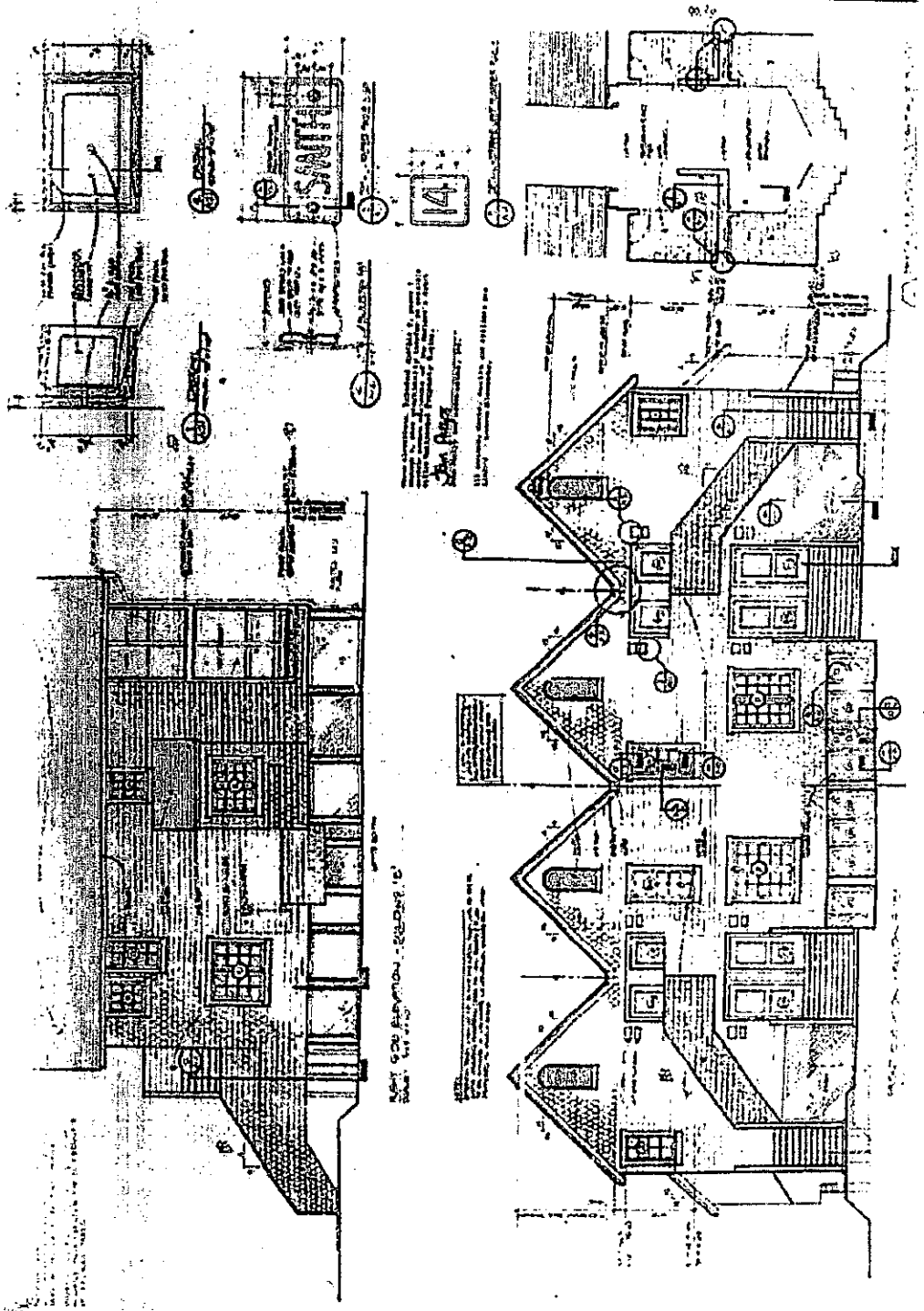
DATE: 10/1/77
DRAWN BY: J.P.
CHECKED BY: M.W.
SCALE: AS SHOWN
SHEET NO. 1 OF 1



SECOND FLOOR PLAN
 1000 PINE STREET
 PHOENIX, ARIZONA 85001
 TEL: 948-222-1111
 FAX: 948-222-1112
 WWW: JOHNPHARRIS.COM

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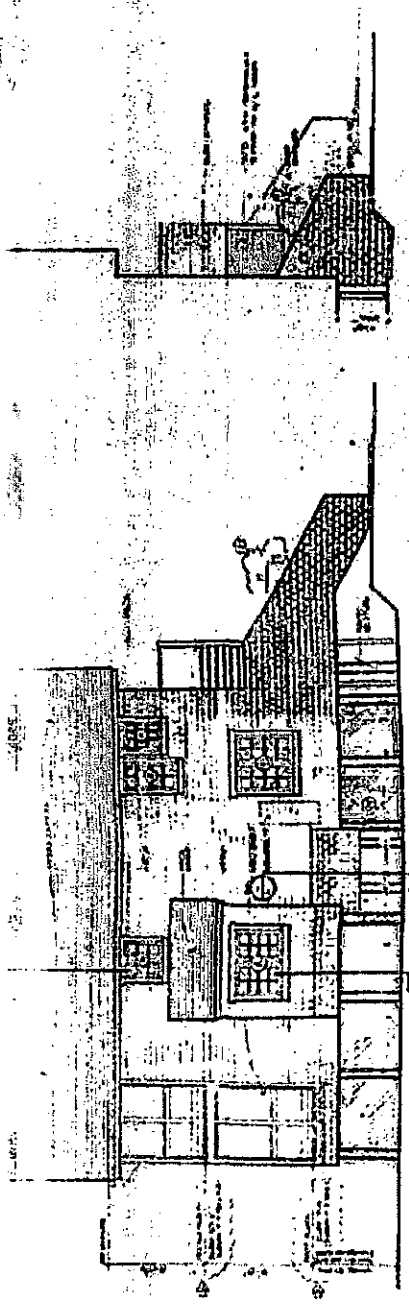


FIG. 10 - FLOOR PLAN

ALL DIMENSIONS SHOWN IN FEET AND INCHES
 UNLESS OTHERWISE SPECIFIED

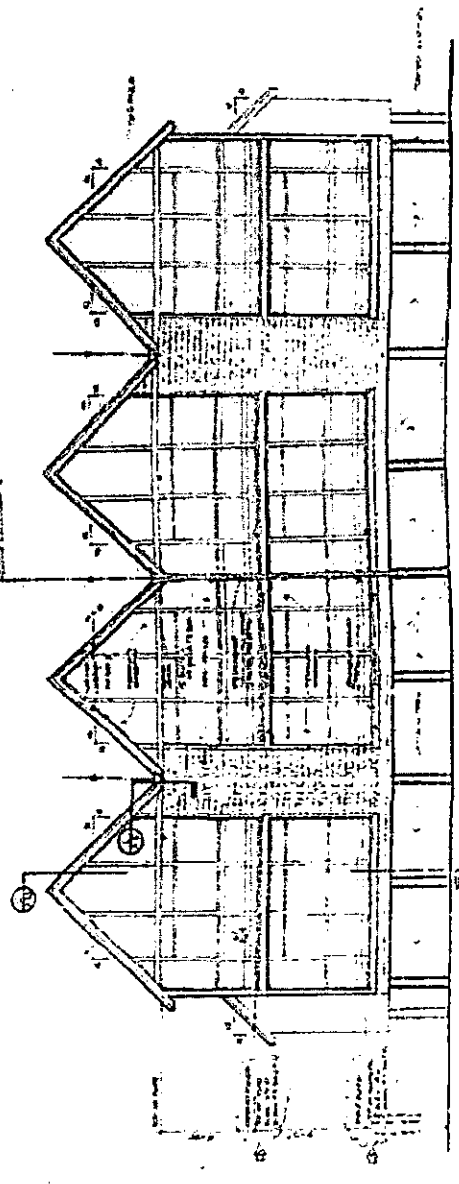


FIG. 11 - SECTION

ALL DIMENSIONS SHOWN IN FEET AND INCHES
 UNLESS OTHERWISE SPECIFIED

EX P 124-095

EMERSON, JENKINS & BLUST

FILED, INDEXED & RECORDED

124-095
EX P 124-095

83.00
due 1.00
84.00

ROBERT M. KUMI
CLERK OF COURTS
CHARLESTON COUNTY, S.C.

[Handwritten initials]

Recorded this 4th day of Feb. 1981
On Property Record Card

Pauline S. Hoyer

Auditor Charleston County

INDEXED
124
EX P 124-095
201-65-00-691