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THE SEACREST CONDOMINIUM HORIZONTAL
PROPERTY REGIME

MASTER DEED

BEAUFORT COUNTY TAX MAP REFERENCE *RL*

Dist.	Map	Submap	Parcel	Block
540	18		1A	

THE SEACREST CONDOMINIUM HORIZONTAL PROPERTY REGIME
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MASTER DEED OF
THE SEACREST CONDOMINIUM
HORIZONTAL PROPERTY REGIME

THIS MASTER DEED, pursuant to the provisions of South Carolina Code Section 27-31-10, et seq., 1976 Code of Laws, as amended, is made and executed in Beaufort County, South Carolina, as of this 3rd day of December, 1996, by The SeaCrest Development Company ("Declarant").

WITNESSETH:

WHEREAS, Declarant wishes to submit to the provisions of the South Carolina Horizontal Property Act, S. C. Code Section 27-31-10, et seq., 1976 Code of Laws, as amended, hereinafter referred to as the "Act", certain property lying and being in the Town of Hilton Head Island, Beaufort County, South Carolina, as hereinafter defined and referred to as the "Property", together with all buildings, structures, and other improvements constructed or to be constructed thereon, and all rights and privileges belonging or in any way appertaining thereto, to the provisions of the Act as a residential and nonresidential condominium project and to impose upon the land, buildings, and improvements mutually beneficial covenants, conditions, and restrictions under a general plan of improvements for the benefit of the residential and nonresidential condominium units and the owners thereof and to thereafter sell and convey units subject to the covenants, conditions, and restrictions herein.

NOW THEREFORE, THE SEACREST DEVELOPMENT COMPANY, HEREBY PUBLISHES AND DECLARES that the Property, as described in Exhibit A hereto, together with all buildings, structures, and other improvements thereon, and all rights and privileges belonging or in any way appertaining thereto, is herewith submitted to the terms and provisions of the South Carolina Horizontal Property Act and that, hereafter, it shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the South Carolina Horizontal Property Act and the within covenants, conditions, restrictions, uses, limitations, and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property and the division thereof into condominium units and which shall run with the land and be a burden and a benefit to Declarant, its successors, and assigns and to all other persons acquiring or owning an interest in the land, the Units (as hereinafter defined) and the improvements, their grantees, successors, heirs, executors, administrators, devisees, and assigns.

ARTICLE I
DEFINITIONS

As used in this Master Deed and the other condominium documents, unless the context otherwise requires:

1.1 "Act" means the South Carolina Horizontal Property Act, S. C. Code Section 27-31-10, et seq., 1976 Code of Laws, as heretofore amended, and as the same may be hereafter amended from time to time.

1.2 "Articles" mean the Articles of Incorporation of the Association.

1.3 "Assessment" means an Owner's share of the Common Expenses which from time to time are assessed against an Owner by the Association in the manner herein provided and other costs and expenses which from time to time are assessed against an Owner in accordance with the terms of the Master Deed.

1.4 "Association" shall mean The SeaCrest Property Owners Association, Inc. (a/k/a "SeaCrest Property Owners Association, Inc."), its agents, successors, and assigns; a South Carolina not-for-profit corporation.

1.5 "Association Manager" means the Person who may be appointed by the Board from time to time to conduct and manage the day-to-day affairs of the Association.

1.6 "Board" means the Board of Directors of the Association.

1.7 "Building" means a structure containing Residential Units, Commercial Units, or a combination thereof.

1.8 "Bylaws" means the Bylaws of the Association, annexed to this Master Deed, as amended from time to time as therein provided.

1.9 "Common Elements" means all parts of the Property, including the land submitted to this Master Deed, other than Residential Units and Commercial Units.

1.10 "Common Expenses" means those items as defined in Article IV of this Master Deed.

1.11 "Condominium" means that form of ownership established by the provisions of the Act under which space intended for independent use is owned by an Owner or Owners in fee simple and the parts of the Property other than such independently owned spaces are owned by all such Owners in undivided interests, which undivided interests are appurtenances to the respective independently owned spaces.

1.12 "Declarant" means The SeaCrest Development Company, its successors and assigns.

1.13 "Limited Common Element" means any portion of the Common Elements reserved for the exclusive use of less than all the Owners.

1.14 "Master Deed" means the within Master Deed of The SeaCrest Condominium Horizontal Property Regime.

1.15 "Majority" or "Majority of Owners" means more than 50% of the Percentage Interests of the Common Elements, as set forth in this Master Deed.

1.16 "Mortgage" means any mortgage, deed of trust, or other security instrument used for the purpose of subjecting real property to a lien or encumbrance as security for indebtedness.

1.17 "Owner" or "Co-Owner" means a Person who or which owns in fee simple a Residential Unit or Commercial Unit. "Owner" shall not refer to any Mortgagee (unless such Mortgagee has acquired title for other than security purposes) or to any Person or Persons purchasing a Residential Unit or a Commercial Unit under contract until such contract is fully performed and legal title conveyed of record.

1.18 "Percentage Interest" means such percentage that each Owner of a Unit owns (in common with all other Owners of all other Units) in the Property of the Regime, and the percentage appertaining to each Owner in the expenses of, and rights in, the elements of the Regime held in common.

1.19 "Person" means an individual, firm, corporation, partnership, proprietorship, association, trustee, or other legal entity, or any combination thereof.

1.20 "Property" shall mean and include the land which is (at the time it is submitted to the provisions of the "Act" and of this Master Deed) owned in fee simple by Declarant and which is herein or may hereafter be submitted to the provisions of the Act by this Master Deed and made subject to the horizontal property regime established by this Master Deed, together with all improvements constructed thereon and all easements, rights, and appurtenances belonging thereto, which comprise the horizontal property regime established by this Master Deed. Land or improvements of the Declarant shall not be submitted to the provisions of the Act by this Master Deed, and shall not be subject to the horizontal property regime established by this Master Deed, except upon and after recordation of an amendment to the description of the Property in the Office of the Clerk of Court for Beaufort County, and the term "Property" shall not apply to any land or interest in land owned by the Declarant until such recordation. The "Property" initially submitted to the provisions of the Act by this Master Deed and made subject to the horizontal property regime established by this Master Deed is described on Exhibit A hereto. "Additional Property" shall mean such land or improvements of the Declarant described on Exhibit B hereto before such property shall have been submitted to the provisions of the Act by this Master Deed, and thereby made subject to the horizontal property regime established by this Master Deed.

1.21 "Regime" means the condominium formed pursuant to the Act.

1.22 "Residential Agent" means any Person who is or who shall be employed by one or more Owners for the management and rental operation of one or more Units and whom the Association may allow to establish a business presence within the Property.

1.23 "Total Percentage Interest" means the total of the Percentage Interest in the Common Elements and the Percentage Interest in that Residential Unit or Commercial Unit which each Owner

owns as a result of his ownership of that fee simple property interest. The Total Percentage Interest of each Owner is set forth in Exhibit C attached hereto and made a part hereof.

1.24 "Quorum" means the presence in person or by proxy of a Majority of Owners.

1.25 "Unit" means a part of the Property intended for any type of independent use including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a Building with a direct exit to a public street or highway or to a common area leading to such street or highway. There shall be rooms to be used for lodging purposes ("Residential Units") and there may be other areas comprising of a commercial kitchen, lobby, restaurant(s), lounge(s), meeting room(s), retail space, or other commercial area(s) which may constitute a "Commercial Unit" or "Commercial Units". A reference in this Master Deed to "Units" without specification as to the type thereof shall be construed as a reference both to Residential Units and Commercial Units, unless the context shall make apparent otherwise.

ARTICLE II THE PROPERTY

2.1 Land. The lands which may be made subject to this Master Deed are those certain tracts or parcels described in Exhibits A and B attached hereto and consisting of 3.836 acres, which are owned by the Declarant in fee simple subject to certain liens, encumbrances, rights-of-way, easements, covenants, and restrictions. The reference to "easements" in the foregoing paragraph shall include, but not be limited to, those certain Non-Exclusive Easements granted by Declarant's predecessor and recorded in Deed Book 308 at Page 198; Deed Book 318 at Page 802; Deed Book 565 at Page 712; Deed Book 775 at Page 1813; Deed Book 790 at Page 1329, in the Office of the Beaufort County Register of Mesne Conveyances, incorporated here by reference, and any variations or amendments thereof.

Hereafter, at one time or from time to time, Declarant has constructed, or may in the future construct, roadways (the "Roadways") providing ingress and egress to and from North Forest Beach Drive. Declarant shall not be obliged to convey to the Association these Roadways as a Common Element (but may do so at Declarant's sole discretion). However, Declarant herewith conveys to each Owner of a Unit and to every permitted occupant of that Unit, a non-exclusive, temporary easement over, upon, and across such Roadways for ingress and egress to and from North Forest Beach Drive. These nonexclusive easements are temporary and shall automatically terminate and become null and void immediately upon merger by incorporation of any part of the Roadways into another horizontal property regime, the Master Deed of which establishes or conveys a permanent, non-exclusive, unrestricted easement for passage over that portion of the Roadways by Owners of Units created by this Master Deed. Declarant reserves the right in its sole discretion to relocate these areas, and the temporary easements over them, without notice to any Owner or occupant of a Unit. In such event, Declarant shall, and is hereby especially empowered to, prepare and record in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, an amendment to this Master Deed, amending Exhibit D hereto, to show the areas and revised areas of these non-

exclusive easements, without notice to or consent by Owners or occupants of Units, such amendment to be effective upon recordation of same in the Office of the Register of Mesne Conveyances.

2.2 Incorporation of Additional Property. Hereafter, at one time or from time to time, Declarant may elect to submit one or more parcels of Additional Property to the provisions of the Act by incorporating them within this Master Deed. Additional Property shall be submitted to the Act subject to all recorded utility easements and other easements discussed in this Master Deed, and any amendments hereto. The maximum extent of additional land that the Declarant may submit to the provisions of this Master Deed are those parcels containing 2.037 acres of land, as described on Exhibit B attached hereto and incorporated herein by reference.

A general description of the plan of development follows:

(1) The Maximum Number of Units in Each Proposed Stage of Development:

There are two or more proposed stages ("phases") of development: Phase I has thirty (30) Apartments; subsequent phases, if developed, will have together no more than ninety-five (95) additional Apartments and no more than eleven (11) Commercial Units.

(2) The Dates by which the Owner submitting such property to condominium ownership will elect whether or not he will proceed with each stage of development:

For all proposed stages of development, the election whether or not each stage of development will be proceeded with shall be made by December 31, 2011.

(3) A General Description of the Nature and Proposed Use of any Additional Common Elements Which the Owner Submitting Property to Condominium Ownership Proposes to Annex to the Property Described in the Master Deed, if Such Common Elements Might Substantially Increase the Proportionate Amount of the Common Expenses Payable by Existing Unit Owners.

There are no such additional common elements contemplated in the plan of development which, reasonably considered, might substantially increase the proportionate amount of the common expenses payable by existing unit owners.

(4) Annexed hereto at Exhibit C is a chart showing the percentage interest in the common elements of each original unit owner at each stage of development, if the owner submitting property to condominium ownership elected to proceed with all contemplated stages of development.

(5) The Declarant may, in its sole option, incorporate one or more additional phases into the Regime.

(6) The Declarant may, in its sole discretion, vary the order of inclusion of any or all additional phases, such that a phase may be included out of numerical order.

(7) The Declarant may, in its sole discretion, vary the design of each phase and the design of Units within each phase, that may be incorporated or submitted to this Master Deed.

(8) If the Declarant exercises its rights to incorporate any one or additional phases, the ownership of Common Elements of the Association and voting rights attributable to any particular Unit shall be determined by the ratio of the value of that particular Unit to the value of all the Units in the Regime from time to time. It is understood that if and as Additional Property is brought into the Regime by amendment of the Master Deed, the relative Percentage Interests of the Owners will change.

(9) Any incorporation of additional phases in the Regime shall not substantially increase the proportionate share of the Common Expenses payable by any existing Owner and such increase, if at all, shall be of a minor or incidental nature.

(10) Any additional amenities or recreational facilities which may or may not be in the additional phases are solely at the option of Declarant. The description in any sales or promotional literature of the Declarant of any potential additional amenities or recreational facilities shall not, of itself, oblige the Declarant to construct such or to convey them to the Regime as Common Elements.

(11) If Declarant shall elect to incorporate one or more additional phases in the Regime, or to submit Additional Property to the Regime, such shall be accomplished by recordation of an amendment, which shall include the revised Total Percentage Interest which each owner owns, to this Master Deed in the Office of the Register of Mesne Conveyances for Beaufort County and such election shall be effective on the date of recordation.

(12) The Units which may be included in "Additional Property," which may later be added to this Regime, include, in addition to the Types A, B, C and C-Greco Units hereinafter described, the following:

(A) A Type D Unit would be a residential condominium apartment, consisting of two bedrooms (one with a closet and one with a walk-in closet), two bathrooms, kitchen, utility room, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1825.5 square feet of heated area. The Unit would have a detached storage area containing up to 42.5 square feet of area. The statutory value of a Type D Unit shall be \$450,186.26.

(B) A Type E Unit would be a residential condominium apartment, consisting of one bedroom with walk-in closet, bathroom, kitchen, utility closet, living/dining room area, powder room, foyer and foyer closet. The Unit would contain up to approximately 953.6 square feet of heated area. The Unit would have a detached storage area containing up to 30 square feet of area. The statutory value of a Type E Unit shall be \$235,175.91.

(C) A Type F Unit would be a residential condominium apartment, consisting of one bedroom with walk-in closet, bathroom, kitchen, utility closet, living/dining room area, powder room, foyer and foyer closet. The Unit would contain up to approximately 969.5 square feet of heated area. The Unit would have a detached storage area containing up to 30 square feet of area. The statutory value of a Type F Unit shall be \$239,093.28.

(D) A Type G Unit would be a residential condominium apartment, consisting of one bedroom with walk-in closet, bathroom, kitchen, powder room, utility closet, living/dining room area, foyer and foyer closet. The Unit would contain up to approximately 969.5 square feet of heated area. The Unit would have a detached storage area containing up to 30 square feet of area. The statutory value of a Type G Unit shall be \$262,241.39.

(E) A Type H Unit would be a residential condominium apartment, consisting of two bedrooms (each with a walk-in closet), two bathrooms, kitchen, utility closet, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1876.9 square feet of heated area. The Unit would have a detached storage area containing up to 42.5 square feet of area. The statutory value of a Type H Unit shall be \$462,873.20.

(F) A Type J Unit would be a residential condominium apartment, consisting of two bedrooms (each with a walk-in closet), two bathrooms, kitchen, utility closet, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1782.2 square feet of heated area. The Unit would have a detached storage area containing up to 42.5 square feet of area. The statutory value of a Type J Unit shall be \$439,502.51.

(G) A Type K Unit would be a residential condominium apartment, consisting of one bedroom with walk-in closet, bathroom, kitchen, utility closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1300.2 square feet of heated area. The Unit would have a detached storage area containing up to approximately 36 square feet of area. The statutory value of a Type K Unit shall be \$326,606.48.

(H) A Type L Unit would be a residential condominium apartment, consisting of two bedrooms (each with a walk-in closet), two bathrooms, kitchen, utility closet, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1838.3 square feet of heated area. The Unit would have a detached storage area containing up to 42.5 square feet of area. The statutory value of a Type L Unit shall be \$453,346.87.

(I) A Type C.U. 1 Unit would be a commercial unit custom-designed per Owner/tenant, containing up to approximately 471.88 square feet of heated area. The statutory value of a Type C.U. 1 Unit shall be \$75,899.10.

(J) A Type M Unit would be a residential condominium apartment, consisting of one bedroom with walk-in closet, bathroom, kitchen, utility closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1300.2 square feet of heated area. The Unit would have a detached storage area containing up to approximately 36 square feet of area. The statutory value of a Type K Unit shall be \$326,606.50.

(K) A Type N Unit would be a residential condominium apartment, consisting of two bedrooms (each with a walk-in closet), two bathrooms, kitchen, utility closet, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit would contain up to approximately 1838.3 square feet of heated area. The Unit would have a detached storage area containing up to 42.5 square feet of area. The statutory value of a Type L Unit shall be \$453,346.87.

(L) A Type C.U. 2 Unit would be a commercial unit custom-designed per Owner/tenant, containing up to approximately 706.21 square feet of heated area. The statutory value of a Type C.U. 2 Unit shall be \$133,635.83.

2.3 Phase I Building. The Phase I building contains thirty (30) Residential Units and no Commercial Units on five (5) floors in one (1) Building, over one floor of parking, all as more fully described in Exhibit E, attached hereto and made a part hereof. This Building contains in total up to 42,472.5 square feet of heated area. Of this total of thirty (30) Residential Units, twenty (20) are Type A Units, five (5) are Type B Units, four (4) are Type C Units, and one (1) is Type C "Greco". This Building also contains, among other things, areas set aside for vending, housekeeping, parking and access (ingress/egress) roadways, common hallways, storage, detached unit storage, telephone rooms, electrical rooms, fire sprinkler rooms, trash chute rooms, trash collection rooms and facilities, maintenance areas, elevators; and the Property (included in Phase I of this Regime) contains aboveground and underground utilities and drainage structures, equipment and apparatus, and landscape amenities such as a manmade lagoon system, spas, related utilities and drainage, and general recreational areas. The horizontal location of the Phase I Building and other improvements on The Property are shown of Exhibit A. The vertical location of the Building and other improvements on The Property are shown on Exhibit E. A plot plan of the construction for Phase I and the floor plans of this Building which show the dimensions, area, and location of the Common Elements affording access to each Unit, are shown on Exhibit E.

2.4 Units. The number, location, vertical location, dimension, area, and design of each Residential Unit in Phase I of the Regime are set forth in the attached Plot Plans and Building Plans (also called "Condominium Documents Issued 11/27/96," by Wiggins & Associates, Inc.) which constitute Exhibit E, or by way of amendment thereto. Residential Units are and shall be numbered according to Building, Floor, and Unit number.

(a) Each Unit is described as follows:

(i) A Type A Unit is a residential condominium apartment, consisting of one bedroom with walk-in closet, bathroom, kitchen, utility room, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom. The Unit contains approximately 1249 square feet of heated area. The Unit has a detached storage area containing approximately 36 square feet of area. The statutory value of a Type A Unit shall be \$304,143.00.

(ii) A Type B Unit is a residential condominium apartment, consisting of two bedrooms (one with a closet and one with a walk-in closet), two bathrooms, kitchen, utility room, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and

bathroom, The Unit contains approximately 1757.1 square feet of heated area. The Unit has a detached storage area containing approximately 42.5 square feet of area. The statutory value of a Type B Unit shall be \$428,283.00.

(iii) A Type C Unit is a residential condominium apartment, consisting of two bedrooms with walk-in closets, two bathrooms, kitchen, utility room, coat closet, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom, and contains approximately 1753.5 square feet of heated area. The Unit has a detached storage area containing approximately 42.5 square feet of area. The statutory value of a Type C Unit shall be \$427,248.50.

(iv) A Type C - Custom Unit known as the "Unit C, 1st Floor Greco Unit" or "Type C Greco" is a residential condominium apartment, consisting of one bedroom with walk-in closet, one bedroom with double walk-in closets, two bathrooms, kitchen, laundry room, living/dining room area, foyer, and lockout unit with a bedroom, walk-in closet, and bathroom, and contains approximately 1693 square feet of heated area. The Unit has a detached storage area containing approximately 42.5 square feet of area. The statutory value of the Type C Greco Unit shall be \$411,731.00.

(b) The boundaries of each Residential Unit (and any Commercial Unit that may hereafter be added to the Regime) shall be as follows:

(i) The upper and lower boundaries shall be the following boundaries extended to an intersection with the vertical boundaries:

(A) Upper boundary: The horizontal plane of the bottom undecorated surface of the ceilings of each Unit; in the event that any structural beam, air conditioning duct, heating duct, or any other structural component projects into the area surrounded by the perimeter walls bounding the Unit, the upper boundary of that part of that Unit shall be the horizontal plane of the bottom undecorated surface of said projecting area.

(B) Lower boundary: The horizontal plane of the upper surface of the undecorated concrete floor slab of each Unit; in the event that any structural beam, air conditioning duct, heating duct, or any other structural component projects into the area surrounded by the perimeter walls bounding the Unit, the lower boundary of that part of the Unit shall be the horizontal plane of the undecorated and unfinished upper surface of said projecting area.

(ii) The vertical boundaries of each Unit shall be the vertical plane of all undecorated and unfinished inner surfaces of all perimeter walls, doors, windows, and sliding glass doors bounding the Unit extended to the intersections with each other and with the upper and lower boundaries of each Unit. In the event that any structural beam, air conditioning duct, heating duct, or any other structural component projects into the area surrounded by the perimeter walls bounding the Unit, the vertical boundary of that part of the Unit shall be the vertical plane of the undecorated and unfinished inner surface of said projecting area.

© The balconies, if any, abutting any Unit are Limited Common Elements appurtenant to that Unit to which they attach and their use is restricted to that Unit to which they are appurtenant.

Abutting the Type A Units are exterior balconies containing approximately 121.2 square feet of area. Abutting the Type B Units are exterior balconies containing approximately 168 square feet of area. Abutting the Type C Units are exterior balconies containing approximately 199.8 square feet of area. Abutting the Type C-Greco Unit are exterior balconies containing approximately 233.6 square feet of area. Abutting the Units D through N will be similarly-sized balconies, which will also be Limited Common Elements. Maintenance, other than structural, and upkeep of each balcony shall be the primary responsibility of the Owner of the Unit to which that balcony is appurtenant and the secondary responsibility of the Association.

(d) All doors and windows which are inside the Unit, within the perimeter walls of a Unit, shall be deemed a part of said Unit. All doors and windows, including sliding glass doors, that connect directly to the exterior of the Unit shall not be deemed a part of said Unit and shall be a Limited Common Element.

(e) All pipes, wires, or other conduits running to and from all electrical, heating, air conditioning or ventilation systems, television, telephone, water, and sewer installations within a particular Unit, which branch off or run from a common pipe or wire serving more than one Unit, shall be part of a Unit from the point at which it branches off the common pipe or wire regardless of whether or not said pipe or wire is within the perimeter of a Unit. The upkeep and maintenance of said pipes and wires shall be the responsibility of the Owner of the Unit. All other pipes and wires are part of the Common Elements and the upkeep and maintenance of the same shall be the responsibility of the Association.

(f) All load bearing walls located within a Unit constitute a part of the Common Elements up to the unpainted finished surface of said walls. All load bearing columns located within a Unit constitute a part of the Common Elements up to the unpainted finished surface of said columns. In the event that the columns are surrounded by non-load bearing walls, the area within the unpainted finished surface of the surrounding walls constitute a part of the Common Elements.

(g) Ownership of each Unit shall encompass, and there shall pass with each Unit as appurtenances thereto, whether or not separately described, all of the rights, title, and interest of an Owner in the Property, which shall include but not be limited to:

(i) Membership in the Association composed of all Owners. Membership in the Association shall include the right to vote on all matters which under the Master Deed and Bylaws are to be decided by the Owners. Each Owner shall be entitled to a vote equal to his percentage of ownership in the Common Elements as set forth in Exhibit C, and

(ii) The Owners' undivided Total Percentage Interest as hereinafter defined in the Common Elements which shall be the percentage allocated to each Unit as set forth in Exhibit C.

(h) Any Owner, including Declarant, may remove all or a portion of any non-load bearing wall located within the perimeter walls bounding the Unit provided the Owner obtains the advance written approval of the Association to do so, which approval shall be given to the Owner upon the Association's satisfaction that the wall is in fact non-load bearing and non-structural and that

its removal shall not cause any harm or damage to the Owner's Unit, the Building(s), or other Units contained in the Building(s), and upon the Owner agreeing to be solely responsible for all losses, costs, and liabilities which may arise on account of or in connection with the removal of the wall. The Association may impose reasonable conditions upon such approval, including but not limited to, the requirement for liability and/or property damage insurance insuring the Association or other Owners. The removal of all or a portion of any wall shall not have the effect of changing the type of Unit, the statutory value attributable to the Unit, or the Percentage of Interest in the Common Elements and Limited Common Elements attributable to the Unit.

(1) In the event that two or more Units are owned by the same Owner and are so situated in the Building(s) that the hall adjacent to the entry doors of said Units provides access to said Units but not to other Units or other common areas, the Owner may, at his expense and with the prior approval of the Association, construct a doorway and door in the hall in front of the two or more Units so as to restrict the use of that portion of the hall to the Owner of the Units. The portion of the hall so restricted shall be a Limited Common Element. At the time of the construction of the doorway and door the Owner shall enter into an agreement with the Association agreeing to remove the doorway and door and restore the hall to its original configuration before one of the Units owned by the Owner is sold separately. If the Owner sells both of the Units together to the same purchaser, the new Owner must agree in writing to be bound by this provision.

2.5 Common Elements. Common Elements consist of all land and improvements, excluding the Units described above, including, but not limited to, the land, exterior walls, floor joists, roofs, front desk area, lobby, parking areas, driveways, pathways, fences, exterior doors, windows, foundations, columns, girders, beams, supports, main walls, heating systems, halls, staircases, installation of central services such as electricity, water, sewer, telephone, and television wiring, electrical wiring and conduit, storage areas, linen closets, laundry area and equipment and all other areas and elements of the Buildings in common use. It shall not include any personal property, furniture, and furnishings located within the Common Elements. The Board of Directors has the authority to execute, acknowledge, deliver, and record, on behalf of the Owners, easements, rights of way, licenses, and similar interests affecting the Common Elements and Limited Common Elements.

2.6 Limited Common Elements. Limited Common Elements are those Common Elements including, but not limited to, doorsteps, shutters, stoops, awnings, window boxes, porches, balconies, patios, portions of hallways immediately adjoining two or more Units owned by the same Owner, and all exterior doors and windows, including sliding glass doors or other fixtures which are designed to serve less than all the Units to the exclusion of other Units and located outside a Unit. Limited Common Elements are limited in their use to the particular Unit to which they are assigned. The Board of Directors has the authority to execute, acknowledge, deliver, and record, on behalf of the Owners, easements, rights of way, licenses, and similar interests affecting the Common Elements and Limited Common Elements.

2.7 Percentage of Undivided Ownership Interest. Each Owner of a Residential Unit or a Commercial Unit shall own an appurtenant undivided percentage interest ("Percentage Interest") in the Common Elements separately owned. The undivided Percentage Interest in the Common

Elements appertaining to each Unit, together with the statutory basic value of each Unit, is set forth in Exhibit C attached hereto. The undivided Percentage Interest of each Owner in the Common Elements shall be an inseparable part of the Owner's Unit and no partition of these interests is permitted or allowed. The ownership of each Unit shall not be conveyed separately from the appurtenant Percentage Interests in the Common Elements and said interests shall be deemed conveyed or encumbered with the Unit even though the legal description in the instrument conveying or encumbering said Unit may refer only to the fee title and may not refer to the Unit's undivided Percentage Interests in the Common Elements.

2.8 Personal Property; Agency Insurance. Simultaneously with the purchase of his Unit, each Owner shall acquire fee simple ownership of the personal property situate in his Unit, together with an undivided interest in fee simple ownership of the personal property situate in the Common Elements equal to his Total Percentage Interest. This personal property inside each Unit may be replaced, repaired, maintained, and held for each Owner by a Residential Agent or other rental agent employed by an Owner under the terms and conditions of an agency agreement executed by each Owner. Such agency agreements shall require the agent to maintain minimum reasonable levels of public liability insurance coverage for each Unit made available to members of the general public for the purpose of rental or transient accommodation, and shall have the Association named as an additional insured as its interests may occur. In addition, each agent acting for an Owner shall acquire and maintain workman's compensation insurance or such other insurance coverage as the Board may in its reasonable discretion require indemnifying the Association from claims arising from or through such agent's servants, employees, contractors, or invitees of any nature while on the Property. Satisfactory evidence of such insurance shall be furnished on demand to the Association. Failure to furnish evidence of such insurance shall, without more, be grounds for the immediate exclusion of any agent its servants, employees, contractors, or invitees of any nature from the Property.

2.9 Voting Rights. Each Owner shall have such voting right in the Association as is equivalent to the undivided Percentage Interest in the Common Elements pertaining to the said Owner's Unit.

2.10 Name. The name by which the horizontal property regime shall be known is The SeaCrest Condominium Horizontal Property Regime.

ARTICLE III THE SEACREST PROPERTY OWNERS ASSOCIATION, INC.

3.1 Formation. Every Owner, as hereinafter defined, shall be a member of and constitute The SeaCrest Property Owners Association, Inc., also known as "SeaCrest Property Owners Association, Inc." (the "Association"), a South Carolina Not-For-Profit Corporation, which shall be managed by a board of directors (the "Board of Directors" or "Board") elected by and from the Owners and managed by a professional administrator (the "Association Manager"). The Association shall be the governing body of all Owners and it shall maintain, repair, replace, administer, and operate the Property as provided in the Act, this Master Deed, and the Bylaws.

3.2 Bylaws. The Association and the administration of the Property shall be governed by the bylaws ("Bylaws") set forth in Exhibit F. The Bylaws may be modified or amended only in the manner set forth in Article IX hereof.

3.3 Voting. On all matters relating to the Association or to the Property upon which a vote of the Owners is conducted, the Owners shall vote in proportion to their respective Percentage Interests in the Common Elements as set forth in Exhibit C. Each Unit shall have, for purposes of voting, such vote as is proportionate to that Unit's respective Percentage Interest in the Common Elements as set forth in Exhibit C. All action taken by a vote of the Owners shall be by Majority vote unless a different vote is specified in this Master Deed or in the Bylaws. It is understood that if and as Additional Property is brought into the Regime by amendment of the Master Deed, the relative Percentage Interests of the Owners will change.

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

3.5 Board of Directors. The Board shall consist of three (3) to five (5) Persons, all of whom shall be Owners or representatives of corporate or partnership members. The Board shall manage the business and affairs of the Association and shall exercise all of the powers and duties of the Association, including those existing under the laws of the State of South Carolina, this Master Deed, and the Articles and Bylaws of the Association. The first meeting of the Association and of the Board shall be held the day this Master Deed is filed in the South Carolina Secretary of State's Office and each year thereafter the annual meeting of the members of the Association and of the Board shall be held the second Saturday in May each year. Notwithstanding the above, until seventy-five (75%) percent of all Units constructed within the Property, and to be constructed within the Additional Property, have been conveyed to the purchasers thereof by Declarant, the Declarant may appoint any or all the members of the Board of Directors, who may or may not be Owners.

3.6 Management of Property. The Board shall be authorized and obliged to engage the services of an agent (herein referred to as the "Association Manager") to maintain, repair, replace, administer, and operate the Property, or any part thereof, to the extent deemed advisable by the Board, subject to the provisions hereof. The cost of such services shall be a Common Expense, as defined herein. There shall be no prohibition against a Residential Agent and the Association Manager being the same Person. Upon acceptance of a deed to a Unit, each Owner shall thereby irrevocably and unconditionally authorize and consent to the Board, on behalf of the Association, entering into one or more Association Management Agreements from time to time with a professional condominium association management company, herein referred to as the Association Manager, and all references in this Master Deed or the Bylaws to the Board or Association shall include the Association Manager with respect to those rights, duties, and entitlements which are delegated to the Association Manager under any Association Management Agreement.

3.7 Initial Management Contract. The Board, appointed as provided herein, shall ratify, adopt, and approve a management agreement between the Association and Association Manager for a monthly rate and subject to such terms as are consistent with competitive rates and terms prevailing

in the area in which the real estate is located, payable by the Association as a Common Expense. Such contract may be for an initial term of up to three (3) years, but shall be subject to cancellation without cause on ninety (90) days notice by either party.

3.8 Limitation of Liability. Unless caused by gross negligence or willful misconduct of the Board, neither the Board nor the Association shall be liable for any failure of water supply or other service to be obtained and paid for by the Board hereunder, or for any injury or damage to person or property caused by the elements or by another Owner or person in the Property or damage from electricity, water, rain, snow, or ice which may leak or flow from outside or from any part of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment or from any other place. No diminution or abatement of Association Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to any Unit or the Common Elements or from any action taken to comply with any law, ordinance, or order or a governmental authority.

3.9 Non-Liability of the Directors, Board, Officers, Declarant. The Directors, Board, officers of the Association, and Declarant shall not be liable to the Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Directors, Board, officers, or Declarant, except for any acts or omissions found by a court to constitute gross negligence, willful misconduct, or fraud. The Association shall indemnify and hold harmless each of the directors and officers, the Board, and the Declarant, their heirs, executors or administrators, successors, and assigns in accordance with the provisions herein and in the Bylaws.

ARTICLE IV ASSESSMENTS

4.1 Agreement to Pay Assessments. Declarant, for each Unit owned by it within the Property, and for and as the owner of the Property and every part thereof, hereby covenants and each Owner of any Unit by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association to pay to the Association all Association Assessments as hereinafter defined.

4.2 Association Assessments. Assessments for Common Expenses and special assessments shall be made against each Owner by the Association to be collected from the Owners and paid to the Association by the Association in accordance with and pursuant to the terms and provisions of the Declaration and of the Association's Articles and Bylaws. Those expenses and assessments shall be referred to herein as the "Association Assessments."

4.3 Common Expenses. The Association shall be responsible for, and shall treat as Common Expenses: (a) the Association Assessments; (b) the costs of Association administration, which shall include all expenses of the Property which are not the obligation of any individual Owner and are not paid by a Residential Agent or other rental manager employed by such Owner; (c) Association reserve fund assessments; (d) costs of maintenance, repair, replacement, and insurance (including insurance deductibles) of and utilities (including garbage service but excluding telephone

service) for the Property; (e) any deficit remaining from a previous period, (f) creation of reasonable contingency reserves; and (g) any other expenses and liabilities which may be incurred by the Association for the benefit of all Owners under or by reason of this Master Deed (herein collectively referred to as the "Association expenses"). The Association shall treat as common surplus the excess of Association revenues over Association expenses. Common surplus and Common Expenses do not include income derived or expenses incurred by Owners from the operation of Units as residential or nonresidential or other rental accommodations or otherwise.

4.4 Apportionment. Common surplus shall be owned and Association expenses (except for Association Assessments which shall be borne equally by each Owner) shall be distributed and allocated among and be the obligation and liability of the Owners in proportion to their respective Percentage Interests.

4.5 Annual Budget. On or before December 5th in the first year of operations of the Regime, the Board shall prepare or cause to be prepared and adopt an operating budget for the remainder of 1996 and the upcoming calendar year 1997. Thereafter, such operating budget shall be prepared on or before November 1 of each ensuing year for the upcoming calendar year. Unless the Association by a two-thirds majority vote of all Owners shall vote down the budget prepared by or for the Board in a meeting duly convened for that purpose prior to the calendar year end, then the budget prepared by or for the Board and adopted by the Board shall be the budget for the next occurring calendar year. The budget shall itemize the estimated expenses of the Association for such calendar year, taking into consideration anticipated receipts (if any), and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the annual assessment for the upcoming fiscal year and as the major guideline under which the Regime shall be operated during such annual period. Declarant shall estimate the budget for the first calendar year of the Association or portion thereof. If in any year after the first year, the Board shall fail to prepare or adopt a budget, then the budget for the next year shall be deemed to be the budget for the year then occurring, with all expense items increased by five (5%) percent over the prior year.

4.6 Notice and Payment. The Association shall furnish to each Owner a copy of the budget and notify each Owner as to the amount of the annual assessment (including the Association Assessment) with respect to his Unit on or before December 15 each year for the next calendar year following such date. The annual assessment shall be payable in twelve equal monthly installments due on the 10th day of each month during the calendar year. The Association shall remit all Association Assessments to the Association by the fifteenth day of the month. All unpaid installments of any Association Assessment shall incur a late charge of \$25.00 per month or any portion of any month (or at such lesser rate as is equal to the maximum interest rate allowed by applicable law) from the date each such installment is due until paid. The failure of the Association to give timely notice of any Association Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Master Deed or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in this Master Deed.

4.7 Special Assessments. In addition to the Association's regular assessments authorized by this Article, the Association may levy, at any time and from time to time, upon affirmative vote of either a majority of the Board of Directors of the Association or at least a Majority Vote of the Association, a special assessment in an amount up to ten (10%) percent of the prior year's budget, payable over such period as the Association or the Board may determine, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of the Property or any part thereof, or for any other expenses incurred or to be incurred as provided in this Master Deed (including without limitation Association expenses). Special assessments for amounts in excess of ten (10) percent of the prior year's budget may be levied by the Association, at any time and from time to time upon an affirmative Majority Vote of Owners. Such special assessments, if any, shall be included within any and all references herein to Association Assessments. This Section shall not be construed as an independent source of authority for the Board of Directors or the Association to incur expenses but shall be construed to prescribe the manner of assessing for expenses authorized by other sections or Articles hereof. Any amounts assessed pursuant hereto shall be assessed to Owners in proportion to their respective Total Percentage Interests. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any special assessment shall incur a late charge of \$25.00 per month or any portion of any month (or at such lesser rate equal to the maximum interest rate allowed by the applicable law) from the date such portions become due until paid. All funds received from assessments under this Section shall be part of Association funds.

4.8 Reserves. The Board, in its discretion and in compliance with the Articles and Bylaws of the Association, may establish such reserves as good business judgment warrants for the repair, improvement, or replacement of the Units and Common Elements or other needed expenditures of the Association. To fund such reserves the Board, in its discretion, may include a reserve fund assessment as part of any Association Assessment. All such reserves may be held by the Board in a separate reserve account to be used by the Board only for the express purpose of the reserve. Upon the sale or other disposition of a Unit, all reserves allocable to that Unit shall not be refunded but rather shall be transferred to the account of the new Owners as an appurtenance to the Unit whether or not the deed or other conveyance expressly refers to this account or its transfer. By acceptance of a deed to a Unit, each Owner expressly and affirmatively acknowledges that an initial working capital reserve shall be established in an amount equal to three (3) months of estimated Association assessments (excluding any portion for Association Assessments) for the first year of the Association.

4.9 Lien for Association Assessments. All sums assessed to Owners pursuant to the provisions herein and in the Bylaws, together with interest thereon as provided herein, shall be secured by a lien on their respective Units in favor of the Association which lien shall be prior to all other liens upon the Unit except: (a) tax liens in favor of any taxing authority having jurisdiction; and (b) prior Mortgages duly recorded, encumbering the Unit. To evidence a lien for sums assessed pursuant hereto, the Association may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Unit, and a description of the Unit. Such a notice shall be signed and acknowledged by a duly authorized officer of the Association and may be recorded in the office of the Beaufort County Clerk of Court. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien

may be enforced by judicial foreclosure by the Association in the same manner in which Mortgages on real property may be foreclosed in the State of South Carolina. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Unit which shall become due during the period of foreclosure and all such assessments shall be secured by the lien being foreclosed. The Association shall have the right and power to bid in at any foreclosure sale and to hold, lease, mortgage, or convey the subject Unit. When the purchaser of a Unit obtains title to the Unit as a result of foreclosure of a Mortgage, such purchaser, his successors and assigns, which may include but not be limited to the Mortgagee, shall not be liable for any of the Association Assessments chargeable to such Unit accruing after the date of recording such Mortgage but prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of Association expenses shall be deemed to be Association expenses collectible from all Owners, including such purchaser, his successors, and assigns. The provisions of this Section, however, shall not release any Owner from personal liability for unpaid assessments. The rights of the Association herein shall be in addition to any other rights provided by law with respect to liens for and collection of unpaid assessments.

A security interest in the Unit of each respective Owner shall arise in favor of the Association in respect of each Association Assessment as of the day that each such Association Assessment shall become payable. If an Owner shall become delinquent in the payment of any Association Assessment, the Association shall be immediately entitled to place a lien upon the Unit, and may also proceed to take such other action as may be necessary to enforce its security interest, including by foreclosure.

In the event that, after becoming delinquent, the Owner shall become insolvent, or shall file for protection under the United States Bankruptcy Code, title 11, United States Code, then the provisions of 11 U.S.C. § 362 relating to the automatic stay shall be deemed to have been waived by the Owner. The acceptance of a deed pursuant to this Master Deed shall be sufficient consideration for such waiver by the Owner.

4.10 Personal Obligation of Owner. The amount of any Association Assessment against any Unit shall be the personal obligation of the Owner of such Unit to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Elements or by abandonment of his Unit or by waiving any services or amenities provided for in this Master Deed. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

4.11 Statement of Account. Upon payment of a reasonable fee not to exceed \$50.00 and upon written request of any Owner, Mortgagee, prospective Mortgagee, or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the following:

- (a) the amount of the unpaid assessments, if any, with respect to such Unit;

(b) the amount of the current Association Assessments and the date or dates upon which installments thereof become due; and

(c) credit for advanced payments or prepaid items, including without limitation the Owner's share of prepaid insurance premiums.

Such statement shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

4.12 Personal Liability of Purchaser. Subject to the provisions herein, a purchaser of a Unit shall be jointly and severally liable with the seller thereof for all unpaid Association Assessments against such Unit up to the time of the grant or conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

4.13 Audited Financial Statements. Beginning with the 1998 annual meeting, and at least ten (10) days prior to the annual meetings of the Association, the Board shall cause an audited financial statement of the Association to be prepared and distributed to the members.

4.14 Default by Association in Payment of Taxes or Assessments for Public Improvements. Upon default by the Association, for a period of six months or more, in making payment to the governmental authority entitled thereto of any taxes levied against the Common Elements and the Property or of any assessments for public improvements to the Common Elements and the Property, each Owner shall be personally obligated to pay to the taxing or assessing authority a portion of such unpaid taxes or assessments in an amount determined by computing the share due said governmental authority in relation to the Owner's Unit statutory values as set forth in this Master Deed and said unpaid taxes and assessments shall constitute a lien on the Unit.

4.15 Subordination of the Lien to Mortgage. The lien of the unpaid taxes and assessments provided for herein shall be subordinate to the lien of any first Mortgage on the Unit. A sale or transfer of any Unit shall not affect the lien except, however, in the case of the sale or transfer of any Unit pursuant to a decree of foreclosure of a first Mortgage, which Mortgage became due prior to such sale or transfer. In this case, any assessment that became due prior to said sale shall be extinguished. No such sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due.

4.16 Records. The Board of Directors shall keep, or cause to be kept, a book with a detailed account, in chronological order, of the receipts and disbursements affecting the Regime and its administration and specifying the expense of maintenance and repair of the Common Elements. The book shall be available for examination by all Owners during normal business hours.

ARTICLE V
EASEMENTS, COVENANTS AND RESTRICTIONS

5.1 Use of Property. Each Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Owner may also use the Common Elements in accordance with the uses for which they are intended as long as such use does not hinder or encroach upon the rights of other Owners.

All Residential Units are intended to be and are hereby restricted to and shall only be used as residential or nonresidential condominiums and for no other purpose. Notwithstanding anything in the Act or this Master Deed to the contrary, this restriction may not be repealed or amended without the written consent of all Owners of Units in the Property and the consent of all creditors on whose behalf encumbrances are recorded. No Owner shall be obliged, as a condition of the purchase of a Unit, to execute or deliver any agreement with the Residential Agent for the management and operation of that Owner's Unit in the Property.

(a) Operation of Commercial Units. The Commercial Unit(s) shall at all times serve to provide one or more of amenity restaurant, food and beverage service, recreational amenities, meeting and convention space, retail, office or other commercial space ancillary to the operation of the Regime.

(b) Common Elements. No Owner shall obstruct the use of the Common Elements by the Residential Agent, Association Manager or transient guests of an Owner. Nothing shall be stored in the Common Elements without the prior consent of the Board.

(c) Restrictions on Use. The following restrictions shall apply to the use of the Units, the Common Elements, and the Limited Common Elements:

(i) No offensive, immoral, or lewd business shall be allowed upon the Property, nor any use or practice which shall be a nuisance to Owners or their guests or which interferes with the peaceful possession and proper use of the Property by Owners or their guests.

(ii) Each Owner shall keep his Unit in a good state of maintenance and repair and shall repair and replace when necessary, at his expense, portions of the Unit which are within the boundaries of the Unit.

(iii) The Property shall be kept in a clean and sanitary condition and no rubbish, refuse, or garbage shall be allowed to accumulate on the Property nor shall any fire hazard be allowed to exist.

(iv) No gas-burning or charcoal grills shall be used or kept in any Unit or on any balcony.

(v) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof and all Owners and their invitees and guests shall abide by all rules

and regulations of the Association, all zoning ordinances, and all regulations of governmental bodies having jurisdiction thereof.

(vi) Entire Residential Units and portions of the Commercial Unit(s) may be rented, leased, or subleased. Any lease agreements shall provide that the terms and conditions of the same shall be subject in all respects to the provisions of the Master Deed and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall constitute a default under the lease. All leases shall be in writing.

(vii) Reasonable regulations concerning the use and occupancy of the Units may be promulgated from time to time by the Board of Directors. Copies of such regulations and amendments thereto shall be furnished by the Association Manager or Board of Directors to all Owners and each Owner, his lessee, and persons living with the Owner or his lessee, invitees, guests, or renters shall comply with such regulations and with the Master Deed and Bylaws. The Board may make regulations concerning the keeping of pets upon the Property, but in no event shall any Owner shall be prevented from keeping a common household pet, including, but not limited to, two dogs or two cats, within their Unit subject to the rules, regulations, and policies promulgated by the Board. At no time and under no circumstances may renters or guests be allowed to maintain or harbor pets in any Unit or within any Common Area or Limited Common Area.

(viii) No signs, flags, or advertising devices of any kind shall be displayed to public view on or for any Unit, Common Element or Limited Common Element without the Board's prior consent. However, the Board shall have the right to erect such directional or other signs as it deems necessary to properly designate the Buildings and Units, to aid Owners and renters in locating Units and Common Elements, and for other purposes.

(ix) The Association shall have the exclusive authority to regulate the choice of color and other matters concerning the exteriors of each Building. No Owner shall make any change to the exterior of any Building, change the color or the exterior, or otherwise do any structural work on the exteriors without first obtaining written permission of the Association. No screen doors, storm windows, storm doors, or other things may be added to the exteriors without first obtaining written permission of the Association.

(x) The sides of all interior window treatments facing the outside of the Building shall be white in color and the color of all doors shall be uniform. Each door into a Residential Unit shall conform with the statutes, laws, and regulations that pertain to the design, safety, and security features of commercial rental property or hotel doors.

(d) Right to Use Common Elements. Each Owner (subject to any reasonable restriction promulgated as a regulation by the Board) shall have the right use the Common Elements, leases, concessions, or easements made or acquired by the Association, except the Limited Common Elements, in common with all other Owners, as may be required for the purposes of access, ingress to, egress from, use, occupancy, and enjoyment of the Unit owned by such Owner. A group of Owners shall have the right to the exclusive use and possession of any Limited Common Elements serving their Units jointly and any single Owner shall have the right to the exclusive use and

possession of any Limited Common Element serving his Unit alone. Such rights to use the Common Elements and to the exclusive use and possession of Limited Common Elements shall extend not only to each Owner but also to his agents, servants, tenants, family members, invitees, and licensees. However, said right to use the Common Elements and to the exclusive use and possession of Limited Common Elements, shall be subject to and governed by the provisions of the Act, this Master Deed, the Bylaws, and the rules and regulations of the Association.

5.2 Pedestrian, Parking and Other Easements. Declarant hereby reserves the right to convey or relocate, from time to time, perpetual, non-exclusive, and unrestrictive easement(s) for pedestrian passage over, upon, and across portion(s) of the Property comprising Common Elements of the Property, for the benefit of owners, lessees, occupants, invitees, guests, and employees of adjacent or nearby properties, including but not limited to those within The Sea Crest Planned Unit Development ("P.U.D."), or as the Declarant may from time to time deem necessary or appropriate. Further, Declarant reserves, and the rights of the Owners shall be subject to, those easements of record set forth in Deed Book 308 at Page 198, Deed Book 318 at Page 802, Deed Book 565 at Page 712, Deed Book 775 at Page 1813, and in Deed Book 790 at Page 1329 in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

5.3 Amenities Access and Use Fee. The instrument recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina, in Book 905 at Page 2107 provides to Declarant, its successors and assigns, and to all present and future owners of the thirty (30) Apartments in Phase I of the Regime, and to all present and future owners of Apartments and Commercial Units in future phases of the Regime, a perpetual, non-exclusive easement for access, ingress, egress and use of swimming pool(s), decks and other amenities located, and hereafter located, on the Strand Block, as therein defined. Said instrument provides for payment by the Regime, on behalf of the Owners, of a certain "Amenity Access and Use Fee" for such access, use, etc. The Regime, on behalf of the Owners, will also be responsible for the payment of pool maintenance, heating and lighting expenses for the pool(s) located or hereafter located on said property.

5.4 General Easement and Right to Grant Easements. The rights of the Owners to use and possess the Common Elements as set forth in this Master Deed shall be subject to a blanket easement on, over, under, and across the Common Elements in favor of the Association and the Declarant and its representatives, agents, associates, employees, contractors, subcontractors, tenants, successors, and assigns, for the benefit of adjacent or nearby property owned by Declarant (or Graves Apartments or Robert L. Graves, or their respective successors, heirs, personal representatives and assigns) or as the Declarant or Association may otherwise deem necessary or appropriate for purposes (specifically including, but not limited to, such purposes as related to future stages and phases of development adjacent to and/or contemplated to be submitted to the Regime created by this Master Deed) of (a) access and ingress and egress to, from over, under, through, and across the Common Elements and the Property; (b) construction, installation, repair, replacement, and restoration of utilities, roads, buildings, drainage, landscaping, and any other improvements; (c) tapping into and using sewer and water lines, electrical lines, cable TV, telephone and other lines, on or adjacent to the Property; and (d) any other construction, maintenance, or development work on or about the Property. In addition, the Board, on behalf of the Association, shall have the

authority to lease, grant concessions, or grant easements with respect to any part of the Common Elements, subject to the provisions of this Master Deed and the Bylaws. All revenues derived from the Association from such easements, leases, or concessions or from other sources shall be held by the Association and used for the sole benefit of the Owners, pursuant to such rules, resolutions, or regulations as the Board may adopt or prescribe.

5.5 Easement for Public Utilities. The rights of the Owners to use and possess the Common Elements as set forth in the subparagraph above shall be subject to a blanket easement over the Common Elements in favor of the Association and the Declarant which shall authorize the Association and the Declarant to grant public utilities serving the Property the right to lay, construct, renew, operate, and maintain conduits, cables, pipes, electrical wiring, transformers, switching apparatus, and other equipment including housings for such equipment, into, over, under, along, and through the Common Elements for the purpose of providing utility services to the Property or any other property, together with reasonable rights of ingress to and egress from the Property for such purpose, and the right to install, lay, operate, maintain, repair, and replace any pipes, electrical wiring, ducts, conduits, cables, public utility lines, or structural components running through the walls of a Unit, whether or not such walls lie in whole or in part within the Unit. The Board may hereafter grant other or additional easements for utility purposes for the benefit of the Property, or any other property, over, under, along, and on any portion of said Common Elements, and such Owner hereby grants the Board an irrevocable power of attorney coupled with an interest to execute, acknowledge, and record in the name of such Owner, such instruments as may be necessary or appropriate to effectuate the foregoing.

5.6 Utility Easements. There shall be appurtenant to each Unit a non-exclusive easement for the use of all pipes, wires, cables, conduits, utility lines, flues, and ducts serving such Unit and situated in any other Unit. Each Unit shall be subject to an easement in favor of other Units for the use of all pipes, wires, cables, conduits, utility lines, flues, and ducts situated in such Unit and serving the other Units.

5.7 Easements over the Property. The rights of the Owners to use and possess the Common Elements set forth in the subparagraph above shall be subject to a perpetual blanket easement on, over, under, and across the Common Elements in favor of the Association and the Declarant, Graves Apartments, Inc., Robert L. Graves and their representatives, agents, associates, successors, heirs, personal representatives and assigns, and all persons leasing or owning Units located in the Property, for the benefit of Declarant, Graves Apartments, Inc., Robert L. Graves, the Association and all Owners or lessees of Units in the Property, and all their respective agents, employees and invitees for the purpose of access, and ingress to, egress from, use, benefit, and enjoyment of all areas of the Property.

5.8 Right to Ingress, Egress, and Support. Declarant, Graves Apartments, Inc., Robert L. Graves, each Owner and their respective successors, assigns, personal representatives, and heirs, and each Owner's guests, licensees, tenants and invitees shall have the right to ingress and egress over, upon, and across the Common Elements as necessary for access to such Owner's Residential Unit and to the Commercial Unit, and shall have the right to horizontal, vertical, and lateral support of each such Unit, and such rights shall be appurtenant to and pass with title to each Unit.

5.9 Association's, Association Manager's and Residential Agent's Right to Use Common Elements. The Association, the Association Manager, and the Residential Agent and their agents and employees shall have an easement to make such use of the Residential Units, Commercial Units, and Common Elements as may be necessary or convenient to perform the duties and functions that they are obligated or permitted to perform pursuant to this Master Deed, the Association Management Agreement, and the Agency Agreements.

5.10 Easement to Declarant. Declarant reserves for itself, its successors, and assigns, the right to maintain a sales office on the Property, to maintain model Units, to erect signs, and to show Units. Declarant also reserves unto itself, its successors, and assigns, a perpetual easement over the Common Elements for ingress to, egress from, travel over, construction, maintenance, and operation of utilities and utility easements and construction, maintenance, and operation of all types of improvements whatsoever, on, under, over, and across the Common Elements for the benefit of the Property or other properties and all owners, occupants, guests, and invitees thereof.

5.11 Easements Deemed Created. All conveyances of Units within the Property whether by Declarant or otherwise, shall be construed to grant and reserve such easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

5.12 Encroachments. If any portion of the Common Elements encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of (a) settling of a Unit or Units; (b) repair, alteration, or reconstruction of the Common Elements made by or with the consent of the Association; (c) repair or reconstruction of a Unit or Units following damages by fire or other casualty; or (d) the institution of any condemnation or eminent domain proceedings, an easement shall exist for such encroachment and for the maintenance of the same so long as the Property remains subject to the Act. **NOTICE** is hereby given that there exists an encroachment into the Property of the corner of a building owned by Graves Apartments, Inc., along what is, generally, the southwestern corner of the Property, which encroachment is the subject of that certain Encroachment Easement by and between Graves Apartments, Inc. and Declarant, dated December 3rd, 1996 and recorded in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina in Book 905 at Page 2123. Declarant hereby expressly reserves, and the rights of the Owners are expressly subject to, the said Encroachment Easement.

5.13 Right of Access. The Association, the Association Manager, and the Residential Agent and their designated agents and representatives shall have the irrevocable right to have access to each Unit and to all Common Elements and Limited Common Elements from time to time during reasonable hours as may be necessary for the inspection, maintenance, cleaning, repair, or replacement of any of the Common Elements, Limited Common Elements, or Units therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements, Limited Common Elements, or to another Unit, and such access to Units as required for extermination and pest control. In addition, the Association or its agents may enter any Unit, Common Element, or Limited Common Element when necessary in connection with any inspection, cleaning, maintenance, repair, replacement, landscaping, construction, or reconstruction for which the Association is responsible and which is not performed by the Residential Agent

pursuant to the Agency Agreement. Such entry shall be made with as little inconvenience to the Owners as practicable and any damage caused thereby shall be repaired with Association funds.

5.14 Maintenance of Common Elements. 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. To the extent that the Association provides any maintenance or repair of the Limited Common Elements described in Section 2.5 herein, then the Owner(s) of the affected Unit(s) shall immediately, upon receipt of an invoice from the Association, fully reimburse the Association for all costs of such maintenance or repair services, which liability shall be considered as an additional Association assessment against the Owner(s) and the Unit(s).

5.15 Prohibited Work. No Owner shall do any work on or in his Unit which would jeopardize the soundness or safety of the Property, reduce the value thereof, or impair any easement or hereditament. Further, absent unanimous consent of the Association, no Owner or resident shall paint or otherwise decorate or change the appearance of any portion of the exterior of any Building.

5.16 Partition. The Common Elements shall remain undivided and no Owner or any other person shall bring any action for partition or division of any part thereof, unless the Property has been removed from the provisions of the Act in the manner therein provided.

5.17 Cross-Parking Easements. The Property and the Additional Property are within property designated as a "PUD" ("Planned Unit Development") by the Town of Hilton Head Island, South Carolina. Generally, the properties comprising the adjacent SeaCrest Beach Market and the Strand Block are also within this PUD. Under requirements of the Town of Hilton Head Island, all properties within the PUD have cross-parking rights and easements over their own and each other's individual sites, in parking places approved by the Town of Hilton Head Island.

5.18 Disclosure of Submerged Land. Disclosure is here given as follows: that within the common elements of The SeaCrest Condominium Horizontal Property Regime are certain lagoons of water covering what may be defined as "submerged land" and a notice of restriction is hereby given, pursuant to S. C. Code Ann., Section 27-31-100 (f), (Supp. 1995), that all activities on or over and all uses of the submerged land or other critical areas are subject to the jurisdiction of the South Carolina Department of Health and Environmental Control, including, but not limited to, the requirement that any activity or use must be authorized by the South Carolina Department of Health and Environmental Control; notice is further given that any owner is liable to the extent of his ownership; for any damages to, any inappropriate or permitted uses of, and any duties or responsibilities concerning, any submerged land, coastal waters, or any other critical area.

5.19 Beach Management Act Disclosure. Disclosure is also here given, pursuant to S.C. Code Ann., Section 48-39-330 (Supp. 1995), that, as to the land upon which certain easements have been granted to the within-named grantee(s) and others for Amenities Access and Uses, as set forth in that certain instrument recorded in the Office of the R.M.C. for Beaufort County, South Carolina in Official Record Book 905 at Page 2107, a portion of said land, and now or in the future the Property (including any Additional Property which may hereafter be submitted to this Regime), is

or may be affected by the setback line, baseline, other jurisdictional lines, and position of the seaward corner of all habitable structures referenced to the South Carolina Plane Coordinate System (N.A.D.-1983). There are no habitable structures existing or planned on said lane or the Property seaward of either the setback line or the baseline. The local erosion rate is -0.6 feet per year. The setback line and baseline are shown and delineated on that certain plat recorded in the Office of the R.M.C. for Beaufort County, South Carolina in Plat Book 53 at Page 46.

ARTICLE VI ASSOCIATION INSURANCE

6.1 General. The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in the amounts hereafter provided, including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other horizontal property regimes similar in construction, design, and use, which insurance shall be governed by the provisions of this Article.

6.2 Coverage. For the benefit of the Association and the Owners, the Board of Directors shall obtain and maintain at all times, and shall pay for out of the Association's funds, the following insurance:

(a) Hazard. A master policy, or subscription policies, of casualty insurance on all Units, Common Elements, and Limited Common Elements and all personal property owned by the Association located therein, with extended coverage, special extended coverage and use and occupancy coverage for at least one hundred percent (100%) of the replacement value of all Units, Common Elements, and Limited Common Elements, and all Association personal property located therein, and such other fire, flood, property damage, and casualty insurance as the Board of Directors shall deem necessary for the protection of the Owners and their Mortgagees, as their respective interests appear, which policy or policies shall be written in the name of, and the proceeds thereof shall be payable to, the Association as trustee for each Owner in direct ratio to each Owner's Total Percentage Interest and shall provide for a separate loss payable endorsement in favor of the Mortgagee or Mortgagees of each Unit, if any; provided, however, that notwithstanding such loss payable endorsement, the application of all proceeds recovered thereunder shall be determined by the Board of Directors in its sole discretion. The policy or policies shall also contain, if possible, a waiver of subrogation rights against the Association and Owners.

(b) Liability. A master policy, or subscription policies, insuring the Association, its Board of Directors, the Owners, and Association Manager against any liability to the public and Owners and their guests, invitees, licensees and tenants, occurring in, on, or about the Units, Common Elements, and Limited Common Elements, or any part thereof, arising out of or incident to the ownership or any use of the Property, and including the personal liability of the Owners. Limits of liability under such insurance shall be not less than One Million Dollars (\$1,000,000.00) for all persons injured in any one accident and not less than Five Hundred Thousand Dollars (\$500,000.00) for property damage in each occurrence (such limits and coverage to be reviewed at least annually

by the Board of Directors and to be increased in its discretion). In addition, the Board shall maintain an umbrella comprehensive liability policy for Fifty Million and No/100 Dollars (\$50,000,000.00) and shall provide cross liability endorsements wherein the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

(c) Workers Compensation. Worker's compensation insurance to the extent necessary to comply with any applicable laws.

(d) Other Insurance. Such other types of insurance or coverages the Board, in its sole discretion, deems advisable and in the best interest of the Association.

6.3 Insurance Underwriter. All policies shall be written by a company or companies falling into a financial category, as designated in Best's Key Rating Guide, of no less than Class XV.

6.4 Adjustment of Losses. Exclusive authority to adjust losses under policies hereafter in force on the Property shall be vested in the Association or its authorized representative acting on behalf of all insureds, including Owners and their Mortgagees.

6.5 Contribution. In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by Owners or their Mortgagees.

6.6 Owner's Insurance. Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners, may realize under any insurance policy that the Board of Directors may have in force on the Property at any particular time.

6.7 Fidelity Bonds. A fidelity bond naming the directors and officers of the Association, Association Manager, and Residential Agent and such other persons as may be designated by the Board as principals, and the Association and the Owners as obligees, in an amount equal to fifty percent (50%) of the annual budget for each year, as determined by the Board.

6.8 Notice to Association. Any Owner who obtains individual insurance covering any portion of the Property, other than the Owner's Unit or personal effects belonging to such Owner, shall file a copy of such individual policy or policies with the Association's Directors within thirty (30) days after purchase of such insurance.

6.9 Policy Provisions. The Association shall make reasonable effort to secure insurance policies containing the following provisions:

(a) a waiver of subrogation by the insurer as to any claim against the Association, Association Manager, Residential Agent, Owners, and their respective servants, heirs, successors, agents, and assigns;

(b) a provision that the master policy on the Property cannot be canceled, invalidated, or suspended on account of the conduct of any Owner; the Association; the Residential Agent; any director, officer, or employee of the Association; or Association Manager without demand in writing thirty (30) days prior to such cancellation, invalidation, or suspension that the Association, the Board or Association Manager cure the defect and notice of the failure thereof to do so within such period.

© a provision that any "other insurance" clause in the master policy exclude from consideration policies held by any Owner or Owners;

(d) a provision that the insurer issue certificates of insurance specifying the portion of the master policy allocated to each Owner's interest and that until the insurer furnishes written notice and a grace period of thirty (30) days to the Mortgagee insured under the loss payable clause thereof, the Mortgagee's coverage is neither jeopardized by the conduct of the Unit Mortgagor-Owner, the Association, or other Unit Owners-Mortgagors, nor canceled for nonpayment of premiums; and

(e) a provision that the property and casualty insurance shall include coverage of the carpet, cabinets, fixtures, moldings and appliances within each Apartment and Commercial Unit.

(e) such other provisions as the Association, on behalf of the Owners, deems necessary, appropriate, and beneficial or as may be customary for developments similar to the Property.

6.10 Miscellaneous. In the event the coverages described above contain deductibles and/or are insufficient to restore or replace, the Board, acting on advice of the Property Manager, shall determine the amount necessary to cover such deductible(s) and/or deficiencies, regardless of the number of Owners or Apartments directly affected by the deductible(s) and/or deficiencies and may establish a self-insurance reserve fund to cover same, which, if established, shall be funded by an assessment of all of the Owners as a common expense.

6.11 Annual Review. At least annually, the Board of Directors shall review all insurance carried by the Association and such review shall include an appraisal of all improvements within the Property to be conducted by a Person designated by the Board of Directors.

ARTICLE VII DAMAGE TO UNITS AND PERSONAL PROPERTY: RECONSTRUCTION AND REPAIR

7.1 In case of fire, casualty, or any other disaster, the insurance proceeds of the Association's policy and Owners' policies shall be applied to such reconstruction, except in the event that reconstruction will comprise the whole or more than two-thirds of the Property. In such event, the damaged portion of the Property shall be reconstructed if three quarters (3/4) of the Owners so

consent. If not, the Owners, by three-quarters (3/4) vote of all Owners, may agree upon an equitable distribution to the Owners of the insurance proceeds. In the absence of such agreement, the proceeds will be distributed according to South Carolina law.

7.2 Reconstruction of the damaged or destroyed portion of the Property means restoring the Buildings or Property to substantially the same condition in which it or they existed prior to the fire, casualty, or disaster, with each Unit and the Common Elements having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished under the direction of the Association.

7.3 Repair and replacement of personal property belonging to the Association, if insurance proceeds are sufficient to do so in whole or in part, shall be undertaken by the Association.

7.4 If the insurance proceeds are insufficient to reconstruct the Buildings or Property, such damage or destruction shall be promptly repaired and restored at the direction of the Board of Directors and Owners shall be liable for as assessment to cover any deficiency, including any deductible amount; each Owner's share of any such assessment being based upon said Owner's Percentage Interest in the Common Elements.

7.5 Owners and lien holders are not entitled to receive payments of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements, the Units, and the personal property have been reconstructed, repaired, or replaced or unless the Regime is terminated.

ARTICLE VIII MAINTENANCE AND ALTERATION OF COMMON ELEMENTS

8.1 Maintenance. The maintenance and operation of the Common Elements shall be the responsibility of the Association, which shall bear the expense of the same.

8.2 Alteration. After the completion of the Common Elements there shall be no alteration of the same by the Owners without the prior written approval of seventy-five (75%) percent of the Owners; provided, however, that as long as Declarant owns any Units, Declarant shall have the right to make such minor alterations to the Common Elements as is, in its sole discretion, necessary for the enhancement, protection, and effective marketing of the Property.

ARTICLE IX AMENDMENTS

9.1 By Declarant. Declarant reserves the right to amend this Master Deed, the Bylaws, the Plat, and any Plans at any time prior to December 31, 2011, without the consent of any Owner or Owners, for the following purposes: (a) to amend, delete, or make additions to the Master Deed, the Plat, and any plans in order to cause the same to conform to the Buildings, Units, Common Elements, and Limited Common Elements as the same exist after construction of the same has been

completed or (b) to open doorways between Units in order to join together two or more Units or to enable one or more rooms to be added to Units, to join Units together, to seal off doorways within a Unit so as to enable one or more rooms in that Unit to be joined with another Unit, and to create new types of Units or to accomplish the purposes described in Item 2.2 hereof.

9.2 By Owners. This Master Deed and the Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Owners of all of the voting interests subject to the following conditions:

(a) No amendment by the Owners shall alter the dimensions of a Unit or the percentage of interest in the Common Elements appurtenant thereto without the consent of the Owner of such Unit.

(b) No amendment by the Owners shall be effective without the consent of Declarant so long as Declarant owns any Unit.

9.3 Recording. No amendments to this Master Deed shall be effective unless and until recorded in accordance with the Act.

ARTICLE X TERMINATION

10.1 This Regime may be terminated as a horizontal property regime and sold only by an affirmative vote of all the Owners at a Association meeting duly called for such purpose and the consent of all Mortgagees of record. Upon termination, title to the real estate to be sold shall vest in the Association as trustee for the holders of all interests in the Units. Until all the real estate is sold and the proceeds thereof distributed, the Association shall continue in existence with all powers that it had before the termination. Sales proceeds shall be distributed to the Owners and lien holders as their interests may appear.

10.2 As a basis for distributing proceeds from the sale of the real estate following termination, the respective interests of the Owners shall be their Units and their Common Element and Limited Common Element interests immediately before the termination. The fair market value of each Owner's interests shall be determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and become final unless within thirty (30) days after such distribution, it is disapproved by a vote of twenty-five percent (25%) of the Common Element interests.

10.3 Each Owner's share of the distributable sale proceeds shall be the ratio of the appraised value of his interests to the aggregate appraised value of all Owners' interests.

10.4 If any Unit or Limited Common Element has been destroyed to the extent that an appraisal of fair market value thereof prior to destruction cannot be made, each Owner's share of the

distributable sale proceeds shall be his respective undivided Percentage Interest in the Common Elements.

ARTICLE XI RIGHTS OF HOLDERS OF INSTITUTIONAL FIRST MORTGAGES

11.1 Notification of Default. From and after the time a Mortgagee makes written request to the Board or the Association therefor, the Board or the Association shall notify such Mortgagee in writing in the event that the Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects for a period of sixty (60) or more days to cure any failure on his part to perform any of his obligations under this Master Deed.

11.2 Subordination of Lien for Assessments. The lien or claim against a Unit for unpaid assessments or charges levied by the Association pursuant to this Master Deed or the Act shall be subordinate to assessments, liens, and charges for taxes past due and unpaid on the Unit and payments due under duly recorded Mortgages affecting the Unit. A Mortgagee who obtains title to a Unit pursuant to his Mortgage or a deed or assignment in lieu of foreclosure shall not be liable for such Unit's unpaid assessments which accrue after the date of recording of the Mortgage and prior to the acquisition of title to such Unit by the Mortgagee and shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue after the date of recording of the Mortgage and prior to the acquisition of title to such Unit by the Mortgagee (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien, or claim which is described in the preceding sentence as being subordinate to a Mortgage or as not a burden to a Mortgagee or a deed or assignment in lieu of foreclosure shall be collected or enforced by either the Board or the Association from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgagee interested in such Unit.

11.3 Negative Covenants. Without the approval of each Mortgagee, neither the Board nor the Association shall be entitled by act, omission, or otherwise:

- (a) to seek to abandon or terminate the Property or to abandon or terminate the arrangement which is established by this Master Deed (except as provided in Section 7.1 hereof in the event of certain destruction or damage);
- (b) to partition or subdivide any Unit;
- (c) to seek to abandon, partition, subdivide, encumber, sell, or transfer all or any of the Common Elements or the Commercial Unit except for the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements or the Commercial Unit or as provided in Section 7.1 hereof in the event of certain destruction or damage;

(d) to use hazard insurance proceeds resulting from damage to any part of the Property (whether to Units or to the Common Elements) for purposes other than the repair, replacement, or reconstruction of such improvements, except as provided by statute in the event of substantial loss to the Units or Common Elements;

(e) except for changes resulting from accomplishment of the purposes of Item 2.2 hereof, to change the Total Percentages Interest allocable to Units encumbered by the Mortgage; or

(f) to alter the provisions of Section 6.2 hereof in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected thereby or to fail to maintain the insurance coverage described therein.

11.4 Right of Mortgagee to Examine Books and Records. Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Board or the Association. From and after the time a Mortgagee makes written request to the Board of the Association therefor, the Board or the Association shall furnish to such Mortgagee copies of such annual operating reports and other reports or writings summarizing or reflecting the financial position or history of the Regime as may be prepared for distribution to or use by the Board, the Association, or the Owners.

11.5 Reserves for Repairs and Replacements. The Board and the Association shall establish an adequate reserve fund to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Elements and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

11.6 Condemnation. From and after the time a Mortgagee makes written request to the Board or the Association therefor, the Board or the Association shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or any taking of

(a) the Common Elements involving an amount in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00); or

(b) the Unit covered by the Mortgage to such Mortgagee involving an amount in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00).

Said notice shall be given within ten (10) days after the Board or said Association learns of such damage, loss, taking, or anticipated condemnation.

11.7 Priority as to Insurance Proceeds and Condemnation Awards. Nothing contained in this Declaration shall give an Owner or any other party priority over any rights of a Mortgagee pursuant to its Mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Units or Common Elements.

11.8 Conflicting Provisions. In the event another provision or clause of this Master Deed deals with the same subject matter as is dealt with in any provision or clause of this Section, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations, or limits of authority applicable to the Board and Association with respect to the subject matter concerned.

11.9 Restrictions on Amendments. No amendment to this Section which has the effect of diminishing the rights, protection, or security afforded to Mortgagees shall be accomplished or effective unless all of the Mortgagees of the Units have given their prior written approval to such amendment. Any amendment to this Section shall be accomplished by an instrument executed by the Board and filed for record in the office of the Beaufort County Clerk of Court. In any such instrument an officer of the Association shall certify that any prior written approval of Mortgagees required by this Section as a condition to amendment has been obtained.

11.10 Notice of Eminent Domain Proceedings. In the event eminent domain proceedings are commenced against the Property or any portion thereof, the Board shall give written notice of such proceedings to all Mortgagees of record. No first lien priority of any Mortgagee shall be diminished or otherwise disturbed by virtue of such proceedings.

11.10 Joinders of Mortgagees. Annexed hereto at Exhibit G are the joinders into this Master Deed of The National Bank of South Carolina and Graves Apartments, Inc., currently, the holders of the mortgages on The Property.

ARTICLE XII ADMINISTRATION BY DECLARANT

12.1 Interim Management and Administration. Until such time as control is turned over to the Association, all references to Association shall mean Declarant. Until such time as the Association commences to function, the Declarant shall be responsible for the administration of the Regime and the Association and shall have all the duties and powers of the Association, including those of the Board of Directors and the Association Manager as specified in the Master Deed and the Bylaws. Such responsibilities shall be performed by the Declarant or such other representative or agent as may be employed by the Declarant. The Declarant shall secure a manager for the Association who shall be entitled to reasonable compensation for its services until control and selection of a manager is turned over to the Association.

12.2 Turnover of Accounts. At such time as the affairs of the Regime are turned over to the Association, the Declarant shall turn over to the Association the books, records, and accounts concerning such affairs. All such books, records, and accounts shall be balanced, reconciled, and in good order.

ARTICLE XIII CONDEMNATION

13.1 Condemnation. If at any time or times during the continuance of this Regime pursuant to this Master Deed all or any part of the Property shall be taken or condemned by any public authority under power of eminent domain, the provisions of this Section shall apply. A voluntary sale or conveyance of all or any part of the Property in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain.

13.2 Representation. The Association shall represent the Unit Owners in any condemnation proceedings with any condemning authority in regards to condemnation proceedings involving any part of the Property. Upon receipt of notification of such proceedings, each Unit Owner shall appoint the Association as attorney-in-fact for such purpose.

13.3 Proceeds. All compensation, damages, and other proceeds resulting from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the Association and shall be distributed by the Association as herein provided.

13.4 Complete Taking. In the event the entire Property is taken by power of eminent domain, condominium ownership pursuant hereto shall terminate and the condemnation award shall be allocated among and distributed to the Owners in proportion to their respective Total Percentage Interest. Such distribution shall be made by check payable jointly to the respective Owners and their respective Mortgagees, as appropriate.

13.5 Partial Taking. In the event less than the entire Property is taken by power of eminent domain, the following shall occur:

(a) Allocation of Award. As soon as practicable, the Association shall reasonably and in good faith apportion the condemnation award between compensation, severance damages, or other proceeds and shall allocate such apportioned amounts and pay the same to the Owners as follows:

(i) the total amount apportioned to the taking of or injury to the Common Elements shall be allocated among and distributed to all Owners (including Owners whose entire Units have been taken) in proportion to their respective Total Percentage Interests;

(ii) the total amount apportioned to severance damages shall be allocated among and distributed to the Owners of those Units that have not been taken, in proportion to their respective Total Percentage Interests;

(iii) the respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Owner of such Unit; and

(iv) the total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the Association determines to be equitable under the circumstances.

Notwithstanding the foregoing, if apportionment or allocation is already in effect by negotiation, judicial decree, statute or otherwise, the Association shall employ such apportionment and allocation to the extent it is relevant and applicable or required. Distribution of allocated proceeds shall be made by check payable jointly to individual Owners and their respective Mortgagees, as appropriate.

(b) Continuation and Reorganization. If less than the entire Property is taken by power of eminent domain, condominium ownership pursuant hereto shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit, the Owner thereof shall cease to be a member of the Association. The Association shall reallocate the voting rights and the undivided interest in the Common Elements and Commercial Unit appurtenant to such Unit in accordance with the Act.

(c) Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the provisions specified in Section 7.1 hereof for cases of damage or destruction.

ARTICLE XIV OBSCOLESCENCE

14.1 Adoption of Plan. Owners by unanimous vote of the total votes of the Association may agree that the Property is obsolete and may adopt a written plan for the sale or other disposition of the Property provided that such plan has the unanimous written approval of all Owners. Written notice of adoption of such plan shall be given to all Owners. Upon such unanimous vote, each Owner shall appoint the Association as attorney-in-fact, and the Association shall thereafter represent all Owners in the sale or disposition of the Property.

14.2 Sale of Property. In the event of adoption of a plan for sale or other disposition in accordance with Section 14.1 hereof, the Association shall have the right to record in the Office of the Beaufort County Clerk of Court, a notice setting forth such facts, and upon the recording of such notice by the Association, the Property shall be sold or otherwise disposed of by the Association as attorney-in-fact for all of the Owners. Such action shall be binding upon all Owners, and each Owner shall have the duty to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary or appropriate to effect such sale or other disposition of the Property. The proceeds of such sale or disposition shall be apportioned among the Owners in proportion to their respective Total Percentage Interests and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the Association and shall be further identified by the Unit designation and the name of the Owner. The Association, as attorney-in-fact, shall use and disburse the total amount of each such account, without contribution from one account to another, first to the payment of valid tax and special

assessment liens on the Unit in favor of any governmental assessing authority, second to the payment of assessments made pursuant to this Master Deed, third to the payment of holders of other liens or encumbrances on the Unit in the order of priority of their liens, and the balance remaining, if any, to the respective Owner.

14.3 Restrictions on Sale. Notwithstanding anything to the contrary contained herein, no sale or other disposition of the Property or any portion thereof may be made in violation of the Act.

ARTICLE XV MISCELLANEOUS

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

15.2 Compliance. Each Owner shall comply strictly with the Bylaws and with administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions, and restrictions set forth in this Master Deed or in the deed to the Unit of such Owner. Failure to comply with any of the same shall be grounds for an action to require compliance maintainable by the Association Manager or the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Owner.

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

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

15.5 Interpretation and Severability. The provisions of this Master Deed shall be liberally construed to facilitate the use of this Property as a residential and nonresidential condominium, and the provisions hereof shall be deemed independent and severable. The invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder hereof.

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

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

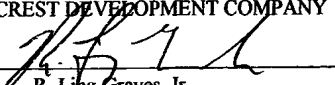
2154

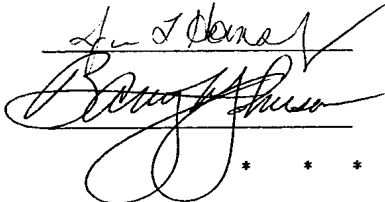
15.8 Effective Date. This Master Deed shall take effect upon recording in the Office of the Register of Mesne Conveyances for Beaufort County, South Carolina.

15.9 Venue and Jurisdiction. All disputes concerning the interpretation or application of this Master Deed shall be litigated in the courts of South Carolina, which courts shall be the exclusive venue for such disputes, and shall have exclusive jurisdiction over all matters arising from this Master Agreement.

IN WITNESS WHEREOF, Declarant has caused these presents to be executed by its proper officer, duly authorized, as of this 3rd day of December, 1996.

In the presence of:

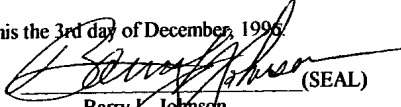
THE SEACREST DEVELOPMENT COMPANY
By 
R. Ling Graves, Jr.
Its President


* * * * *

THE STATE OF SOUTH CAROLINA)
)
THE COUNTY OF BEAUFORT) ACKNOWLEDGMENT

I, the undersigned Notary Public, do hereby certify that the within-named R. Ling Graves, Jr., as President of The SeaCrest Development Company, personally appeared before me this day and acknowledged the due execution of the foregoing Master Deed, with attached exhibits.

Witness my hand and official seal this the 3rd day of December, 1996.


(SEAL)
Barry L. Johnson
NOTARY PUBLIC for South Carolina
My Commission Expires April 6, 1999

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EXHIBIT A**FIRST PARCEL SUBMITTED TO THE REGIME--PHASE I OF THE REGIME**

All that certain, piece, parcel or lot of land, with all improvements thereon, situate, lying and being in the County of Beaufort, State of South Carolina, being more particularly shown and designated as "Phase I--1.799 acres," as shown on that certain plat entitled "Beach Act Disclosure and As-Built Survey of Phase I, The SeaCrest Condominium Horizontal Property Regime, North Forest Beach Drive (sometimes called 'Phase III, SeaCrest PUD')," prepared for the Declarant by Surveying Consultants, by Terry G. Hatchell, South Carolina PLS # 11059, dated November 27, 1996, (Job No: 96154F), which plat has been recorded in the Office of the RMC for Beaufort County, South Carolina in Plat Book 58 at Page 123 and, according to said plat, having the following metes and bounds, to wit:

COMMENCING at a point being the intersection of the northeastern boundary of the right-of-way of Coligny Circle and the southern boundary of the right-of-way of North Forest Beach Drive, being a concrete monument;
 thence N 65°34 55 E a distance of 186.09 feet along the southern right-of-way of said North Forest Beach Drive to an iron pipe, at South Carolina Grid co-ordinates of Northing 112734.97 feet, Easting 2077313.21 feet;
 thence N 65°34 55 E a distance of 109.83 feet along southern right-of-way of said North Forest Beach Drive to a point, being THE POINT OF BEGINNING;
 thence N 65°34 55 E a distance of 114.61 feet along the southern right-of-way of said North Forest Beach Drive to a point;
 thence S 24°26 19 E a distance of 139.80 feet to a point;
 thence S 20°56 26 W a distance of 48.32 feet to a point;
 thence S 24°03 52 E a distance of 193.48 feet to a point;
 thence S 20°43 37 W a distance of 43.33 feet to a point;
 thence S 24°17 44 E a distance of 42.28 feet to a point, being on the northwestern boundary of the Strand Block;
 thence S 35°33 44 W a distance of 158.16 feet along northwestern boundary of said Strand Block to a concrete monument, at South Carolina Grid co-ordinates of Northing 112334.12 feet, Easting 2077495.13 feet;
 thence N 24°36 19 W a distance of 223.20 feet along the northeastern boundary of The Breakers to an iron pin;
 thence N 24°12 37 W a distance of 80.36 feet along the northeastern boundary of the said The Breakers to a point;
 thence N 20°07 53 E a distance of 157.96 feet to a point;
 thence N 25°35 06 W a distance of 23.99 feet to a point, being THE POINT OF BEGINNING, be all measurements a little more or less.

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EXHIBIT B**DESCRIPTION OF "ADDITIONAL LAND," TO WIT: MAXIMUM EXTENT OF LAND THAT MAY BE BROUGHT INTO THE REGIME**

All those certain two (2) pieces, parcels or lots of land, (including portions and recombinations thereof), with any all improvements now or hereafter constructed thereon, situate, lying and being in the County of Beaufort, State of South Carolina, being now more particularly shown and designated as lands for "Future Development" on that certain plat entitled "Beach Act Disclosure and AS-Built Survey of Phase I, The SeaCrest Condominium Horizontal Property Regime, North Forest Beach Drive (sometimes called "Phase III, SeaCrest PUD")," prepared for the Declarant by Surveying Consultants, by Terry G. Hatchell, South Carolina PLS # 11059, dated November 27, 1996, (Job No: 96154F), recorded as aforesaid in Exhibit A hereof, and, according to said plat, having the following metes and bounds, to-wit:

Parcel #1: COMMENCING at a point being the intersection of the northeastern boundary of the right-of-way of Coligny Circle and the southern boundary of the right-of-way of North Forest Beach Drive, being a concrete monument;
 thence N 65°34'55" E a distance of 186.09 feet along the southern right-of-way of said North Forest Beach Drive to an iron pipe, at South Carolina Grid coordinates of Northing 112734.97 feet, Easting 2077313.21 feet;
 thence N 65°34'55" E a distance of 224.44 feet along southern right-of-way of said North Forest Beach Drive to a point, being THE POINT OF BEGINNING;
 thence N 65°34'55" E a distance of 155.56 feet along southern right-of-way of said North Forest Beach Drive to a concrete monument at the intersection of the southern right-of-way of said North Forest Beach Road and the western right-of-way of Avocet Street;
 thence S 24°18'26" E a distance of 440.00 feet along the western right-of-way of said Avocet Street to a concrete monument at the northwestern boundary of the Strand Block;
 thence S 35°33'44" W a distance of 221.04 feet along the northwestern boundary of the said Strand Block to point;
 thence N 24°17'44" W a distance of 42.28 feet to a point;
 thence N 20°43'37" E a distance of 43.33 feet to a point;
 thence N 24°03'52" W a distance of 193.48 feet to a point;
 thence N 20°56'26" E a distance of 48.32 feet to a point;
 thence N 24°26'19" W a distance of 139.80 feet to a point, being THE POINT OF BEGINNING, be all measurements a little more or less.

Parcel #2: COMMENCING at a point being the intersection of the northeastern boundary of the right-of-way of Coligny Circle and the southern boundary of the right-of-way of North Forest Beach Drive, being a concrete monument;
 thence N 65°34'55" E a distance of 186.1 feet along the southern right-of-way of said North Forest Beach Drive to an iron pipe, at South Carolina Grid coordinates of Northing 112734.97 feet, Easting 2077313.21 feet, being THE POINT

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OF BEGINNING;

thence N 65°34 55 E a distance of 109.83 feet along the southern
boundary of said North Forest Beach Drive to a point;
thence S 25°35 06 E a distance of 23.99 feet to a point;
thence S 20°07 53 E a distance of 157.96 feet to a point;
thence N 24°12 37 W a distance of 136.64 feet to a point,
being THE POINT OF BEGINNING, be all measurements a little more or less.

EXHIBIT C

I. TABLE OF TOTAL PERCENTAGE INTERESTS OF OWNERS AT PHASE I

APARTMENT #	STATUTORY VALUE	PERCENTAGE INTERESTS
1101C-GRECO	\$ 411,731.00	0.0398
1102A	304,143.00	0.0294
1103A	304,143.00	0.0294
1104A	304,143.00	0.0294
1105A	304,143.00	0.0294
1106B	428,283.00	0.0414
1201C	427,248.50	0.0413
1202A	304,143.00	0.0294
1203A	304,143.00	0.0294
1204A	304,143.00	0.0294
1205A	304,143.00	0.0294
1206B	428,283.00	0.0414
1301C	427,248.50	0.0413
1302A	304,143.00	0.0294
1303A	304,143.00	0.0294
1304A	304,143.00	0.0294
1305A	304,143.00	0.0294
1306B	428,283.00	0.0414
1401C	427,248.50	0.0413
1402A	304,143.00	0.0294
1403A	304,143.00	0.0294
1404A	304,143.00	0.0294
1405A	304,143.00	0.0294
1406B	428,283.00	0.0414
1501C	427,248.50	0.0413
1502A	304,143.00	0.0294
1503A	304,143.00	0.0294
1504A	304,143.00	0.0294
1505A	304,143.00	0.0294
1506B	428,283.50	0.0414
Totals, 30 apts.	\$10,345,000.00	100.00 %

II. TABLE OF TOTAL PERCENTAGE INTERESTS OF OWNERS IF ALL STAGES
ARE DEVELOPED AND BUILT

APARTMENT #	STATUTORY VALUE	PERCENTAGE INTEREST
1101C-GRECO	\$ 417,510.81	0.0093790
1102A	313,963.07	0.0070529
1103A	313,963.07	0.0070529
1104A	313,963.07	0.0070529
1105A	313,963.07	0.0070529
1106B	433,314.85	0.0097340
1201C	432,424.53	0.0097140
1202A	313,963.07	0.0070529
1203A	313,963.07	0.0070529
1204A	313,963.07	0.0070529
1205A	313,963.07	0.0070529
1206B	433,314.85	0.0097340
1301C	432,424.53	0.0097140
1302A	313,963.07	0.0070529
1303A	313,963.07	0.0070529
1304A	313,963.07	0.0070529
1305A	313,963.07	0.0070529
1306B	433,314.85	0.0097340
1401C	432,424.53	0.0097140
1402A	313,963.07	0.0070529
1403A	313,963.07	0.0070529
1404A	313,963.07	0.0070529
1405A	313,963.07	0.0070529
1406B	433,314.85	0.0097340
1501C	432,424.53	0.0097140
1502A	313,963.07	0.0070529
1503A	313,963.07	0.0070529
1504A	313,963.07	0.0070529
1505A	313,963.07	0.0070529
1506B	433,314.85	0.0097340
2102J	439,502.51	0.0098730
2104K	326,606.48	0.0073369
2106K	326,606.48	0.0073369
2108K	326,606.48	0.0073369
2110K	326,606.48	0.0073369
2111K	326,606.48	0.0073369
2112D	450,186.26	0.0101130

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2113K	326,606.48	0.0073369
2115L	453,346.87	0.0101840
2201G	262,241.39	0.0058910
2202J	439,502.51	0.0098730
2203E	235,175.91	0.0052830
2204K	326,606.48	0.0073369
2205F	239,093.28	0.0053710
2206K	326,606.48	0.0073369
2207E	235,175.91	0.0052830
2208K	326,606.48	0.0073369
2209H	462,873.20	0.0103980
2210K	326,606.48	0.0073369
2211K	326,606.48	0.0073369
2212D	450,186.26	0.0101130
2213K	326,606.48	0.0073369
2215L	453,346.87	0.0101840
2301G	262,241.39	0.0058910
2302J	439,502.51	0.0098730
2303E	235,175.91	0.0052830
2304K	326,606.48	0.0073369
2305F	239,093.28	0.0053710
2306K	326,606.48	0.0073369
2307E	235,175.91	0.0052830
2308K	326,606.48	0.0073369
2309H	462,873.20	0.0103980
2310K	326,606.48	0.0073369
2311K	326,606.48	0.0073369
2312D	450,186.26	0.0101130
2313K	326,606.48	0.0073369
2315L	453,346.87	0.0101840
2401G	262,241.39	0.0058910
2402J	439,502.51	0.0098730
2403E	235,175.91	0.0052830
2404K	326,606.48	0.0073369
2405F	239,093.28	0.0053710
2406K	326,606.48	0.0073369
2407E	235,175.91	0.0052830
2408K	326,606.48	0.0073369
2409H	462,873.20	0.0103980
2410K	326,606.48	0.0073369
2411K	326,606.48	0.0073369
2412D	450,186.26	0.0101130
2413K	326,606.48	0.0073369
2415L	453,346.87	0.0101840
2501G	262,241.39	0.0058910

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2502J	439,502.51	0.0098730
2503E	235,175.91	0.0052830
2504K	326,606.48	0.0073369
2505F	239,093.28	0.0053710
2506K	326,606.48	0.0073369
2507E	235,175.91	0.0052830
2508K	326,606.48	0.0073369
2509H	462,873.20	0.0103980
2510K	326,606.48	0.0073369
2511K	326,606.48	0.0073369
2512D	450,186.26	0.0101130
2513K	326,606.48	0.0073369
2515L	453,346.87	0.0101840
21CU1	75,899.10	0.0017050
21CU2	75,899.10	0.0017050
21CU3	75,899.10	0.0017050
21CU4	75,899.10	0.0017050
3101N	453,346.87	0.0101840
3102M	326,606.50	0.0073369
3103M	326,606.50	0.0073369
3104M	326,606.50	0.0073369
3105M	326,606.50	0.0073369
3106M	326,606.50	0.0073369
3201N	453,346.87	0.0101840
3202M	326,606.50	0.0073369
3203M	326,606.50	0.0073369
3204M	326,606.50	0.0073369
3205M	326,606.50	0.0073369
3206M	326,606.50	0.0073369
3301N	453,346.87	0.0101840
3302M	326,606.50	0.0073369
3303M	326,606.50	0.0073369
3304M	326,606.50	0.0073369
3305M	326,606.50	0.0073369
3306M	326,606.50	0.0073369
3401N	453,346.87	0.0101840
3402M	326,606.50	0.0073369
3403M	326,606.50	0.0073369
3404M	326,606.50	0.0073369
3405M	326,606.50	0.0073369
3406M	326,606.50	0.0073369
3501N	453,346.87	0.0101840
3502M	326,606.50	0.0073369
3503M	326,606.50	0.0073369
3504M	326,606.50	0.0073369

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3505M	326,606.50	0.0073369
3506M	326,606.50	0.0073369
3B1CU1	133,635.83	0.0030020
3B1CU2	133,635.83	0.0030020
3B1CU3	133,635.83	0.0030020
3B1CU4	133,635.83	0.0030020
3B1CU5	133,635.83	0.0030020
3B1CU6	133,635.83	0.0030020
<u>3B1CU7</u>	<u>133,635.83</u>	<u>0.0030020</u>
Totals,	136 Units \$44,515,600.00	100.0000000%

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EXHIBIT D
(RESERVED FOR FUTURE USE)

2164

EXHIBIT E

**PLOT PLAN, FLOOR PLANS AND BUILDING PLANS
FOR BUILDING ON PHASE I OF THE PROPERTY**

THE COMPONENTS OF THIS EXHIBIT ARE DETACHED.

AND RECORDED IN PLAT BOOK 58 at Page 123,
RMC Office, Beaufort County, S.C.

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EXHIBIT F

BYLAWS

**BYLAWS
OF
THE SEACREST PROPERTY
OWNERS ASSOCIATION, INC.**

A Not-for-Profit Corporation

Pursuant to the provisions of the South Carolina Business Corporation Act, the Board of Directors of The SeaCrest Property Owners Association, Inc. (also sometimes called "SeaCrest Property Owners Association, Inc."), a South Carolina eleemosynary corporation, hereby adopts the following Bylaws for such corporation.

ARTICLE I

NAME AND PRINCIPAL OFFICE

1.01. **Name**. The name of the eleemosynary corporation is "The Sea Crest Property Owners Association, Inc." hereinafter referred to as the "POA".

1.02. **Offices**. The principal offices of the POA shall be at The SeaCrest, a residential and commercial condominium project, hereinafter the "Project", situated upon the real property legally described on Exhibit A attached to the Master Deed, or at such other location located in the Town of Hilton Head Island, in Beaufort County, State of South Carolina as the Board may from time to time prescribe..

ARTICLE II

DEFINITIONS

2.01. **Definitions**. Except as otherwise provided herein or required by the context hereof, all terms defined in the Master Deed of The Sea Crest Horizontal Property Regime, recorded in the Office of the Clerk of Court for Beaufort County in Deed Book ____, page ____, hereinafter referred to as the "Master Deed", shall have such defined meanings when used in these Bylaws.

ARTICLE III

MEMBERS

3.01. **Annual Meetings**. The annual meetings of members shall be held on the second Saturday in May of each year at a time selected by Board, beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors shall not be held on

the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Directors ("Board") shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient.

3.02. Special Meetings. Special meetings of the members may be called by the Board, the President, or upon the written request of members holding not less than ten percent (10%) of the total votes of the POA, such written request to state the purpose or purposes of the meeting and to be delivered to the Board or the President. Upon receipt of such written request, the Board shall set a date for a meeting not less than ten (10) days or more than fifty (50) days after the date of such receipt, and shall give notice of the meeting to all members in accordance with these By-laws.

3.03. Place of Meetings. The Board may designate any place in Beaufort County, State of South Carolina, as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all members may designate any place, either within or without the State of South Carolina, as the place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be at the principal office of the POA.

3.04. Notice of Meetings. The Board shall cause written or printed notice of the time, place and purpose of all meetings of the members (whether annual or special) to be delivered, not more than fifty (50) nor less than ten (10) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered three (3) business days after deposit in the United States mail addressed to the member at his registered address, with first class postage thereon prepaid. Each member shall register with the POA such member's current mailing address for purposes of notice hereunder. Each registered address may be changed from time to time by notice in writing to the POA. If no address is registered with the POA, a member's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

3.05. Members of Record. Upon purchasing a Unit in the Project, each Co-Owner shall promptly furnish to the POA a certified copy of the recorded instrument by which ownership of such Unit has been vested in such Co-owner, which certified copy shall be maintained in the records of the POA. For the purposes of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting, for determining members entitled to notice of or to vote at any meeting of the members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the POA on such record date as the Co-Owners of record of Units in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members. In the event a Unit is owned by more than one person or by a corporation, trust or other entity, the individual entitled to cast the vote for that Unit shall be designated by a certificate filed with the Secretary of the POA and signed by all joint Co-Owners of the Unit or by an authorized

agent of the corporation or other entity. If no certificate is filed, the vote of such Unit shall not be considered.

3.06. Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, more than fifty percent (50%) of the total votes of the POA shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice thereof shall be delivered to the members as provided above. At the reconvened meeting, the presence of members holding, or holders of proxies entitled to cast, more than fifty percent (50%) of the total votes of the POA shall again constitute a quorum for the transaction of business, with the members present though less than a quorum, being able to adjourn the meeting in order to obtain a quorum, and so from time to time thereafter until a quorum is obtained.

3.07. Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall exist only where the instrument authorizing such proxy to act shall have been authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by the designated member of record or that person's attorney thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the POA or to such other officer or person who may be acting as secretary of the meeting. The minutes of the meeting shall indicate whether the votes cast at the meeting were cast in person or by proxy.

3.08. Votes. With respect to each matter (except the election of the Board) submitted to a vote of the members, each member entitled to vote at the meeting shall have the right to cast, in person or by proxy, the weighted vote appertaining to the Unit of such member, as set forth in the Master Deed. The affirmative vote of a majority of the weighted votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Master Deed or South Carolina law. If a membership is jointly held, all or any holders thereof may attend each meeting of the members but such holders must act unanimously to cast the votes relating to their joint membership.

3.09. Waiver of Irregularities. All inaccuracies and/or irregularities in calls or notices of meetings and in the manner of voting, form of proxies and/or method of ascertaining members present shall be deemed waived if no objection thereto is made at the meetings.

3.10. Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof.

ARTICLE IV
BOARD OF DIRECTORS

4.01. General Powers. The property, affairs and business of the POA shall be managed by its Board. The Board may exercise all of the powers of the POA, whether derived from law, the Master Deed or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation or these Bylaws, or by the Master Deed, vested solely in the members. The Board may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions and powers, or those of any officer, as are properly delegable.

4.02. Number, Tenure and Qualifications.

(A) Until such time as seventy-five percent (75%) of the maximum number of Units that may be incorporated pursuant to the Master Deed that establishes the POA, have in fact been constructed and incorporated into the Regime and conveyed by Declarant to purchasers, the number of Directors shall be a minimum of three (3) and a maximum of five (5). Thereafter the minimum number of Directors of the POA shall be five (5) and the maximum number shall be seven (7).

(B) At the first annual meeting of the members held after the adoption hereof, the members shall elect all Directors to serve one (1) year terms. Each annual election of Directors shall be for terms of one (1) year until the provisions of §4.02(C) shall apply.

(C) At the first annual meeting after the sale by Declarant of seventy-five percent (75%) of the maximum number of Units that may be incorporated pursuant to the Master Deed that establishes the POA, the term of Directors shall become staggered, such that not more one-half (½) of the Directors shall be obliged to stand for re-election at each subsequent annual meeting.

(D) Directors shall be members of the POA, or representatives of corporate or partnership members, or the nominees of the Declarant.

(E) Notwithstanding anything herein to the contrary, Declarant shall have the right, but not the obligation, to appoint all (or less than all) Directors until such time as seventy-five percent (75%) of the maximum number of Units that may be incorporated pursuant to the Master Deed that establishes the POA, or such lower number as the Declarant may designate in writing, are constructed and incorporated into the Regime and conveyed by Declarant to purchasers or until December 31, 2011, whichever first occurs. Declarant's appointees need not be Owners or members. Such appointees may be removed, with or without cause, by Declarant at any time, and from time to time, and a successor appointed by Declarant.

4.03. Regular Meetings. The regular annual meeting of the Board shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the members. The Board may provide by resolution the time and place, within Beaufort County, South Carolina, for the holding of such additional regular meetings without other notice than such resolution. A Director may attend a Regular Meeting of the Board by two-way conference telephone.

4.04. Special Meetings. Special meetings of the Board may be called by or at the written request of any Director, addressed to the Secretary. The Secretary (or such other person or persons specially authorized by the Board to call special meetings, if the Secretary shall be unavailable or unwilling to act) of the Board may fix any place, within Beaufort County, South Carolina, as the place for holding any special meeting of the Board called by such Director or Directors. The Secretary shall set a date for a Board meeting not less than ten (10) days nor more than thirty (30) days after the date of such request, and shall give notice of the meeting to all Directors in accordance with these By-laws. Notice of any special meeting shall be given at least four (4) days prior thereto by written notice delivered personally, or mailed to each Director at his registered address, or by Telegram. If mailed, such notice shall be deemed to be delivered three (3) days after deposit in the United States mail so addressed, with first class postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of a meeting. A Director may attend a Special Meeting of the Board by two-way conference telephone.

4.05. Quorum and Manner of Acting. A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have no powers as such.

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

4.07. Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause by the affirmative vote of more than fifty percent (50%) of the total votes of the POA at a special meeting of the members duly called for such purpose and may be removed otherwise as provided by South Carolina law, except a Director appointed by the Declarant pursuant to the power of appointment set forth above in §4.02, who may only be removed only by Declarant.

4.08. Vacancies and Newly Created Directorships. If vacancies shall occur in the Board by reason of the death or resignation of a Director, or if the number of Directors shall be increased, the Directors then in office shall continue to act and such vacancies or newly created Directorships shall be filled by a vote of the Directors then in office, though less than a quorum, in any way approved by such Directors at the meeting. Any vacancies in the Board occurring by reason of the member's removal of a Director may be filled by election of the members at the meeting at which such Director is removed. Any Director elected or appointed hereunder to fill a vacancy shall

serve for the unexpired term of his predecessor or for the term of the newly created Directorship, as the case may be.

4.09. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more members of the POA. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among members.

4.10. Election. Election to the Board shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, the weighted vote appertaining to the Unit of such member as set forth in the Master Deed. The persons receiving the largest numbers of weighted votes shall be elected. Members may not cumulate their votes for Directors.

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

4.12. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Property and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the POA. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the POA all powers, duties and authority vested in or delegated to this POA and not reserved to the membership by other provisions of these Bylaws, the Certificate of Incorporation or the Master Deed;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor or such other employees or agents as they deem necessary, and to prescribe their duties.

4.13. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the members who are entitled to vote;

(b) supervise all officers, agents and employees of this POA, and to see that their duties are properly performed;

(c) as more fully provided in the Master Deed, to:

(1) fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within ninety (90) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the POA;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Property to be maintained.

ARTICLE VOFFICERS

5.01. Number. The officers of the POA shall be a President, a Secretary, a Treasurer and such other officers as may from time to time be appointed by the Board.

5.02. Election, Tenure and Qualification. The officers of the POA shall be chosen by the Board annually at the regular annual meeting of the Board. In the event of failure to choose officers at such regular annual meeting of the Board, officers may be chosen at any regular or special meeting of the Board. Each such officer (whether chosen at a regular annual meeting of the Board or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board and until his successor shall have been chosen and qualified, or until his death, or until his resignation or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices except that the President may not also be the Secretary or the Treasurer. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President and the Secretary must be Directors.

5.03. Subordinate Officers. The Board may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not to be members or Directors of the POA.

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

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

5.06. The President. The President shall preside at meetings of the Board and at meetings of the members. He shall sign on behalf of the POA all conveyances, mortgages, documents and contracts and shall do and perform all other acts and things that the Board may require of him.

5.07. The Secretary. The Secretary shall keep the minutes of the POA and shall maintain such books and records as these Bylaws, the Master Deed or any resolution of the Board may require him to keep. He shall be the custodian of the seal of the POA, if any, and shall affix such

seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board may require of him.

5.08. The Treasurer. The Treasurer shall have the custody and control of the funds of the POA, subject to the action of the Board, and shall, when requested by the President to do so, report the state of the finances of the POA at each annual meeting of the members and at any meeting of the Board. He shall perform such other duties as the Board may require of him.

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

ARTICLE VI

COMMITTEES

6.01. Designation of Committees. The Board may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. The membership of each such committee designated hereunder shall include at least one (1) Director. No committee member shall receive compensation for services that he may render to the POA as a committee member; provided, however, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided by these Bylaws) may be compensated for services rendered to the POA other than in their capacities as committee members.

6.02. Nature of Committees. All committees shall act only in an advisory capacity to the Board of Directors and shall not have any power or authority to carry out any of the duties or responsibilities of the Board Directors.

6.03. Proceedings of Committees. Each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board.

6.04. Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board, the presence of members constituting at least two-thirds of the authorized membership of such committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which quorum is present shall be the act of

such committee. The members of any committee designated by the Board hereunder shall act only as a committee and the individual members thereof shall have no powers as such.

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

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

6.07. Architectural Control Committee. There is hereby established an Architectural Control Committee which shall control all matters in regards to and all changes in regards to the exteriors of the Buildings in the Regime. This Committee shall make all decisions concerning any changes to the exteriors of the Buildings, any changes in the color of the exterior of the Buildings and any and all other changes or decisions affecting the exteriors of the Buildings, and subject always to the additional approval of the Elms Homeowners Association, Inc. No screen doors, storm windows, storm doors or other things can be attached to any Building by an Co-Owner without his first obtaining the permission of the Committee. All decisions of the Architectural Control Committee in regards to the exteriors of the Buildings must be approved by the Association, or its appropriate committee, prior to said decisions being adopted or implemented. No approval of plans or specifications by the POA or the Association and no publication of architectural standards by the POA or the Association shall be construed as representing or implying that such plans, specifications or standards may, if followed, result in properly designed improvements. Such approval shall in no event be construed as a representation or guarantee that any repair or improvement undertaken in accordance therewith shall be built in a good, workmanlike manner. Neither Declarant, the POA, the Association, the Board of Directors of the POA or the Association or any committee of the POA or the Association, nor any members of any of the above shall be responsible or liable for any work, or for the quality of work pursuant to such architectural plans or specifications.

ARTICLE VII

INDEMNIFICATION

7.01. Indemnification Against Third Party Actions. The POA shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the POA) by reason of the fact that he is or was a Director, officer, employee or agent of the POA, or is or was serving at the request of the POA as a Director, officer,

employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the POA and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by an adverse judgement, order or settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the POA and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.02. Indemnification Against Association Actions. The POA shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the POA to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the POA, or is or was serving at the request of the POA as a Director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the POA and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the POA, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

7.03. Determination. To the extent that a Director officer, employee, or agent of the POA has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification under Section 7.01 or 7.02 hereof shall be made by the POA only upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth respectively in Section 7.01 or 7.02 hereof. Such determination shall be made either (i) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding or (ii) by the Owners by the affirmative vote of at least fifty percent (50%) of the total votes of the POA at any meeting duly called for such purpose.

7.04. Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this Article may be paid by the POA in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board and upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount

or amounts unless it ultimately be determined that he is entitled to be indemnified by the POA as authorized by this Article.

7.05. Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the POA's Articles of Incorporation, Bylaws, agreements, vote of disinterested members or Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Directors, officers, employees and agents of the POA and shall continue as to such persons who cease to be Directors, officers, employees or agents of the POA and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.06. Insurance. The POA may purchase and maintain insurance on behalf of any person who was or is a Director, officer, employee or agent of the POA, or who was or is serving at the request of the POA as a Director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit), against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the POA would have the power to indemnify him against such liability under the laws of the State of South Carolina as the same may hereafter be amended or modified.

7.07. Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute expenses of the POA and shall be paid with funds from the Common Expense Fund referred to in the Master Deed.

ARTICLE VIII

FISCAL YEAR, SEAL AND BOOKS AND RECORDS

8.01. Fiscal Year. The fiscal year of the POA shall begin on the first day of January each year and shall end on the last day of December next following, except that the first fiscal year shall begin on the date of incorporation and end on the last day of December next following.

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

8.03. Books and Records. The books, records and papers of the POA shall at all times, during reasonable business hours, be subject to inspection by any member. The Master Deed, the Certificate of Incorporation and the Bylaws of the POA shall be available for inspection by any member at the principal office of the POA, where copies may be purchased at reasonable cost.

ARTICLE IXRULES AND REGULATIONS

9.01. Rules and Regulations. The Board may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Project, and the common areas thereof, to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Master Deed or these Bylaws. The members shall be provided by the Board with copies of all amendments and revisions thereof. The Board may provide by rule or regulation whether or not normal domestic pets may be kept by Co-owners at the Project, and any conditions under which such pets may be kept. The Board may prohibit guests or invitees of Co-owners from bringing or keeping pets in the Project.

9.02 Infringement of Rules and Regulations. The Board may, upon notice of any infringement of a rule or regulation made pursuant to this Article, require the Co-owner responsible for such infringement to show cause why that Co-owner should not be assessed for the cost of remedying the said infringement. If the infringement alleged is not one that incurs a direct cost to the POA, the Board may assess a reasonable fine, after notice and a hearing (at which the Co-owner involved may appear and be represented) for non-compliance with the Board's rule and regulations.

9.03 Co-Owners' Responsibility for Guests and Invitees. Each Co-owner shall require guests and other invitees of the Co-owner on the Project to comply with the rules and regulations of the POA. The Board may assess any damage to the Project against a Co-owner whose guests or invitees causes such loss to the Project, and may further require the Co-owner to bar the entry of an offending guest or invitee onto the Project.

ARTICLE XCOLLECTING FROM MEMBERS FOR PAYMENT
OF COMMON EXPENSES

10.01. Method of Collecting. The manner of collecting from the members for the payment of the common expenses shall be as set forth in Article IV of the Master Deed.

ARTICLE XIAMENDMENTS

11.01. Amendments. These Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy. In the case of any conflict between the Certificate of Incorporation and these Bylaws, the Certificate

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shall control; and in the case of any conflict between the Master Deed and these Bylaws, the Master Deed shall control.

IN WITNESS WHEREOF, the undersigned, consisting of all of the Directors of The Sea Crest Property Owners Association, Inc. have hereunto set their hands and seals this ____ day of _____, 199__.

Director

Director

Director

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

On the ____ day of _____, 1996, personally appeared before me _____ and _____, the signers of the within and foregoing Bylaws of The SeaCrest Property Owner's Association, Inc., each of whom duly acknowledged to me that he executed the same.

NOTARY PUBLIC for South Carolina

Barry L. Johnson
My Commission Expires: April 6, 1996

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EXHIBIT G

JOINDERS OF MORTGAGEES

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STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT) JOINDER OF MORTGAGEE

WHEREAS, The National Bank of South Carolina ("NBSC") is the holder of that certain instrument denominated and recorded Commercial Mortgage of Real Property and Security Agreement executed by The SeaCrest Development Company dated October 24, 1995, recorded in the Office of the RMC for Beaufort County, South Carolina in Book 812 at Page 7, securing a Promissory Note in the original amount of \$5,750,000.00; and

WHEREAS, NBSC holds certain rights, arising from that certain Subordination Agreement dated October 24, 1995, recorded in the Office of the RMC for Beaufort County, South Carolina in Book 812 at Page 115, regarding that certain Commercial Mortgage of Real Property and Security Agreement executed by The SeaCrest Development Company, in favor of Graves Apartments, Inc. dated October 24, 1995, recorded in the Office of the RMC for Beaufort County, South Carolina in Book 812 at Page 84, securing a Promissory Note in the original amount of \$3,560,000.00 (collectively, the "Mortgages"); and

WHEREAS, The National Bank of South Carolina, as holder of the Mortgages, desires to join in the Master Deed of The SeaCrest Condominium Horizontal Property Regime;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, The National Bank of South Carolina does hereby join in the Master Deed of The SeaCrest Condominium Horizontal Property Regime, to which this joinder is attached for the purpose of consenting to the creation by Declarant of such regime. The National Bank of South Carolina acknowledges and agrees that the Mortgages shall hereinafter encumber all Units ("Apartments" and "Commercial Units") as described in the Master Deed, together with the undivided rights in common elements and all other interests appurtenant to such Units. The National Bank of South Carolina makes no representation or warranty as to the validity of the documents creating the regime nor as to the development and physical condition of the property described in the Master Deed.

EXECUTED this 3rd day of December 1996.

WITNESSES:

T. C. Hume
B. J. Johnson

THE NATIONAL BANK OF SOUTH CAROLINA

By: *Anna Maria D'Angelo*
Anna Maria D'Angelo, Senior Vice President

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State of South Carolina)
County of Beaufort)

Probate

PERSONALLY appeared before me T. G. Henz and made oath that s/he saw the within-named The National Bank of South Carolina, by its duly authorized officer, sign, seal and as its act and deed, deliver the within instrument, and that s/he with Barry L. Johnson witnessed the execution thereof.

T. G. Henz

SWORN to before me this 3rd
day of December, 1996.

Barry L. Johnson (L.S.)
Barry L. Johnson
Notary Public for South Carolina
My Commission Expires April 6, 1999

STATE OF SOUTH CAROLINA)
) JOINDER OF MORTGAGEE
 COUNTY OF BEAUFORT)

WHEREAS, The National Bank of South Carolina ("NBSC") is the holder of that certain instrument denominated and recorded Commercial Mortgage of Real Property and Security Agreement executed by The SeaCrest Development Company dated October 24, 1995, recorded in the Office of the RMC for Beaufort County, South Carolina in Book 812 at Page 7, securing a Promissory Note in the original amount of \$5,750,000.00; and

WHEREAS, NBSC holds certain rights, arising from that certain Subordination Agreement dated October 24, 1995, recorded in the Office of the RMC for Beaufort County, South Carolina in Book 812 at Page 115, regarding that certain Commercial Mortgage of Real Property and Security Agreement executed by The SeaCrest Development Company, in favor of Graves Apartments, Inc. dated October 24, 1995, recorded in the Office of the RMC for Beaufort County, South Carolina in Book 812 at Page 84, securing a Promissory Note in the original amount of \$3,560,000.00 (collectively, the "Mortgages"); and

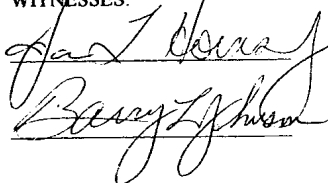
WHEREAS, Graves Apartments, Inc., as mortgagor of the \$3,560,000.00 Mortgage described above, desires to join in the Master Deed of The SeaCrest Condominium Horizontal Property Regime;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Graves Apartments, Inc. does hereby join in the Master Deed of The SeaCrest Condominium Horizontal Property Regime, to which this joinder is attached for the purpose of consenting to the creation by Declarant of such regime. Graves Apartments, Inc. acknowledges and agrees that the Mortgage to it, above described, shall hereinafter encumber all Units ("Apartments" and "Commercial Units") as described in the Master Deed, together with the undivided rights in common elements and all other interests appurtenant to such Units. Graves Apartments, Inc. makes no representation or warranty as to the validity of the documents creating the regime nor as to the development and physical condition of the property described in the Master Deed.

EXECUTED this 3rd day of December, 1996.

WITNESSES:

GRAVES APARTMENTS, INC.



By:


 ROBERT L. GRAVES, PRESIDENT

2184

State of South Carolina)
)
County of Beaufort)

Probate

PERSONALLY appeared before me JAN L. Nornby and made oath that
s/he saw the within-named GRAVES APARTMENTS, INC., by its duly authorized officer, sign,
seal and as its act and deed, deliver the within instrument, and that s/he with
Barry L. Johnson witnessed the execution thereof.

JAN L. Nornby

SWORN to before me this 3rd
day of December, 1996.

Barry L. Johnson (L.S.)
Barry L. Johnson
Notary Public for South Carolina
My Commission Expires: April 6, 1999.

Barry Johnson
FILED
JOHN A. SULLIVAN, JR.
R.M.C.
BEAUFORT COUNTY, S.C. /ML

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BK 905 PG 213

FOLDER #

2185

RECORDED THIS 30th DAY
OF December 19 96
IN BOOK AC PAGE 1435

Mary A. Gray
AUDITOR, BEAUFORT COUNTY, S.C.