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STATE OF SOUTH CAROLINA)
HORRY COUNTY, S.C.)

RESOLUTION OF BOARD OF DIRECTORS OF
KINGSPORT HOMEOWNERS ASSOCIATION FOR
KINGSPORT HORIZONTAL PROPERTY REGIME

P.M.C.

This Resolution is made and entered into this 23rd day of April, 1993, by the Board of Directors of Kingsport Homeowners Association;

W I T N E S S E T H

WHEREAS, Kingsport Horizontal Property Regime presently exists under a Master Deed recorded May 29, 1985 in Deed Book 959 at Page 855, records of the R.M.C. Office for Horry County; and

WHEREAS, the Board of Directors is empowered to operate the affairs of Kingsport Homeowners Association and Kingsport Horizontal Property Regime and to protect and preserve the assets and Common Elements of the Regime; and

WHEREAS, it has come to the attention of the Board that certain owners have converted Common Area to their individual use and in direct contravention of the dictates and requirements of the Master Deed for Kingsport Horizontal Property Regime, and the Board of Directors of the Association has not approved or condoned said conversion of Common Elements to their individual use;

NOW, THEREFORE, it is resolved that the Board of Directors of the Association is vested with the authority and responsibility to protect, maintain and preserve the Common Elements, as well as other duties, of Kingsport Horizontal Property Regime. In such position, it has been duly noted that certain owners have converted Common Elements of the Regime property to their individual use, and the Board notes that this is in direct contravention of the dictates and requirements of the Master Deed for Kingsport

Horizontal Property Regime. The Board will give due notice that the Board of Directors and the Association does not condone said actions, but rather opposes the conversion of any Common Elements to the individual use of individual owners. The Board of Directors has passed and is filing this Resolution to duly note those owners that have converted or enclosed Common Element area to the individual benefit of said owner and to the detriment of the other owners in the Association and Regime. Upon physical inspection, the owners, and their unit numbers, that have undertaken such activities are as follows:

| Owner | Unit No. |
|---|----------|
| Ann M. White; Trustee, UTD April 19, 1989 FBO | 101 |
| Luther Bellamy, Thomas S. Bellamy, Patrick O'Neal and Peggy Fenegan Bellamy;estate Bellamy | 102 |
| Christine B. Reuther | 103 |
| Anne Griffith | 104 |
| J. Harold and Stella Durham | 204 |
| Regis Bullock and William W. Bullock Jr. | 206 |
| Ann M. White; Trustee UTD April 19,1989 FBO and Linda S. Galloway | 304 |
| Procure, Inc. | 405 |
| Luther Bellamy, Thomas S. Bellamy and Patrick O'Neil Bellamy and Peggy Fenegan Bellamy Estate | 406 |

The Board of Directors and the Association reserve the right to initiate action to return any converted and acquired Common Element area to the use, benefit, and enjoyment of the entire Association and all members therein.

KINGSPORT HOMEOWNERS ASSOCIATION

[Signature]
Cary Franklin McLeod

By: Anne B. Griffith
Its: President

[Signature]
Cary Franklin McLeod

By: Christine R. Reuther
Its: Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Kingsport Homeowners Association by Anne B. Griffith, its President, sign, seal and as its act and deed deliver the within written Resolution of Board of Directors of Kingsport Homeowners Association for Kingsport Horizontal Property Regime and that (s)he with the other witnesses whose signature appears above witnessed the execution thereof.

SUBSCRIBED to before me this 23rd day of April, 1993.

Cary Franklin McLeod
Notary Public for South Carolina

[Signature]
WITNESS

My Commission Expires: 9-8-93

STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that (s)he saw the within named Kingsport Homeowners Association by Christine R. Reuther, its Secretary, sign, seal and as its act and deed deliver the within written Resolution of Board of Directors of Kingsport Homeowners Association for Kingsport Horizontal Property Regime and that (s)he with the other witnesses whose signature appears above witnessed the execution thereof.

SUBSCRIBED to before me this 23rd day of April, 1993.

Cary Franklin McLeod
Notary Public for South Carolina

[Signature]
WITNESS

My Commission Expires: 9-8-93
kingsport.resolution

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STATE OF SOUTH CAROLINA

MASTER DEED FOR
 KINGSPORT
 HORIZONTAL
 PROPERTY REGIME

COUNTY OF HORRY

1985 THIS MASTER DEED, made this 29th day of May, 1985, by Peggy Bellamy of Horry County, South Carolina, hereinafter referred to as "Declarant".

W I T N E S S E T H :

WHEREAS, Declarant is the owner in fee simple of certain real property located in the County of Horry, State of South Carolina, which is more particularly described in Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, Declarant is the owner of multi-unit buildings and all other improvements heretofore constructed or hereafter constructed upon the above described property and intends, by the filing of this MASTER DEED, to submit said property, buildings and improvements, whether heretofore or hereafter constructed, together with all appurtenances thereto, to a Horizontal Property Regime pursuant to the provisions of Section 27-31-10 et. seq., of South Carolina Code of Laws, 1976, as amended.

NOW, THEREFORE, Declarant does hereby declare that all of the real property described herein together with all improvements heretofore constructed or hereafter constructed thereon, is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth hereinafter, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person or entity acquiring or owning any interest in the real property and improvements described herein, or any subdivision thereof, their grantees, successors, heirs, devisees, executors, administrators, and assigns.

ARTICLE I
 SUBMISSION OF PROPERTY

1.0 Pursuant to the provisions of Sections 27-31-10 et. seq., South Carolina Code, Declarant does hereby submit all of the real property described in Exhibit "A", attached hereto and made a part hereof by reference, together with all improvements thereon and described herein to the provisions of the Horizontal Property Act as set out in the said Act.

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ARTICLE II
 DESCRIPTION OF LAND AND
 PLAN OF DEVELOPMENT

Horry County Assessor
 131-05-08-001 thru
 Map . Blk Parcel 024
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2.0 The subject real property is the same as set out in Exhibit A attached hereto and incorporated herein by reference (The "Property").

2.1 Plan of Development. The name by which this condominium project shall henceforth be known is KINGSPORT HORIZONTAL PROPERTY REGIME, sometimes referred to hereinafter as "KINGSPORT".

29

The Declarant has caused to be constructed upon the real property described in Exhibit "A", the multi-unit building containing Twenty Four (24) condominium units, as well as the common areas, limited common elements, and facilities of the buildings and the real property, all as defined and described herein and as shown upon the plans contained in Exhibit "F", attached hereto and made a part hereof by reference. The units of the building, together with their privileges and appurtenances, shall be offered for sale to the public by the Declarant as condominium units pursuant to the provisions of Chapter 27-31-10 et. seq., of the Code of Laws of the State of South Carolina, 1976, as amended, subject to the covenants, conditions, restrictions, and obligations stated in the Articles of this MASTER DEED, the Articles of Incorporation of the Association, its duly adopted By-Laws and its Rules and Regulations.

2.2 The Declarant, by this MASTER DEED, submits only the real property described in Exhibit "A", together with the improvements thereon, and hereafter this submission shall be referred to as KINGSFORT HORIZONTAL PROPERTY REGIME, PHASE I. It is the plan of the Declarant, and the Declarant reserves the right at its option and without the further consent of the unit owners or the Homeowners Association (see Article X herein), but without obligation, as hereinafter set forth, to construct additional condominium units in one or more additional phases on the real property described in Exhibit "H" attached hereto or any portion thereof, and incorporated herein by reference.

2.3 In the event the Declarant adds to the real property subject to this MASTER DEED by adding additional phases, the Declarant covenants and agrees that no more than a total of Four Hundred Twenty Eight (428) will be added to the initial Twenty Four (24) units in KINGSFORT HORIZONTAL PROPERTY REGIME, PHASE I, that being not more than Twenty (20) additional phases or stages of not more than One Hundred (100) units in any one stage. Any such additional phases shall be submitted to the provisions of this MASTER DEED by the filing of an amendment to this MASTER DEED with the Clerk of Court for Horry County, South Carolina. Any such amendment shall describe the property so submitted, the number of units added, and a narrative description of the buildings and/or units. Attached shall be a survey or plat and plans of the new units. Any such amendments must be completed within Seven (7) years from the date of the recording of this MASTER DEED.

All additional improvements shall be substantially completed prior to annexation and will be consistent with the initial improvements in terms of quality of construction, although architectural style may be changed by Declarant.

2.4 The Declarant covenants and agrees that all buildings containing units built upon the real property which may be subjected to this MASTER DEED under this Article shall be constructed of such materials and in such manner and design as to complement the appearance of the entire condominium development.

ARTICLE III
UNIT DESIGNATION

3.0 The unit designation of each unit, and its location, are as shown on the maps or plat of the Condominium Development attached hereto as Exhibit "F" and incorporated herein by reference. The approximate area and number of rooms in each unit is as shown on Exhibit F, attached hereto and incorporated herein by reference.

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3.1 Each unit is bounded both as to horizontal and vertical boundaries by the interior unfinished surfaces of the unit's perimeter walls, ceilings, and floors (beneath the "sheet-rock" or other similar surface); of the interior surface of the perimeter walls, ceilings and floors of the additional areas conveyed as part of each unit as defined hereinbelow, all of which are shown on the attached Exhibits, subject to the easements reserved herein for such encroachments as are contained in the building, whether the same exist or may be caused or created by existing construction, settlement or movement of the building, or by permissible repairs, construction or alteration.

3.2 Each unit is hereby defined so as not to include the open air deck(s) (either one or two depending on the design of the unit). All open air decks are subject to restrictions on use and decoration as set out hereinafter and in the Association By-Laws. The decks are bounded horizontally by the interior finished surface of the floor and ceiling overhangs of the deck and are bounded vertically by the interior finished surface of the interior planes of either the deck railing or perimeter walls of the decks. Each such open air deck shall be a limited common element appurtenant to the unit to which it opens.

3.3 Each unit is hereby defined to include:

(a) All non-load bearing partition walls located entirely within the unit, & all kitchen & bathroom cabinets.

(b) All materials, including but not limited to, carpet, paint, and vinyl attached to, or on, the interior finished surfaces of said walls, floors, ceilings of the unit; and all windows, windowpanes, frames, exterior doors, and the sheetrock or other similar wall surface in each room.

(c) All air handling and condensing units, ducts, and components, in all water, telephone, television, cable television, electricity, water and sewage lines located within the unit; provided, however, that the portion of said lines located within a common compartment for, or installation of, such lines shall be common areas and facilities as described herein.

3.4 Each unit is hereby defined to exclude all pipes, ducts, wires, conduits and other facilities for the furnishing of utility services and other services up to and including the point of entry of such pipes, ducts, wires, conduits and other facilities through the interior finished surface material for walls, floors, and ceilings of the unit. All such pipes, ducts, wires, conduits and other such facilities are defined as part of the unit at and from the point of entry into the unit.

3.5 The definition stated hereinabove for unit is complete and all other aspects of the condominium not hereinabove defined as a part of the unit is defined hereby as a part of the common area and facilities of the condominium.

ARTICLE IV
LIMITED COMMON ELEMENTS OR
AREAS AND APPURTANANCES

4.0 Each unit shall have reserved for its exclusive use as a limited common element, the open-air deck(s) appurtenant to and designed for the exclusive use of each specific unit. However, all limited common elements are subject to restrictions on use and decorations as set out herein and in the Association By-Laws.

ARTICLE V
DESCRIPTION OF
GENERAL COMMON AREAS

5.0 The general common areas of KINGSPORT HORIZONTAL PROPERTY REGIME shall be as follows:

(a) All land as more particularly described in Exhibit "A", attached hereto and incorporated herein by reference, including the land on which the units are located, subject to Declarants right and option to construct up to additional units, and submit them and additional land to the Regime.

(b) All parts of the multi-unit buildings situated on the land described in Exhibit "A", other than the individual dwelling units described in Article III above, including, without limitation, all foundations, columns, girders, beams, supports, load-bearing walls, including all exterior walls and all interior walls (except non-load-bearing partition walls wholly within a unit), roofs, ventilation fans and vents, of the building, except the sheetrock or other similar wall surface.

(c) All stairways, landings, and stairs and their components which give access to the units, and all halls or passageways, and their entrances; and all elevators, elevator shafts and associated equipment if any;

(d) All yard and garden areas, parking and drive areas, with the exception of the assigned parking areas described herein, if any, swimming pool and pool deck, and all recreational or community facilities.

(e) All central or appurtenant installations for services such as, without limitation, power, light, telephone, gas, hot and cold water, heating, air conditioning, incinerating and all other mechanical equipment spaces (including all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits and compressors in connection therewith), to include all installations and facilities, apparatus, conduits, and equipment for the provision of any of the herein named utility services supplied for the common use and convenience of the unit owners and which are not defined as part of the units hereinabove.

(f) All other portions of the real property and the improvements thereon which are not specifically part of the units themselves, as hereinabove defined, or owned by unit owners as personal property, shall be common areas and facilities intended for the common and necessary or convenient use and enjoyment, existence, maintenance or safety of the condominium units.

BOOK 959 PAGE 842

ARTICLE VI
NATURE AND INCIDENTS OF UNIT OWNERSHIP

6.0 Each unit shall be conveyed and treated as a separate individual unit of real property capable of independent use and fee simple ownership, and the owner of each unit shall also own, as an appurtenance to the ownership of each unit said unit, an undivided interest in the common areas and facilities of KINGSPORT and future phases, if any. The undivided interest in the common areas and facilities of KINGSPORT, appurtenant to each of the Twenty Four (24) units of Phase I of KINGSPORT, is set out in Exhibit "B" attached hereto and made a part hereof. In the event Declarant submits additional phases to the terms hereof, with numbers of units different from those shown on Exhibit B, each unit in the Regime as so constituted from time to time, shall own a percentage of the common areas in an amount equal to the number

derived by dividing the number of units then in the Regime into 100%.

6.1 Declarant reserves the irrevocable right, power and authority for a period of seven (7) years from the recording of this MASTER DEED to amend this MASTER DEED to reflect the addition of any future phases of construction and the changes necessitated thereby to include changes in the ownership interest, expense responsibilities of each unit owner in and for said common elements and facilities and voting rights in the Association of each unit owner. Upon the filing of the Amendment to the MASTER DEED to bring future phases under this MASTER DEED, the appurtenant undivided interest of each unit owner in the common areas and facilities of KINGSPORT, all phases, shall necessarily decrease from the percentage set out in Exhibit "B" for Phase I. The Declarant covenants and agrees to establish such appurtenant undivided interests for all units at such times as may be necessary pursuant to this Article in the proportions that the then number of units, new and existing, bears to 100% of all units on the date of the supplemental MASTER DEED, or MASTER DEED AMENDMENTS, each unit owning an equal percentage interest in the Common Elements or Areas.

6.2 Nothing herein shall be deemed to limit or alter the Declarant's right, hereby reserved, to vary the internal layout, size, configurations of any units hereafter constructed as long as the Declarant substantially conforms with the provisions of this Article.

6.3 Each unit owner in KINGSPORT, any phase, by the acceptance of the deed for his unit shall be deemed to have specifically agreed for himself, his heirs, devisees, successors and/or assigns that the Declarant shall have the exclusive right and power, as attorney-in-fact for every unit owner, to effect such amendment without his further consent, and also thereby agrees to execute any such writing as may be required by Declarant to effectuate this purpose.

6.4 No unit may be divided or subdivided into a smaller unit or units other than as shown on Exhibit "F" hereto, nor shall any unit or portion thereof be added to or incorporated into any other unit. The undivided interest in the common areas and facilities declared to be an appurtenance to each unit shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said unit, and the undivided interest in common areas and facilities appurtenant to each unit shall be deemed conveyed, devised, encumbered or otherwise included with the unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such unit. Any conveyance, mortgage or other instrument which purports to grant any right, interest, or lien in, to or upon a unit, shall be null, void and of no effect insofar as the same purports to effect any interest in a unit and its appurtenant undivided interest in common areas and facilities, unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire unit. Any instrument conveying, devising, encumbering, or otherwise dealing with any unit, which describes said unit by the letter/numerical designation assigned thereto in Exhibit "F" without limitation or exception, shall be deemed and construed to affect the entire unit and its appurtenant undivided interest in the common areas and facilities. Nothing herein contained shall be construed as limiting or preventing ownership of any unit and its appurtenant undivided interest in the common areas and facilities by more than one person or entity as tenants in common, joint tenants or as tenants by the entirety.

6.5 General Common Areas and facilities shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the owners of units in KINGSPOINT, for their use and the use of their immediate families, guests or invitees, for all proper and normal purposes, and the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of units. Notwithstanding anything above provided in this Article, the Association, as is more particularly described in Article IX hereinbelow, shall have the exclusive right to establish the rules and regulations pursuant to which the owner of any unit, his family, guests, and invitees, may be entitled to use the general and limited common areas and facilities, including the right to establish regulations concerning their use.

6.6 Recognizing that the proper use of a unit by an owner or owners is dependent upon the use and enjoyment of the common areas and facilities in common with the owners of all other units, and that it is in the interest of all owners that the ownership of common areas and facilities be retained in common by the owners, it is hereby declared that the proportional undivided interest in the common areas and facilities appurtenant to each unit shall remain undivided and no unit owner shall bring or have any right to bring any action for partition or division thereof.

ARTICLE VII
USE AND RESTRICTIONS ON USE

7.0 RESTRICTIONS ON USE.

(a) Each unit is hereby restricted to single-family residential use by the owner thereof, his immediate family, guests, invitees, and lessees, subject to the Declarants rights under Paragraph 7.0 (e) below.

(b) No immoral, improper, offensive or unlawful use shall be made of any unit or of the common areas or limited common areas and facilities, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the unit shall be observed. No owner of any unit shall permit or suffer anything to be done or kept in his unit, or on the common areas or limited common areas and facilities, which will increase the rate of insurance on the unit, or which will obstruct or interfere with the right of other occupants of the other units or annoy them by unreasonable noises, nor shall any owner undertake any use or practice which shall create and constitute a nuisance to any other owner of a unit or which interferes with the peaceful possession and proper use of any other unit or the common areas and facilities.

(c) The use of common areas, limited common areas and facilities, by the owner of a unit or units or owners of all units, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use or which may be hereafter prescribed and established by the Association, said Association being more particularly described in Article IX below.

(d) No owner of a unit shall permit any structural modification or alteration to be made to such unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine, in their sole discretion, that such structural modification or alterations would adversely effect or in any way endanger the condominium in part, or in its entirety. No owner shall cause any improvements or changes to be made on the exterior of the condominium (including painting or other decoration, or the installation of awnings, or the installation of electrical wiring, television or radio antenna or any other objects,

BOOK 959 PAGE 844 844

machines or air conditioning units which may protrude through the walls or roof of the unit or condominium) or in any manner alter the appearance of the exterior portion of any building without the written consent of the Board of the Association being first had and obtained. No unit owner shall cause any object to be fixed to common areas and facilities (including the location or construction of fences and the planting or growing of flowers, trees, shrubs or any other vegetation) or in any manner change the appearance of the common areas and facilities or limited common areas and facilities without the written consent of the Board of the Association being first had and obtained.

(e) No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property, including but not limited to the individual units or common or limited common areas, nor shall the property or any part of it be used in a way or for any purpose which may endanger the health of or unreasonably disturb the owner of any residence or any residence thereof. No business activity of any kind whatever shall be conducted at any building or on any portion of the property; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of the Declarant, its agents or assigns, during the construction and sale period and thereafter for such periods of time as Declarant, its agents or assigns shall desire to maintain a sales or rental office, nor shall it prohibit the rental of a unit.

(f) No animals, birds or poultry of any kind shall be raised, bred or kept on any part of the property. This prohibition shall not include common domesticated animals, each unit owner being permitted one dog or cat so long as all animals are leashed when outside the owner's unit, subject to the Rules and Regulations of the KINGSPORT HOMEOWNERS ASSOCIATION governing such pets.

(g) The exterior of the units shall not be decorated by the individual unit owners in any manner without the prior written consent of the Board of Directors of KINGSPORT HOMEOWNERS ASSOCIATION. All linings on draperies or curtains and all blinds, shades and other window coverings shall be white and of uniform shade.

(h) No trailer, boat trailer, or recreational vehicle of any sort, tent, barn, storage camper, shed, garage or other similar out building or structure shall be placed on the property at any time, either temporarily or permanently.

(i) No structure of a temporary character shall be placed upon the property at any time, provided, however, that this provision shall not apply to shelters and sheds used by the contractor during the construction of the multi-unit buildings or common area improvements or other necessary construction, including the Yacht Club, it being clearly understood that these latter temporary structures may not, at any time, be used as residences or permitted to remain on the building site after completion of construction.

(j) All garbage and refuse from the individual units shall be deposited with care in garbage containers or receptacles intended for such purpose, said containers or receptacles to be kept at all times in the space provided therefor.

(k) No refuse, rubbish, trash or waste of any sort shall be thrown into the water adjacent to the condominium project nor shall any objects or materials be placed therein which would constitute a hazard to the health or safety of those using said waters for boating, swimming, or other water related sports and activities. The use of the docks shall likewise be subject to Rules and Regulations passed from time to time by the Association, and the governing Board.

(l) It shall be the responsibility of each unit owner and the Board of Directors of KINGSPOUR HOMEOWNERS ASSOCIATION, to prevent the development of any unclean, unsightly or unkempt conditions of the limited and general common areas.

(m) So long as the Declarant shall retain ownership of any units, it, its agents or representatives may utilize any such unit or units for sales or rental offices, models or other usage for the purpose of selling or renting units within said project.

(n) The use of the condominium or any units therein may be further restricted under the By-Laws of the Association, its Rules and Regulations.

7.1 All Use restrictions and affirmative obligations set forth in this MASTER DEED shall run with the land and shall be binding on all parties and persons claiming under them for a period of Twenty (20) years from the date of recordation of this MASTER DEED, after which time said restrictions and obligations will automatically extended for successive periods of Ten (10) years, unless an instrument signed by the then owners of condominium units entitled to vote at least Ninety (90%) percent of the of the Association affected by such restrictions and obligations has been recorded agreeing to change such restrictions and obligations in whole or in part.

7.2 In the event of a violation or breach of any of these restrictions, or of any other covenants of this MASTER DEED, by any property owner, invitee, guest, renter or agent thereof, the owners of other units or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel the compliance of the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Board of directors of KINGSPOUR HOMEOWNERS ASSOCIATION shall have the right whenever there shall have been any violation of these restrictions to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the owner, if after Thirty (30) days written notice of such violation it shall not have been corrected or removed by the owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation or conditions contained in this MASTER DEED, however long continued, shall not be deemed a waiver of the right to do so hereafter, as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The remedies set out herein for such violation or breach are cumulative with any other legal or equitable rights available to any entity or person. The invalidation by any court of any restrictions or obligations in this MASTER DEED shall in no way affect any of the other restrictions, which shall remain in full force and effect.

7.3 All present and future owners, tenants and occupants of units now in existence or to be constructed shall be subject to, and shall comply with the provisions of this MASTER DEED, the By-Laws and any Rules and Regulations as may be adopted in accordance with the By-Laws; said MASTER DEED, By-Laws and Rules and Regulations may be amended from time to time. The acceptance of a deed of conveyance, or the entering into of a lease, or the entering into occupancy of any unit or any common element shall constitute an agreement that the provisions of this MASTER DEED, By-Laws, and any Rules and Regulations which may be adopted are accepted and ratified by such owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having, at any time, any interest or estate in such unit as though such provisions were made a part of each and every deed of conveyance of lease.

ARTICLE VIII
EASEMENTS

8.0 In addition to easements and rights established and/or reserved elsewhere in this MASTER DEED, the following easements and rights are hereby established as covenants and burdens running with the real property and the improvements thereon:

(a) In case of any emergency originating in or threatening any unit, including limited common elements, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and such right shall be immediate.

(b) Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, ducts, cables, wires, conduits, public utility lines and other common facilities located in any of the other units and serving his unit, and in or under the docks serving the Project. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Directors of the Association or their designee shall have the right of access to each unit to inspect the same to remove violations therefrom and to maintain, repair, or replace the common facilities contained therein or elsewhere in the building.

(c) The initial and subsequent Boards of Directors for the Association may grant or assume easements, leases, or licenses for utility purposes for the benefit of the condominium, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone and television wires and equipment and electrical conduits and wires over, under, along and on any portion of the unit and/or common areas and facilities and limited common areas and facilities; and, each unit owner hereby grants to the Board of Directors for the Association, or its designee, the irrevocable power of attorney to execute, acknowledge, and record for or in the name of the Association or each owner such instruments as may be necessary to effectuate the foregoing.

(d) Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks, docks and lanes as the same from time to time may exist upon the common areas and facilities; and for vehicular traffic over, through and across such portions of the common areas and facilities as from time to time may be paved or intended for such purposes, for all unit owners of units in all phases of construction or future construction of KINGSPORT, their guests, families, invitees, lessees, the Association, the Declarant, its successors and assigns.

(e) The Declarant hereby reserves unto itself the right to grant easements over any of the common areas and limited common areas and facilities of KINGSPORT to be used for, by, or in connection with any other future construction of or at KINGSPORT, which may hereafter be erected on the property described in Exhibit "B", pursuant to this MASTER DEED, or as may become necessary for the purpose of the Declarant, its grantee, lessee, successors or assigns, servicing such future construction with utility services, drainage, and easements for ingress and egress, and associated with any other construction on adjacent or near by real property.

(f) In the event that any unit shall encroach upon any of the common areas and facilities, or any other unit or units, for any reason not caused by the purposeful or negligent act of the unit owner, or agents or such owner, then an easement appurtenant to such unit shall exist for the continuance of such encroachment so long as it naturally exists; and, in the event that any

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847

portion of the common areas and facilities shall encroach upon any unit, then an easement shall exist for the continuance of such encroachment of the common areas and facilities upon any unit for so long as such encroachment shall naturally exist. If any unit or common areas and facilities shall be partially or totally destroyed as a result of fire and/or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such unit and/or common areas and facilities in accordance with this MASTER DEED, there exist encroachments of portions of the common areas and facilities upon any unit, or of any unit upon any other unit or upon any portion of the common areas and facilities, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

ARTICLE IX THE ASSOCIATION

9.0 To provide for the administration and maintenance of KINGSPORT HORIZONTAL PROPERTY REGIME, and future construction, if any, by the unit owners a non-profit South Carolina Corporation known and designated as KINGSPORT HOMEOWNERS ASSOCIATION, INC. (hereinafter the "Association"), has been organized, a true copy of its Articles of Incorporation having been attached hereto as Exhibit "C", and the provisions thereof incorporated herein by reference. The Association shall manage the operation and management of the condominium, KINGSPORT, as well as any units which are constructed in the future, if any, and submitted to this MASTER DEED and shall undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and duly adopted By-Laws. A true copy of the original By-Laws are attached hereto as Exhibit "D" and incorporated herein by reference.

9.1 MANAGEMENT OF ASSOCIATION.

(a) Declarant shall be solely responsible for, and have all rights and control of, the management of the Association, as herein described, for a period of time not to exceed One Hundred Twenty (120) days after Seventy-five (75%) percent of the unit estates in the condominium project, including those in Phase I and all future phases, if any, have been conveyed to the unit estate purchasers. Within One Hundred Twenty (120) days after conveyance of Seventy-five (75%) percent of the unit estates of the condominium project, including those in Phase I and all future phases, if any, to the unit estate purchasers, or within Five (5) years of recordation of this MASTER DEED, whichever first occurs, Declarant shall transfer the right and responsibility for management of the Association to the unit owners to be exercised through the Association. Such transfer of the rights and responsibility for management of the Association will not preclude or prevent Declarant from exercising continued influence in the management of the Association through such votes as are allocated to Declarant through the ownership of unit estates.

(b) Until transfer of the rights and responsibility for management of the Association occurs, as set forth in the above paragraph, the Board of Directors of the Association shall consist of those Three (3) individuals as are appointed by the Declarant to the initial Board of Directors of the Association as stated in the Articles of Incorporation for the Association or successors or replacements for such Directors as named by Declarant. The Board of Directors as described herein shall have the exclusive control and responsibility for the operation and management of the Association, exercising all powers, duties and obligations, free from interference or control of the purchasers of the unit estates.

9.2 MEMBERSHIP AND VOTING RIGHTS. Membership and voting rights in the Association shall be as provided in Article VI of the Articles of Incorporation referred to and incorporated herein as stated hereinabove subject to the Declarant's rights of management control of the Association as set out above. Membership shall be mandatory for all unit owners of all units at KINGSPORT, including units constructed at a future date and submitted to the provisions of this MASTER DEED.

9.3 POWERS. The Association shall have all powers granted to it as stated in Article V of said Articles of Incorporation.

9.4 COMMON EXPENSES. The common expenses of the Association shall be shared by the unit owners in amounts determined by applying each unit owner's proportionate share of ownership in the common areas and facilities to the total common expenses of the Association, and as assessed against the unit owners, and their units as provided for hereinafter.

9.5 MANAGEMENT AND MAINTENANCE.

(a) The Association, as a common expense, shall be responsible for the maintenance, repair, and replacement of all the common areas and facilities, including limited common areas including those portions thereof which contribute to the support of the building or buildings, and all conduits, ducts, plumbing, wiring, and other facilities located in the common areas and facilities for the furnishing of utility and other services to the units and said common areas, limited common areas and facilities, and should any incidental damage be caused to any unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair, or replacement of any common areas and facilities or limited common areas, the Association shall, at its expense, repair such incidental damage. Whenever the Association incurs expenses in the maintenance, replacement or repair of common areas or facilities or limited common areas, and such expense is occasioned by any act of a unit owner, his immediate family, guests, or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the unit owner who is responsible for the act causing the damage (whether done by himself or by his family, guests, lessees, or invitees) shall be required to pay such portion of the cost of such maintenance, repair, and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the available insurance proceeds.

(b) The Association shall have the right to make or cause to be made such alterations or improvements to the common areas, limited common areas and facilities which do not prejudice the rights of the owner of any unit in the use and enjoyment of his unit, provided the making of such alterations or improvements are approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be common expenses to be assessed and collected from all of the owners of units. However, where any alterations and improvements are exclusively or substantially for the benefit of the owner or owners of a certain unit and certain unit or units requested the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the owner or owners of the unit or units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

(c) The Declarant may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and

management of the property. However, no such contract shall be binding upon the Association except through express adoption, or ratification of the terms and conditions of such contract. Any such contract shall contain a provision allowing the Association to terminate such contract, without justification or penalty and upon Ninety (90) days notice after transfer of management by the Declarant to the Association.

(d) All contracts and agreements, whether for management or otherwise, entered into by Declarant for the Association, or by the Board, while under the control of Declarant, shall contain a provision allowing the Association to terminate such contract, without justification or penalty and upon Ninety (90) days notice after transfer of management by the Declarant to the Members.

9.6 UNIT OWNERS MAINTENANCE.

(a) Every owner shall perform promptly all maintenance and repair work within his unit, which, if omitted, would affect the condominium, either in its entirety or in a part belonging to other owners; every owner being expressly responsible for the damages and liability which his failure to do so may engender. The owner of each unit shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, and other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his unit. Such owner shall further be responsible and liable for the maintenance, repair and replacement of the surfaces of any and all walls, ceilings, and floors which are a part of his unit, including painting, decoration, furnishings, and all other accessories which such owner may desire to place or maintain in his unit. Whenever the maintenance, repair, and replacement of any item for which the owner of a unit is obligated to maintain, replace or repair, at his own expense in occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair, or replacement, except that the owner of such unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

(b) All parts of a unit shall be kept in good condition and repair by and at the expense of the owner. The unit shall be maintained by the owner in a clean and safe condition, free of nuisance. Each unit owner will promptly comply with any requirements of the insurance underwriters of the insurance for the common areas and facilities when so requested in writing by the Board or its designated agent. Any failure of an owner to repair, maintain, or replace, as may be required pursuant this MASTER DEED, or a determination by the Board or its designated agent that such failure will endanger or impair the value of the common areas and facilities of any unit may be, upon written notice to the owner of the nature of the required repair, maintenance or replacement, repaired or replaced by the Association at special assessment as provided herein and in the By-Laws. Such assessment may include the cost to the Association incurred in the abatement of any nuisance by the unit owner therein.

9.7 LIMITATION OF LIABILITY. Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to unit owners, their families, guests, and invitees for injury or damage caused by any latent condition of the property to be maintained by the Association, or caused by the elements or other owners or persons.

9.8 INSURANCE.

(a) ACQUISITION. Insurance policies upon the condominium (other than title insurance) shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustee for the unit owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the units or any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its right of subrogation as to any claims against the unit owners, the Association and their respective servants, agents and guests. Each unit owner may obtain insurance, at his own expense, affording coverage upon his unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

(b) COVERAGE. All buildings and improvements upon the land and all personal property included in the common areas and facilities and related limited common elements, shall be insured in an amount equal to the maximum insurable replacement cost, excluding foundation and excavation costs. Such coverage shall afford protection against

(i) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(ii) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings and improvement on the real property, including but not limited to, vandalism and malicious mischief.

(c) PUBLIC LIABILITY INSURANCE. Public liability insurance shall be secured by the Association in such amount and with such coverage as shall be deemed necessary by the Board of Directors, but in no event in an amount less than One Million (\$1,000,000.00) Dollars, including, but not limited to, an endorsement to cover liability of the unit owners as a group or to a single unit owner. There shall also be obtained such other insurance coverage as the Board of Directors or manager shall determine from time to time to be desirable or necessary.

(d) FIDELITY COVERAGE. The Board of Directors shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than One and one-half (1 1/2) times the Association's estimated annual operating expenses and reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The fidelity insurance policy shall also provide that it may not be cancelled or substantially modified (including cancellation for non-payment of premiums) without at least Thirty (30) days prior written notice to the Association and all the mortgagees. Provided, however, if professional management is obtained by Association and it has this type of coverage and it handles the Association's funds, then this requirement shall be deemed satisfied.

(e) PREMIUMS. Premiums upon insurance policies purchased by the Association shall be paid by the Association and chargeable to the Association as common expense.

(f) PROCEEDS. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this MASTER DEED. The Board of Directors of the Association is hereby irrevocably appointed agent for each unit owner and his mortgagee as their interest may appear for the purpose of compromising and settling claims arising under insurance policies purchased by the Board of Directors for the benefit of the Association and the unit owners; said Board of Directors or its designee is hereby further empowered to execute and deliver releases to the insurance carrier upon the payment of claims. The Board of Director's duty or its designee's duty upon receipt of such proceeds shall be to hold the same in trust for the purposes elsewhere stated herein or in the By-laws for the benefit of the Association and the unit owners and their mortgagees, as their interest may appear.

(g) DISTRIBUTION OF INSURANCE PROCEEDS. Proceeds of insurance policies shall be payable to the Board of Directors of KINGSFORD HOMEOWNERS ASSOCIATION, INC., as insurance trustee and shall be distributed in the following manner:

(i) EXPENSE OF THE TRUST. All expenses of the insurance trustee shall be first paid or provision made therefor, if any;

(ii) RECONSTRUCTION OR REPAIR. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as determined in Paragraph 9.9 hereof. Any proceeds remaining after defraying such cost shall be distributed as surplus to the General fund of the Homeowners Association as common funds.

(iii) FAILURE TO RECONSTRUCT OR REPAIR. If it is determined, as provided in Paragraph 9.9 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the owners and mortgagees, as their interest shall appear, in the same proportion as their ownership of the common areas, or otherwise as provided in Paragraph 9.9 (ii) (2) below.

(iv) MORTGAGEES. In the event a mortgagee endorsement has been issued to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner, as their interest may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property

BOOK 959 PAGE 852

852

shall be reconstructed or repaired.

9.9 DAMAGE AND DESTRUCTION.

(a) DETERMINATION TO RECONSTRUCT OR REPAIR. If any part of the condominium property shall be damaged by casualty, whether it shall be reconstructed or repaired shall be determined in the following manner:

(i) COMMON AREAS, LIMITED COMMON AREAS, AND FACILITIES. If the damaged improvement is a common area, limited common area, or facility, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated;

(ii) UNITS.

(1) PARTIAL DESTRUCTION: If the damaged improvement is a unit, and if termination as provided in subparagraph (2) below does not take place, the damaged property shall be reconstructed or repaired unless within Sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated;

(2) TOTAL DESTRUCTION: If more than two-thirds (2/3) of the units are destroyed, reconstruction shall not be required. In such event, the insurance proceeds shall be distributed to the owners and their mortgagees, as their interests appear, in the same proportion as their ownership of the common areas, or otherwise if determined by a vote of three-fourths (3/4) of the owners. Reconstruction shall take place in the event One Hundred (100%) percent of the owners agree to such reconstruction.

(b) PLANS AND SPECIFICATIONS. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto as Exhibits; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is a unit, by the owners of all damaged units therein, which approvals shall not unreasonably be withheld.

(c) RESPONSIBILITY. If the damage is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty. In all

Other instances the responsibility of reconstruction and repair shall be that of the Association.

(J) ESTIMATE OF COSTS. Immediately after a determination to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the costs to rebuild or repair.

(e) ASSESSMENTS. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion or reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all unit owners in sufficient amounts to provide funds for the payment of such costs. Such assessments shall be in proportion to the unit owner's share in the common areas and facilities.

9.10 ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGREES. The Association shall at all times maintain a Register setting forth the names of the owners of all of the units. In the event of a sale or transfer of any unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any unit. Further, the owner of each unit shall notify the Association of the names of the parties holding any mortgage or mortgages on any unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

9.11 ASSESSMENTS. *

(a) Each owner of any unit and the Declarant as owner of any unsold units, or units purchased by Declarant, by acceptance of the deed thereto, whether or not it shall be so expressed in such deed, is deemed to, and does thereby, covenant and agree to pay assessments (both regular and special) for the common expenses of the upkeep, maintenance and improvement of the common areas and for expressly designated services provided to all unit owners in the condominium project (excluding specific owner expenses such as utility costs).

(b) All assessments levied against the unit owners and their units shall be uniform and, unless specifically otherwise provided for in this MASTER DEED, all assessments made by the Association shall be in such an amount that any assessment levied against each unit owner and each unit shall bear the same ratio to the total assessment made against all unit owners and their units as the undivided interest in common areas and facilities appurtenant to all units.

(c) Regular assessments provided for herein shall be payable in monthly installments or as determined by the Board. Such installments shall commence for each unit on the first day of the first month following the recordation of the deed for such unit in the Public Records for Horry County, South Carolina, from the Declarant to the first unit owner. Provided that the Declarant shall not be assessed and no assessment shall be due for unsold units for Sixty (60) days from recordation of the deed conveying the first sold unit in each phase submitted.

154

Thereafter, Declarant shall be assessed for unsold units as assessments become due.

(d) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of KINGSPORT and, in particular, for the acquisition, improvement and maintenance of properties, services and facilities including, but not limited to, the costs of water and sewer services; garbage collection; electricity for the common areas, repairs, replacements and additions to the common areas and facilities; the costs of labor, equipment and material expended on the common areas and facilities; the procurement and maintenance of liability and hazard insurance coverage on the common areas; the employment of attorneys, accountants, and professional management personnel when deemed necessary or advisable by the Association; and such other needs as may arise.

(e) The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the condominium, the fiscal year shall commence with the closing of the sale of the first condominium unit). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate items relating to capital improvements. Upon adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall be delivered to each owner of a unit and the assessment for said year shall be established based upon such budget, although the delivery of a copy of said budget to each owner shall not affect the liability of any owner for such assessment. Should the Board of Directors at any time determine, in its sole discretion, that the regular assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the condominium, as contemplated in Article IX, Section 9.9 (e) hereinabove, or if there are unexpected non-recurring expenses associated with the property, the Board of Directors shall have the authority to levy such additional or "special" assessment or assessments as it shall deem to be necessary.

(f) RESERVE FUND. The Board of Directors of the Association, in establishing the annual budget for operation, management, and maintenance of the condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of any capital improvements to the common areas, limited common areas and facilities, which capital improvement and replacement fund (capital improvement fund) shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the common areas, limited common areas and facilities, as well as the replacement of personal property which may constitute a portion of the common areas and facilities held for the joint use and benefit of the owners of units. The amount to be allocated to the capital improvement fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of common areas, limited common areas and facilities. This amount collected for the capital improvement fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to common areas, limited common areas and facilities. Any interest earned on monies in the capital improvement fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance.

(g) WORKING CAPITAL. In addition to the aforementioned Reserve Fund, the Board of Directors of the Association shall establish a fund to be designated as a WORKING CAPITAL FUND. The

purpose of such fund is to insure that the Association Board will have cash available to meet unforeseen expenditures, or to provide additional equipment or services deemed necessary or desirable by the Board. The Board of Directors shall establish, as an allocation to the said fund, a minimum of Two (2) months estimated common area charges for each unit. Each unit estate's share of said fund must be collected and transferred to the Association at the time of closing of the sale of each unit estate.

(h) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operation and management of the condominium, or to the proper undertaking of all acts or duties imposed upon it by virtue of this MASTER DEED, The Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid into the Association by any owner of a unit, the same may be commingled with monies paid to the Association by the other owners of units except as hereinabove specified regarding Reserve Funds. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of the common areas and facilities, shall be held for the benefit of the members of the Association. No member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his unit. When the owner of a unit shall cease to be a member of the Association by reason of his divestment of ownership of such unit, by whatever means, the Association shall not be required to account to such owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such owner, as all monies which any owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the condominium.

(i) The payment of any assessment or installment thereof to the Association (the "Association") shall be in default if such assessment or installment is not paid to the Association within Thirty (30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the maximum rate allowed by law or Eighteen (18%) percent, whichever is lesser, until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the main office of the Association. Any holder, insurer, or guarantor of a mortgage on any unit is entitled to notice whenever the assessments on that unit become Sixty (60) days delinquent. This notice must be requested from the Association in writing.

(j) The owner or owners of each unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such unit while such party or owner or owners are in default in payment of any assessment or installment thereof owed to the Association, such unit owner or owners shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment and for attorney's fee, whether suit be brought or not.

(k) No owner of a unit may exempt himself from liability for any assessment levied against him or his unit by waiver of the use or enjoyment of any of the common areas, limited common areas and facilities, or by abandonment of the unit or in any other way.

(l) The Association are hereby granted a lien upon each unit and its appurtenant undivided interest in common areas, limited common areas and facilities which lien shall secure and does secure the monies due for all assessments now or hereafter

levied against the owner of each such unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessment owing to the Association and, which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said unit and/or membership and its appurtenant undivided interest in common areas, limited common areas and facilities. The lien granted to the Association may be foreclosed in the manner provided by South Carolina law for the foreclosure of mortgages and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the owner of any unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said unit and membership. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to preserve and protect their lien, and the Association shall further be entitled to interest at the highest rate allowed by law, or 18%, whichever is lesser, on any such advances made for such purposes. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any unit or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any unit expressly subject to such lien rights.

(m) The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the Public Records of Horry County, South Carolina, which claim shall state the description of the unit encumbered thereby, the name of the record owner, the amount and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or deed of trust and any person, firm or corporation acquiring title to any unit and its appurtenant undivided interest in common areas and facilities by foreclosure, deed in lieu of foreclosure or judicial sale, shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by owners of all units as a part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

(n) Whenever any unit may be leased, sold, or mortgaged by the unit owner thereof, the Association, upon written request of the unit owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such unit. Such statement shall be prepared by any officer of the Association and any lessee, purchaser, or mortgagee may rely upon such statement in concluding the proposed lease, purchase, or mortgage transaction, and the Association shall be bound by such statement.

(o) In the event that a unit is to be leased, sold or mortgaged at a time when payment of any assessment against the

owner of said unit is due or is in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase, or mortgage proceeds shall be applied by the lessee, purchaser or mortgagee first to payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the owner of any unit who is responsible for payment of such delinquent assessment.

(p) In any voluntary conveyance of a unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.

(q) Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking by foreclosure to attempt such collection, nor shall it be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association.

(r) COMMON SURPLUS. Common surplus, meaning all funds and other assets of the Association (including excess receipts of the Association from, without limitation, assessments, rents, profits, and revenues from whatever source in excess of the amount of the common expense), shall be owned by the owners of all units in the same proportion that the undivided interest in common areas and facilities appurtenant to all units; provided, however, that said common surplus shall be held by the Association in the manner, and subject to the terms, provisions, and conditions of this MASTER DEED, imposing certain limitations and restrictions upon the use and distribution thereof. Distribution of common surplus which may be made from time to time, shall be made to the then owners of units in accordance with their percentage interest in common surplus as declared herein.

9.12 COST OF MAINTENANCE. In the event that the need for maintenance, repair or replacement is caused through the willful or negligent act of the owner or owners of a unit or units, or the family, guests, lessees, or invitees thereof, or results from causes excluded from coverage in the insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which the unit or units or such owner or owners is subject.

9.13 FUTURE CONSTRUCTION BY DECLARANT. Future construction of additional condominium or dwelling units, future phases of the Project on the adjacent property shall not require the consent of the Homeowners Association or the individual unit owners. All such future construction shall be free from the interference, direction, management or control of any sort of the Homeowners Association and/or the individual unit owners.

ARTICLE X MORTGAGE OF UNITS

10.0 Any unit owner may give a deed of trust or mortgage on his unit without prior notice to or authorization by the Declarant or the Board of Directors of the Association; provided, however, that should foreclosure proceedings be instituted under the terms of same mortgage or deed of trust, the unit owner shall notify the Declarant and the Board of Directors of the Association simultaneously by registered mail, return receipt requested, of the pending foreclosure sale, said notice to be given not less

than fifteen (15) days prior to the date of such foreclosure sale. Said notice shall contain the date, time, and place of such sale and shall specify the amount of the outstanding indebtedness remaining on the unit.

ARTICLE XI PARTITIONING

11.0 The common areas, limited common areas and facilities shall not be divided nor shall any right to partition thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entireties, jointly or in common, or in any other form by law permitted.

ARTICLE XII AMENDMENT OF MASTER DEED

12.0 This Master Deed may be amended by the vote of at least Ninety (90%) percent of all unit owners, cast in person or by proxy, at a meeting duly held in accordance with the provisions of the By-Laws; provided, however, that the Declarant shall have the right to amend this Declaration in accordance with the provisions set forth herein pertaining to future construction of the condominium project. No such amendment shall be effective until duly and properly recorded in the Office of the Clerk of Court for Horry County, South Carolina, wherein this initial Declaration is recorded. No rights reserved herein by Declarant may be removed without Declarants consent.

ARTICLE XIII TERMINATION

13.0 The condominium shall be terminated, if at all, in the following manner:

(a) By the unanimous agreement of all unit owners of all units of all existing phases of KINGSPORT expressed in an instrument to that effect duly recorded, and provided, that the holders of all liens affecting any of the units, consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the unit owner in the property as provided herein. The termination shall become effective when such agreement has been recorded in the Public Records of Horry County, South Carolina.

(b) If it is determined in the manner elsewhere provided that the condominium shall not be reconstructed after casualty, the condominium plan of ownership shall be terminated and this MASTER DEED revoked. The determination not to reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded in the Public Records of Horry County, South Carolina.

(c) After termination of the condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the unit or units formerly owned by such unit owners shall have mortgages and liens upon the respective undivided shares of the unit owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the common areas and facilities previously owned by each unit owner. All funds held by the Association and insurance proceeds, if any, shall be and continue to be held for the unit owners in the same proportion.

W. J. Jones, Jr.

859

The costs incurred by the Association in connection with the termination shall be a common expense.

(d) Following termination, the property may be partitioned and sold upon the application of any unit owner. Following a termination, if the Board of Directors determines by not less than a three-fourths (3/4) vote to accept an offer for the sale of the property, each unit owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such forms as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

(e) The members of the Board of Directors, acting collectively as agent for all unit owners, shall continue to have such powers as in this Article are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

13.1 Except as provided for in this MASTER DEED, no alteration in the percentage of ownership in common areas and facilities appurtenant to each unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of common surplus, shall be made without the prior written consent of all of the owners of all units and all of the institutional lenders holding first mortgages or first deeds of trust on the units.

13.2 No alteration, amendment, or modification of the rights and privileges granted and reserved hereunder in favor of an insitutional lender or institutional lenders shall be made without prior written consent of all institutional lenders holding mortgages on units in the condominium being first had and obtained.

13.3 No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the written consent of said party being first had and obtained.

ARTICLE XIV REMEDIES IN EVENT OF DEFAULT

14.0 The owner or owners of each unit shall be governed by and shall comply with the provisions of this MASTER DEED and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended or supplemented from time to time. A default by the owner of any unit shall entitle the Declarant, the Association or the owner of other units to such relief as is available at law or equity, including:

(a) Failure to comply with any of the terms of this MASTER DEED or other restrictions and regulations contained in the Articles of Incorporation or the By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved unit owner.

(b) Each unit owner shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his

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860

family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

(c) In any proceedings arising because of alleged default by a unit owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be determined by the Court, but in no event shall any unit owner be entitled to such attorney's fees.

(d) The failure of the Association or any unit owner to enforce any right, provision, covenant, or condition which may be granted by this MASTER DEED or the other above-mentioned documents, shall not constitute a waiver of the right of the Association or of the unit owner to enforce such right, provision, covenant, or condition in the future.

(e) All rights, remedies and privileges granted to the Association or the owner or owners of a unit pursuant to any terms, provisions, covenants, or conditions of this MASTER DEED or other abovementioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity.

(f) The failure of the Declarant to enforce any right, privilege, covenant, or condition which may be granted to it by this MASTER DEED or other above-mentioned documents, shall not constitute a waiver of the right of the Declarant to thereafter enforce such right, provision, covenant or condition in the future.

(g) The failure of an institutional lender or institutional lenders to enforce any right, provision, privilege, covenant, or condition which may be granted to it or them by the MASTER DEED or other abovementioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE XV RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

15.0 "Institutional Lender" or "Institutional Lenders" as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, the Federal National Mortgage Association, or other mortgage lenders. So long as any institutional lender or institutional lenders shall hold any mortgage upon any unit or units, or shall be the owner of any unit or units, such institutional lender or institutional lenders, holders, insurers or guarantors of such mortgages, shall have the following rights in addition to any rights set out elsewhere in this MASTER DEED:

(a) To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished, upon request, at least one copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Association, such financial statement and report to be furnished by April 15 of each calendar year. Upon submission of more than Fifty (50) units to this Master Deed the financial statement must be audited each year.

BOOK 99 PAGE 861/

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendment, other than as provided for herein for future phases of construction by Declarant, to this MASTER DEED, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

(c) To be given notice of any Sixty (60) day default in the payment of assessments by any owner owning a unit encumbered by a mortgage held by the institutional lender or institutional lenders, such notice to be given in writing and to be sent to the principal office of such institutional lender or institutional lenders, or to the place which it or they may designate in writing.

(d) To be given access to copies of the MASTER DEED, By-Laws of the Association and any Rules applicable to the project.

(e) To be given notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its loan.

(f) To be given notice of a lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(g) To be given notice of any proposed action that requires the consent of a specified percentage of mortgage holders.

15.1 Whenever any institutional lender or institutional lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein, identifying the unit or units upon which any such institutional lender or institutional lenders hold any mortgage or mortgages, or identifying any units owned by them or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the Association to such institutional lender or institutional lenders.

ARTICLE XVI SEVERABILITY

16.0 In the event that any of the terms, provisions, or covenants of this MASTER DEED are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provision, or covenants held to be partially invalid or unenforceable.

BOOK 9, PAGE 862

ARTICLE XVII LIBERAL CONSTRUCTION

17.0 The provisions of this MASTER DEED shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership. These Article headings are for convenience of reference only and shall not be considered terms of this MASTER DEED.

ARTICLE XVIII MASTER DEED OF CONDOMINIUM

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BINDING ON ASSIGNS AND
SUBSEQUENT OWNERS

18.0 The restrictions and burdens imposed by the Articles of this MASTER DEED are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each unit and its appurtenant undivided interest in common areas and facilities; this MASTER DEED shall be binding upon the Declarant, its successors and assigns, and upon all parties who may subsequently become owners of units in the condominium, and their respective heirs, devisees, legal representatives, successors and assigns. This MASTER DEED and the Exhibits attached hereto and amendments hereof shall be construed and controlled by and under the laws of the State of South Carolina. Declarant reserves the right to assign the rights reserved by her hereunder, for the submission of additional units and property hereto, to any other person or entity provided however no such assignee shall assume any risk or liability to any buyer for construction defects for units Deeded by the original Declarant prior to such assignment. Notice of any such assignment shall be duly recorded in the Office of the Clerk of Court for Horry County.

ARTICLE XIX
EMINENT DOMAIN

19.0 In the event of a taking by eminent domain (or condemnation or a conveyance in lieu of condemnation) of part or all of the common areas, limited common areas and facilities, the award of such taking shall be payable to the Association, which shall represent the owners named in the proceedings. Said award shall be utilized to the extent possible for repair, restoration, replacement or improvement of the remaining common areas and facilities, if only part are taken. If all or more than two-thirds (2/3) of all of the general common areas and facilities are taken, it shall be deemed a destruction of more than two-thirds (2/3) of all of the general common areas and facilities and the condominium shall be terminated as hereinbefore provided. Any funds not utilized (in the case of a partial taking) shall be applied in payment of common expenses otherwise assessable. In the event of a taking of all or part or a unit, the award shall be made payable to the owner of such unit and his mortgagee, if any, as their interests may appear. Institutional mortgagees shall be given notice of any condemnation of a material portion of the property.

ARTICLE XX
WARRANTIES AND REPRESENTATIONS

20.0 The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the condominium, except as specifically set forth herein, and no person shall rely upon any warranty or representation not specifically made therein. Any estimates of common expenses, taxes, or other charges are deemed accurate, but no warranty or guarantee is made or intended, nor may one be relied upon. This disclaimer is not to be construed as relieving Declarant from complying with any VA Regulation, specifically VAR 4360.1 (d), requiring warranties against defects in construction for any units sold and guaranteed by the Veterans Administration.

BOOK 9 PAGE 863

IN WITNESS WHEREOF, The Declarant, Peggy Bellamy has caused this MASTER DEED to be signed the day and year first above written.

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WITNESS:

[Signature]
Linda M. Brown

Peggy Bellamy
Peggy Bellamy

Personally appeared before me RENATO KEITH LAWN
who after being duly sworn deposes and states that s/he with
LINDA M. BROWN saw the within named Peggy Bellamy, sign,
seal, and as its act, deliver the preceeding Master Deed for
KINGSFORT Horizontal Property Regime.

Sworn before me this 28th
day of May, 1985.

Linda M. Brown
Notary Public for South Carolina
My commission expires: 4-06-88

[Signature]

864

864

Exhibit "A"

ALL AND SINGULAR, that certain piece, parcel or lot of land, lying, situate and being in Little River Township, Horry County, South Carolina, with all improvements thereon, and being shown on Phase I, containing 0.720 Acres, on a map or plat entitled "Plat of Kings Port Phase I", dated March 30, 1985, revised May 9, 1985, drawn by Culler Land Surveying Co., Inc., recorded in Plat Book _____, at Page _____, records of Horry County, South Carolina; said map being incorporated herein by reference.

Also

A non-exclusive perpetual easement for ingress and egress to the above described property from the State maintained road and U. S. Highway 17 through properties owned by the Decedent which are adjacent to the above described property.

should be PB85-169

REC 859 MAR 865

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KINGSPORT HORIZONTAL PROPERTY REGIME
EXHIBIT "B" TO THE MASTER DEED

Schedule of Percentage (%) of individual interest in Common Elements appurtenant to Dwelling in Kingsport, a Condominium. The Statutory Value is for purposes of this Exhibit and for statutory purposes only and has no relationship to the actual value of each Dwelling. Proportionate interest in Common Elements, as used in Master Deed, refers to those set out below. The percentage (%) of individual interest may change if Grantor elects to add Units, Phases or Stages beyond the first. Additional Units, Phases or Stages will change the Percentages as shown below:

PHASE 1

| <u>UNIT NUMBER</u> | <u>SIZE</u> | <u>STATUTORY VALUE</u> | <u>WITH 24 UNITS SUBMITTED</u> | <u>WITH 86 UNITS SUBMITTED</u> | <u>WITH 152 UNITS SUBMITTED</u> |
|--------------------|-------------|------------------------|--------------------------------|--------------------------------|---------------------------------|
| 101 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 102 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 103 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 104 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 105 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 106 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 201 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 202 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 203 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 204 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 205 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 206 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 301 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 302 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 303 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 304 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 305 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 306 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 401 | 1 BR | \$55,000.00 | 3.77% | 1.11% | .65% |
| 402 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 403 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 404 | 3 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 405 | 2 BR | \$80,000.00 | 4.37% | 1.29% | .75% |
| 406 | 1 BR | \$55,000.00 | 2.77% | 1.11% | .65% |

BCOX

9.9 PAGE 806

PHASE 2

| <u>UNIT NUMBER</u> | <u>SIZE</u> | <u>STATUTORY VALUE</u> | <u>WITH 24 UNITS SUBMITTED</u> | <u>WITH 88 UNITS SUBMITTED</u> | <u>WITH 152 UNITS SUBMITTED</u> |
|--------------------|-------------|------------------------|--------------------------------|--------------------------------|---------------------------------|
| 107 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 108 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 109 | STUDIO | \$45,000.00 | | .82% | .47% |
| 110 | STUDIO | \$45,000.00 | | .82% | .47% |
| 111 | STUDIO | \$45,000.00 | | .82% | .47% |
| 112 | STUDIO | \$45,000.00 | | .82% | .47% |
| 113 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 114 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 115 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 116 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 117 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 118 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 119 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 120 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 121 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 122 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 207 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 208 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 209 | STUDIO | \$45,000.00 | | .82% | .47% |
| 210 | STUDIO | \$45,000.00 | | .82% | .47% |
| 211 | STUDIO | \$45,000.00 | | .82% | .47% |
| 212 | STUDIO | \$45,000.00 | | .82% | .47% |
| 213 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 214 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 215 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 216 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 217 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 218 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 219 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 220 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 221 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 222 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 307 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 308 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 309 | STUDIO | \$45,000.00 | | .82% | .47% |
| 310 | STUDIO | \$45,000.00 | | .82% | .47% |
| 311 | STUDIO | \$45,000.00 | | .82% | .47% |
| 312 | STUDIO | \$45,000.00 | | .82% | .47% |
| 313 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 314 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 315 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 316 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 317 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 318 | 1 BR | \$55,000.00 | | 1.11% | .65% |

BOOK 959 PAGE 867

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PHASE 2 CONTINUED

| <u>UNIT NUMBER</u> | <u>SIZE</u> | <u>STATUTORY VALUE</u> | <u>WITH 24 UNITS SUBMITTED</u> | <u>WITH 88 UNITS SUBMITTED</u> | <u>WITH 152 UNITS SUBMITTED</u> |
|------------------------|-------------|----------------------------|--|--|---|
| 319 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 320 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 321 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 322 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 407 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 408 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 409 | STUDIO | \$45,000.00 | | .82% | .47% |
| 410 | STUDIO | \$45,000.00 | | .82% | .47% |
| 411 | STUDIO | \$45,000.00 | | .82% | .47% |
| 412 | STUDIO | \$45,000.00 | | .82% | .47% |
| 413 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 414 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 415 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 416 | 2 BR | \$80,000.00 | | 1.29% | .75% |
| 417 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 418 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 419 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 420 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 421 | 1 BR | \$55,000.00 | | 1.11% | .65% |
| 422 | 1 BR | \$55,000.00 | | 1.11% | .65% |

PHASE 3

| | | | | | |
|-----|--------|-------------|--|--|------|
| 123 | 2 BR | \$80,000.00 | | | .75% |
| 124 | 2 BR | \$80,000.00 | | | .75% |
| 125 | STUDIO | \$45,000.00 | | | .47% |
| 126 | STUDIO | \$45,000.00 | | | .47% |
| 127 | STUDIO | \$45,000.00 | | | .47% |
| 128 | STUDIO | \$45,000.00 | | | .47% |
| 129 | 2 BR | \$80,000.00 | | | .75% |
| 130 | 2 BR | \$80,000.00 | | | .75% |
| 131 | 2 BR | \$80,000.00 | | | .75% |
| 132 | 2 BR | \$80,000.00 | | | .75% |
| 133 | 1 BR | \$55,000.00 | | | .65% |
| 134 | 1 BR | \$55,000.00 | | | .65% |
| 135 | 1 BR | \$55,000.00 | | | .65% |
| 135 | 1 BR | \$55,000.00 | | | .65% |
| 137 | 1 BR | \$55,000.00 | | | .65% |
| 138 | 1 BR | \$55,000.00 | | | .65% |
| 223 | 2 BR | \$80,000.00 | | | .75% |
| 224 | 2 BR | \$80,000.00 | | | .75% |
| 225 | STUDIO | \$45,000.00 | | | .47% |
| 226 | STUDIO | \$45,000.00 | | | .47% |
| 527 | STUDIO | \$45,000.00 | | | .47% |
| 228 | STUDIO | \$45,000.00 | | | .47% |
| 229 | 2 BR | \$80,000.00 | | | .75% |

BOOK 959 PAGE 868

868

PHASE 3 CONTINUED

| <u>UNIT NUMBER</u> | <u>SIZE</u> | <u>STATUTORY VALUE</u> | <u>WITH 24 UNITS SUBMITTED</u> | <u>WITH 88 UNITS SUBMITTED</u> | <u>WITH 152 UNITS SUBMITTED</u> |
|--------------------|-------------|------------------------|--------------------------------|--------------------------------|---------------------------------|
| 230 | 2 BR | \$80,000.00 | | | .75% |
| 231 | 2 BR | \$80,000.00 | | | .75% |
| 232 | 2 BR | \$80,000.00 | | | .75% |
| 233 | 1 BR | \$55,000.00 | | | .65% |
| 234 | 1 BR | \$55,000.00 | | | .65% |
| 235 | 1 BR | \$55,000.00 | | | .65% |
| 236 | 1 BR | \$55,000.00 | | | .65% |
| 237 | 1 BR | \$55,000.00 | | | .65% |
| 238 | 1 BR | \$55,000.00 | | | .65% |
| 323 | 2 BR | \$80,000.00 | | | .75% |
| 324 | 2 BR | \$80,000.00 | | | .75% |
| 325 | STUDIO | \$45,000.00 | | | .47% |
| 326 | STUDIO | \$45,000.00 | | | .47% |
| 327 | STUDIO | \$45,000.00 | | | .47% |
| 328 | STUDIO | \$45,000.00 | | | .47% |
| 329 | 2 BR | \$80,000.00 | | | .75% |
| 330 | 2 BR | \$80,000.00 | | | .75% |
| 331 | 2 BR | \$80,000.00 | | | .75% |
| 332 | 2 BR | \$80,000.00 | | | .75% |
| 333 | 1 BR | \$55,000.00 | | | .65% |
| 334 | 1 BR | \$55,000.00 | | | .65% |
| 335 | 1 BR | \$55,000.00 | | | .65% |
| 336 | 1 BR | \$55,000.00 | | | .65% |
| 337 | 1 BR | \$55,000.00 | | | .65% |
| 338 | 1 BR | \$55,000.00 | | | .65% |
| 423 | 2 BR | \$80,000.00 | | | .75% |
| 424 | 2 BR | \$80,000.00 | | | .75% |
| 425 | STUDIO | \$45,000.00 | | | .47% |
| 426 | STUDIO | \$45,000.00 | | | .47% |
| 427 | STUDIO | \$45,000.00 | | | .47% |
| 428 | STUDIO | \$45,000.00 | | | .47% |
| 429 | 2 BR | \$80,000.00 | | | .75% |
| 430 | 2 BR | \$80,000.00 | | | .75% |
| 431 | 2 BR | \$80,000.00 | | | .75% |
| 432 | 2 BR | \$80,000.00 | | | .75% |
| 433 | 1 BR | \$55,000.00 | | | .65% |
| 434 | 1 BR | \$55,000.00 | | | .65% |
| 435 | 1 BR | \$55,000.00 | | | .65% |
| 436 | 1 BR | \$55,000.00 | | | .65% |
| 537 | 1 BR | \$55,000.00 | | | .65% |
| 438 | 1 BR | \$55,000.00 | | | .65% |

BOOK 959 PAGE 869

869

BY-LAWS

OF

KINGSPORT HOMEOWNERS ASSOCIATION
A SOUTH CAROLINA NON-PROFIT CORPORATION

ARTICLE I. INTRODUCTION

The following By-Laws shall govern the operation of the Condominium created by the Master Deed to which these By-Laws are attached.

The Association whose name appears at the end of this instrument is a South Carolina Corporation not for profit, organized and existing under the laws of the State of South Carolina for the purpose of administering the Condominium created by the Master Deed to which these By-Laws are attached.

Section 1. The office of the Association shall be at the Condominium property, or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 2. The Seal of the Corporation shall bear the name of the Corporation, the words "South Carolina", the words, "Corporation not for profit", and the year of incorporation.

Section 3. As used herein, the word, "Corporation", shall be equivalent of "Association"; as defined in the Master Deed to which these By-Laws are attached. All other words, as used herein, shall have the same definitions as attributed to them in the Master Deed to which these By-Laws are attached.

Section 4. All provisions of these By-Laws shall apply to Phase I from the date hereof and shall apply to Phase II through III if and when it or they are submitted as set forth in the Master Deed. All provisions hereof shall be subject to the right to submit Phase II through III and nothing herein contained shall operate to preclude such submission.

ARTICLE II. MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership in the Association shall be limited to Owners of the Condominium Dwellings in Condominiums wherein this Corporation has been designated the Association to operate and administer said Condominium by virtue of the Master Deed of said Condominium. Transfer of Dwelling Ownership, either voluntary or by operation of law, shall terminate membership in the Association and said membership is to become vested in the transferee. If Dwelling Ownership is vested in more than one person, then all of the persons so owning said Dwelling shall be members eligible to hold office, attend meetings, etc., but, as hereinafter indicated, the vote of a Dwelling shall be cast by the "voting member". If Dwelling Ownership is vested in a Corporation, said Corporation may designate an individual officer or employee of the Corporation as its "voting member".

Section 2. Voting:

(a) The Owner(s) of each Condominium Dwelling shall be entitled to a vote equal to the percentage of ownership of common elements and limited common elements as reflected in Exhibit "B" of the Master Deed. If a Condominium Dwelling Owner owns more than one (1) Dwelling, he shall be entitled to vote for each Dwelling owned. The vote of a Condominium Dwelling shall not be divisible.

(b) A majority of the Dwelling Owners' total votes shall decide any question, unless the Master Deed, By-Laws or Articles of Incorporation of the Association provide otherwise.

Section 3. Quorum: Unless otherwise provided in these By-Laws, the presence in person or in proxy of a majority of the Dwelling Owners' total votes shall constitute a quorum. Provided, further, the consent of the Owners of Dwellings to which at least sixty-seven (67%) percent of the votes in the Homeowners Association are allocated and the approval of eligible holders holding mortgages on Dwellings which have at least fifty-one (51%) percent of the votes of Dwellings subject to eligible holder mortgages, shall be required to add or amend any material provisions of the constituent documents of the project, which establish, provide for, govern or regulate any of the following:

- (a) Voting;
- (b) Assessments, assessment liens or subordination of such liens;
- (c) Reserves for maintenance, repair and replacement of the common elements (or Dwellings if applicable);
- (d) Insurance or Fidelity Bonds;
- (e) Rights to use of the common elements;
- (f) Responsibility for maintenance and repair of the several portions of the project;
- (g) Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- (h) Boundaries of any Dwelling;
- (i) The interests in the general or limited common elements;
- (j) Convertibility of Dwellings into common elements or of common elements into Dwellings;
- (k) Leasing of Dwellings;
- (l) Imposition of any right of first refusal or similar restriction on the right of a Dwelling Owner to sell, transfer, or otherwise convey his or her Dwelling;
- (m) Any provisions which are for the express benefit of mortgage holders, eligible mortgage holders or eligible insurers or guarantors of first mortgages on Dwellings.

Section 4: Proxies: Votes may be cast in person or by proxy. All proxies shall be in writing and signed by the person entitled to vote (as set forth below in Section 5).

Section 5: Designation of Voting Member: If a Condominium Dwelling is owned by one person, his right to vote shall be established by the recorded title to the Dwelling. If a Condominium Dwelling is owned by more than one (1) person, the person entitled to cast the vote for the Dwelling shall be designated in a Certificate, signed by all of the recorded Owners of the Dwelling and filed with the Secretary of the Association. If a Condominium Dwelling is owned by a Corporation, the officer or employee thereof entitled to cast the vote of the Dwelling for the Corporation shall be designated in a Certificate for this purpose, signed by the President or Vice-President, attested to by the Secretary or Assistant Secretary of the Corporation, and filed with the Secretary of the Association. The person designated in such Certificate who is entitled to vote shall be the voting member of the Corporation.

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for a Dwelling shall be known as the "voting member". If such a Certificate is not on file with the Secretary of the Association for a Dwelling owned by more than one person or by a Corporation, the vote of the Dwelling concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Dwelling. Such Certificates shall be valid until revoked or until superseded by a subsequent Certificate, or until a change in the Ownership of the Dwelling concerned.

ARTICLE III. MEETING OF THE MEMBERSHIP

Section 1. Place: All meetings of the Association membership shall be held at the Condominium(s) property, or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of the meeting, and shall be open to all Dwelling Owners.

Section 2. Notices: It shall be the duty of the Secretary to mail or deliver a Notice of such annual or special meeting, stating the time and place thereof, to each Dwelling Owner of record at least ten (10) but not more than thirty (30) days prior to such meeting. Notice of any special meeting shall state the purpose thereof. All Notices shall be mailed to or served at the address of the Dwelling Owner as it appears on the books of the Association.

Section 3. Annual Meeting: The annual meeting shall be held in October of each year at a date, time and place to be determined by the board for the purpose of electing Directors and transacting any other business authorized to be transacted by the members, provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting, the members shall elect by plurality vote a Board of Directors, and shall transact such other business as may properly be brought before the meeting.

Section 4. Special Meeting: Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President or Secretary at the request, in writing, of a majority of the Board of Directors, or at the request, in writing, of voting members representing twenty-five (25%) percent of the members' total votes, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the objects stated in the Notice thereof.

Section 5. Waiver and Consent: Whenever the vote of members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with if not less than a majority of the members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken; however, Notice of such action shall be given to all members, unless all members approve such action.

Section 6. Adjourned Meeting: If any meeting of members cannot be organized because a quorum of voting members is not present, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present.

Section 7. Approval or Disapproval: Approval or disapproval of a Dwelling Owner upon any matter, whether or not the subject of an Association meeting, shall be by the voting members.

Section 8. The Management Firm: The Management Firm, as long as any management Agreement remains in effect, shall be entitled to Notice of all Association meetings, and

shall be entitled to attend the Association's meetings, and it may designate such person(s) as it desires to attend such meetings on its behalf.

ARTICLE IV. DIRECTORS

Section 1. Number, Term and Qualifications: The affairs of the Association shall be governed by a Board of Directors composed of not less than three (3) nor more than seven (7) persons, as is determined from time to time by the members. All Directors, except those designated by the Developer, shall be members of the Association. All officers of a Corporate Dwelling owner shall be deemed to be members of the Association so as to qualify as a Director herein. The term of each Director's service shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified, or until he is removed in the manner provided in Section 3 below.

Section 2. First Board of Directors:

(a) The first Board of Directors of the Association who shall hold office and serve until their successors have been elected and qualified, shall consist of the following:

Maxie Collins
Mike Collins

(b) The organizational meeting of a newly elected Board of Directors of the Association shall be held within ten (10) days of their election, at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

Section 3. Removal of Directors: At any time after the first annual meeting of the membership at any duly convened regular or special meeting, any one or more of the Directors may be removed, with or without cause, by the affirmative vote of the voting members casting not less than a majority of the total votes present at said meeting, and a successor may then and there be elected to fill the vacancy thus created. Should the membership fail to elect said successor, the Board of Directors may fill the vacancy in the manner provided in Section 4 below.

Section 4. Vacancies on Directors: If the office of any Director or Directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining Directors, though less than a quorum, shall choose a successor or successors, who shall hold office for the balance of the unexpired term in respect to which such vacancy occurred. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors.

Section 5. Disqualification and Resignation of Directors: Any Director may resign at any time by sending a written Notice of such resignation to the office of the Corporation, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the Directors elected at such first annual meeting of the membership, the transfer of title of his Dwelling by a Director shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors. No member shall continue to serve on the Board should he be more than thirty (30) days delinquent in the payment of any assessment or maintenance fee and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 6. Regular Meetings: The Board of Directors may establish a schedule of regular meetings to be held at such time and place as the Board of Directors may designate. Notice of such regular meetings shall nevertheless, be given to each Director personally or by mail, telephone or telegram at least five (5) days prior to the day named for such meeting. All meetings of the Board of Directors, including special meetings in accordance with Section 7 below, shall be open to all Dwelling Owners.

Section 7. Special Meetings: Special meetings of the Board of Directors may be called by the President, and in his absence, by the Vice-President, or by a majority of the members of the Board of Directors, by giving five (5) days Notice, in writing, to all of the members of the Board of Directors of the time and place of said meeting. All Notices of special meetings shall state the purpose of the meeting.

Section 8. Directors' Waiver of Notice: Before or at any meeting of the Board of Directors, any Director may waive Notice of such meeting and such waiver shall be deemed equivalent to the giving of Notice. Attendance by a Director at any meeting of the Board shall be a waiver of Notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no Notice shall be required and any business may be transacted at such meeting.

Section 9. Quorum: At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at such meetings at which a quorum is present, shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof, shall constitute the presence of such Director for the purpose of determining a quorum.

Section 10. Compensation: The Directors' fees, if any, shall be determined by the voting members.

Section 11. Developer's Selection of Directors: Further, until one hundred twenty (120) days after seventy-five (75%) percent of the Dwellings in the Horizontal Property Regime (including Phases I through III) have been conveyed to Dwelling purchasers; or five (5) years following the conveyance of the first Dwelling, whichever occurs first, then Grantors shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association, and said Directors may not be removed by members of the Association, as elsewhere provided herein; and where a vacancy occurs for any reason whatsoever, the vacancy shall be filled by the person designated by the Developer.

Section 12. The Management Firm: The Management Firm, as long as any management Agreement remains in effect, shall be entitled to Notice of all Directors' meetings and shall be entitled to attend the Directors' meetings and it may designate such person(s) as it desires to attend such meetings on its behalf.

Section 13. Powers and Duties: The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Master Deed, this Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by Dwelling Owners. These powers shall specifically

include, but shall not be limited to the following:

(a) To exercise all powers specifically set forth in the Master Deed, this Association's Articles of Incorporation, in these By-Laws, and in the Condominium Act, and all powers incidental thereto.

(b) To make and determine assessments and maintenance fees, collect said assessments and maintenance fees, and use and expend the assessments and maintenance fees, to carry out the purposes and powers of the Association.

(c) To employ, dismiss and control the personnel necessary for the maintenance and operation of the Condominium, and of the common areas and facilities including the right and power to employ attorneys, accountants, contractors, and other professionals as the need arises.

(d) To make and amend regulations respecting the operation and use of the common elements and Condominium property, and the use and maintenance of the Condominium Dwellings therein.

(e) To contract for the management of the Condominium. To contract for the management or operation of portions of the common elements susceptible to the separate management or operation thereof, and to lease or concession such portions.

(f) The further improvement of the Condominium property, both real and personal, and the right to purchase realty and items of furniture, furnishings, fixtures and equipment for the foregoing, and the right to acquire and enter into Agreements, subject to the provisions of the applicable Master Deed, this Association's Articles of Incorporation and these By-Laws.

(g) Designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. Such committee shall consist of at least three (3) members of the Association. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular Minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by Dwelling Owners when such is specifically required.

ARTICLE V. OFFICERS

Section 1. Elective Officers: The principal officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors.

One person may not hold more than one of the aforementioned offices, except one person may be both Secretary and Treasurer. The President and Vice-President shall be members of the Board of Directors. Notwithstanding the foregoing, the restriction as to one person holding only one of the aforementioned offices or the President and Vice-President being members of the Board of Directors shall not apply while the Association is under the control of the Developer, the control being the right of the Developer to select a majority of the Board of Directors.

Section 2. Election: The officers of the Association designated in Section 1 of this Article shall be elected annually by the Board of Directors at the organizational meeting of each new Board following the meeting of the members.

Section 3. Appointive Officers: The Board may appoint Assistant Secretaries and Assistant Treasurers, and such other officers as the Board of Directors deems necessary.

Section 4. Term: The officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors, provided, however, that no officer shall be removed except by the affirmative vote for removal by a majority of the whole Board of Directors (e.g. if the Board of Directors is composed of five persons, then three of said Directors must vote for removal). If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 5. The President: He shall be the chief executive officer of the Association; he shall preside at all meetings of the Dwelling Owners and of the Board of Directors. He shall have executive powers and general supervision over the affairs of the Association and other officers. He shall sign all written contracts to perform all of the duties incident to his office and which may be delegated to him from time to time by the Board of Directors.

Section 6. The Vice-President: He shall perform all of the duties of the President in his absence, and such other duties as may be required of him from time to time by the Board of Directors of the Association.

Section 7. The Secretary: He shall issue Notices of all Board of Directors' meetings and all meetings of the Dwelling Owners; he shall attend and keep the Minutes of same; he shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

Section 8. The Treasurer:

(a) He shall have custody of the Association's funds and securities, except the funds payable to any Management Firm, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time to by the Board of Directors. The books shall reflect an account for each Dwelling.

(b) He shall disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may require it, an account of all of his transactions as the Treasurer and of the financial condition of the Association.

(c) He shall collect the assessments and maintenance fees and shall promptly report the status of collections and of all delinquencies to the Board of Directors.

(d) He shall give status reports to potential transferees on which reports the transferees may rely.

(e) The Assistant Treasurer shall perform the duties of the Treasurer when the Treasurer is absent.

(f) The duties of the Treasurer may be fulfilled by a Management Firm employed by the Association, and said Management Firm shall fulfill the duties of the Treasurer, and shall have custody of such books of the Association as the Board of Directors shall determine.

Directors determines in their sole discretion and the foregoing may include any books required to be kept by the Secretary of the Association.

ARTICLE VI. FINANCES AND ASSESSMENTS

Section 1. Depositories: The funds of the Association shall be deposited in such banks and depositories as may be determined by the Board of Directors from time to time upon resolutions approved by the Board of Directors, and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association as may be designated by the Board of Directors. Obligations of the Association shall be signed by at least two (2) officers of the Association; provided, however, that the provisions of any Management Agreement between the Association and a Management Firm relative to the subject matter in this Section shall supercede the provisions hereof.

Section 2. Fidelity Bonds: The Treasurer and all officers who are authorized to sign checks, and all officers and employees of the Association, and any contractor handling or responsible for Association Funds shall be bonded in such amount as may be determined by the Board of Directors. The premiums on such Bonds shall be paid by the Association. The Bond shall be in an amount sufficient to equal the monies an individual handles or has control of via a signatory or a bank account or other depository account, but shall not be less than specified in the Master Deed.

Section 3. Fiscal Year: The fiscal year for the Association shall begin on the first day of January of each year provided, however, that the Board of Directors is expressly authorized to change to a different fiscal year in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the Board of Directors deems it advisable.

Section 4. Determination of Assessments:

(a) The Board of Directors of the Association shall fix and determine from time to time, the sum or sums necessary and adequate for the common expenses of the Condominium. Common expenses shall include expenses for the operation, maintenance, repair or replacement of the common elements and the limited common elements, costs of carrying out the powers and duties of the Association, all insurance premiums and expenses relating thereto, including fire insurance and extended coverage, and any other expenses designated as common expenses from time to time by the Board of Directors of the Association, or under the provisions of the Master Deed to which these By-Laws are attached. The Board of Directors is specifically empowered, on behalf of the Association to make and collect assessments and to lease, maintain, repair and replace the common elements and limited common elements of the Condominium. Funds for the payment of common expenses shall be assessed against the Dwelling Owners in the proportions or percentages of sharing common expenses, as provided in the Master Deed. Regular assessments shall be due and payable monthly on the first day of each month. Special assessments, should such be required by the Board of Directors, shall be levied in the same manner as hereinbefore provided for regular assessments, and shall be payable in the manner determined by the Board of Directors.

(b) A copy of the proposed annual budget of common expenses shall be mailed to the Dwelling Owners not less than thirty (30) days prior to the meeting at which the budget will be considered, together with a Notice of that meeting. The Dwelling Owners shall be given written notice of the time and place at which the meeting of the Board of Directors shall be held to consider the proposed annual budget of common expenses, and such meeting shall be open to the Dwelling Owners. If a budget is

adopted by the Board of Directors which requires assessment against the Dwelling Owners in any fiscal or calendar year exceeding 115% of such assessments for the preceding year, upon written application of 10% of the Dwelling Owners, a special meeting of the Dwelling Owners shall be held upon no less than ten (10) days written notice to each Dwelling Owner, but within thirty (30) days of the delivery of such application to the Board of Directors or any member thereof, at which special meeting Dwelling Owners may consider and enact a revision of the budget, or recall any and all members of the Board of Directors and elect their successors. In either case, unless these By-Laws shall require a larger vote, the revision of the budget or the recall of any and all members of the Board of Directors shall require a vote of not less than a majority of the whole number of votes of all Dwelling Owners. The Board of Directors may in any event propose a budget to the Dwelling Owners at a meeting of members or by writing, and if such budget or proposed budget be approved by the Dwelling Owners at the meeting, or by a majority of their whole number by a writing, such budget shall not thereafter be re-examined by the Dwelling Owners in the manner hereinabove set forth. In determining whether assessments exceed 115% of similar assessments in prior years, there shall be excluded in the computation, any provision for reasonable reserves made by the Board of Directors in respect of repair or replacement of the Condominium property or in respect of anticipated expenses by the Condominium Association which are not anticipated to be incurred on a regular or annual basis and there shall be excluded from such computation, assessment for betterments to the Condominium property if these By-Laws so provide or allow the establishment of reserves, or assessments for betterments to be imposed by the Board of Directors, provided, however, that so long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for a year greater than 115% of the prior fiscal or calendar year's assessment without approval of a majority of the Dwelling Owners. When the Board of Directors has determined the amount of any assessment, the Treasurer of the Association shall mail or present to each Dwelling Owner a statement of said Dwelling Owner's assessment. All assessments shall be payable to the Treasurer of the Association and, upon request, said Treasurer shall give a receipt for each payment made to him.

Section 6. Application of Payments and Co-Mingling of Funds: All sums collected by the Association from assessments may be co-mingled in a single fund or divided into more than one fund, as determined by the Board of Directors of the Association. All assessment payments shall be applied as to interest, delinquencies, costs and attorney's fees, other charges, expenses and advances as provided herein and in the Master Deed and general or special assessments, in such manner and amounts as the Board of Directors determines in its sole discretion.

Section 7. Acceleration of Assessment Installments Upon Default: If a Dwelling Owner shall be in default in the payment of an installment upon any assessment or maintenance fee, the Board of Directors may accelerate the remaining monthly installments for the fiscal year upon Notice thereof to the Dwelling Owner and, thereupon, the unpaid balance of the assessment or maintenance fee, shall become due upon the date stated in the Notice, but not less than fifteen (15) days after delivery of or the mailing of such Notice to the Dwelling Owner.

Section 8. Audits: An audit of the accounts of the Association shall be made annually. Said audit shall be prepared by a certified public accountant as the Board of Directors determines, and a copy of said report shall be available to the members of the Association in the office of said Association and with the Treasurer of the Association. Such report shall be available not later than three (3) months after the end of the year for which the report is made.

Section 9. Application of Surplus: Any payments or receipts to the Association, whether from Dwelling owners or otherwise, paid during the year in excess of the operating expenses and other common expenses of the Association shall be kept by the Association and applied against the Association's expenses for the following year.

ARTICLE VII. ADDITIONS OR ALTERATIONS

There shall be no additions or alterations to the common elements or limited common elements of the Condominium(s) which this Association operates and maintains except as specifically provided for in said Condominium's Master Deed.

ARTICLE VIII. COMPLIANCE AND DEFAULT

Section 1. Violations: In the event of a violation (other than the nonpayment of an assessment or maintenance fee) by the Dwelling Owner in any of the provisions of the Master Deed, of these By-Laws, or of the applicable portions of the Condominium Act, the Association, by direction of its Board of Directors, may notify the Dwelling owner by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of seven (7) days from the date of Notice, the Association, through its Board of Directors, shall have the right to treat such violation as an intentional and inexcusable and material breach of the Master Deed, of the By-Laws, or of the pertinent provisions of the Condominium Act, and the Association may then, at its option, have the following elections:

(a) An action at law to recover for its damage, on behalf of The Association or on behalf of the other Dwelling Owners;

(b) An action in equity to enforce performance on the part of the Dwelling Owner; or

(c) An action in equity for such equitable relief as may be necessary under the circumstances, including injunctive relief.

Any violations which are deemed by the Board of Directors to be a hazard to public health may be corrected immediately as an emergency matter by the Association and the cost thereof shall be charged to the Dwelling Owner as a specific item, which shall be a lien against said Owner's Dwelling with the same force and effect as if the charge were a part of the common expenses.

Section 2. Negligence or Carelessness of Dwelling Owner, Etc.: All Dwelling Owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment or any Dwelling or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by any insurance company of its rights of subrogation. The expense for any maintenance, repair or replacement required, as provided in this Section, shall be charged to said Dwelling Owner as a specific item which shall be a lien against said Owner's Dwelling with the same force and effect as if the charge were a part of the common expenses.

Section 3. Costs and Attorneys' Fees: In any proceeding arising because of an alleged default by a Dwelling Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

Section 4. No Waiver of Rights: The failure of the Association or of a Dwelling Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium documents shall not constitute a waiver of the right of the Association or Dwelling Owner to enforce such right, provision, covenant or condition in the future.

Section 5. Election of Remedies: All rights, remedies and privileges granted to the Association or Dwelling Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be granted to such other party by Condominium documents, or at law or in equity.

ARTICLE IX. ACQUISITION OF DWELLINGS ON FORECLOSURE:

Section 1. Acquisition of Dwellings on Foreclosure: At any foreclosure sale of a Dwelling the Board of Directors may, with the authorization and approval by the affirmative vote of voting members casting not less than fifty-one percent (51%) of the total votes of the members present at any regular or special meeting of the members wherein said matter is voted upon, acquire in the name of the Association, or its designee, a Condominium parcel being foreclosed. The term "foreclosure", as used in this Section, shall mean and include any foreclosure of any lien, excluding the Association's lien for assessments.

The power of the Board of Directors to acquire a Condominium parcel at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the said Board of Directors or of the Association to do so at any foreclosure sale, the provisions hereof being permissive in nature and for the purpose of setting forth the power in the Board of Directors to do so should the requisite approval of the voting members be obtained. The Board of Directors shall not be required to obtain the approval of Dwelling Owners at the foreclosure sale of a Dwelling due to the foreclosure of the Association's lien for assessments or maintenance fees under the provisions of the Master Deed to which these By-Laws are attached notwithstanding the sum the Board of Directors determines to bid at such foreclosure sale.

Section 2. Transfer of Dwellings: All Owners of Dwellings shall notify the Association, of any transfer, by sale or otherwise, of said Dwelling within ten (10) days of the date of same. Said Notice shall include such information and be in the form that the Association shall prescribe from time to time. The Association may send all necessary Notices to the person shown as Owner of said Dwelling in its records, and said Notice shall be binding as to any other Owner of said Dwelling where the Association has not been notified as provided herein.

ARTICLE X. AMENDMENTS TO THE BY-LAWS:

The By-Laws may be altered, amended or added to at any duly called meeting of the Dwelling Owners, provided:

(1) Notice of the meeting shall contain a statement of the proposed Amendment;

(2) The Amendment shall be approved by the affirmative vote of the voting members casting not less than sixty-seven (67%) percent of the total votes of the members of the Association; and,

(3) Said Amendment shall be recorded and certified as required by the Condominium Act.

(4) Notwithstanding the foregoing, these By-Laws may only be amended with the written approval when required of the parties specified in the Master Deed to which these By-Laws are attached.

ARTICLE XI. NOTICES

Whatever Notices are required to be sent hereunder shall be delivered or sent in accordance with the applicable provisions for Notices as set forth in the Master Deed to which these By-Laws are attached.

ARTICLE XII. INDEMNIFICATIONS

The Association shall indemnify every Director and every Officer, his heirs, executors, and administrators, against all loss, cost and expense reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XIII. LIABILITY SURVIVES TERMINATION OF MEMBERSHIP

The termination of membership in the Condominium shall not relieve or release any such former Owner or member from any liability or obligations incurred under or in any way connected with the Condominium during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto.

ARTICLE XIV. LIMITATION OF LIABILITY

Notwithstanding the duty of the Association to maintain and repair parts of the Condominium property, the Association shall not be liable for injury or damage caused by a latent condition in the property, nor for injury or damage caused by the elements or by other Owners or persons.

ARTICLE XV. PARLIAMENTARY RULES

Roberts Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Condominium Act, the Master Deed, or these By-Laws.

ARTICLE XVI. LIENS

Section 1. Protection of Property: All liens against a Condominium Dwelling, other than for mortgages, taxes or special assessments, shall be satisfied or otherwise removed within thirty (30) days of the date the lien is attached. All taxes and special assessments upon a Condominium Dwelling or Dwelling Week shall be paid before becoming delinquent, as provided in these Condominium documents or by law, whichever is sooner.

Section 2. Notice of Lien: A Dwelling Owner shall give Notice to the Association of every lien upon his Dwelling, other than for mortgages, taxes and special assessments within five (5) days after the attaching of the lien.

Section 3. Notice of Suit: Dwelling Owners shall give Notice to the Association of every suit or other proceeding which will or may affect title to his Dwelling or any part of the property, such Notice to be given within five (5)

days after the Dwelling Owner receives Notice thereof.

Section 4. Failure to Comply: Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

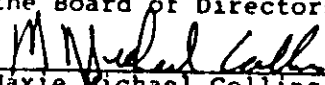
ARTICLE XVII. RULES AND REGULATIONS

Section 1. The Board of Directors may, from time to time, adopt or amend previously adopted administrative Rules and Regulations governing the details of the operation, use, maintenance, management and control of the common elements and limited common elements of the Condominium and any facilities or services made available to the Dwelling Owners. A copy of the Rules and Regulations adopted from time to time as herein provided shall from time to time be posted in a conspicuous place and/or copies of same shall be furnished each Dwelling Owner.

Section 2. As to Condominium Dwellings: The Board of Directors, may from time to time adopt or amend previously adopted Rules and Regulations governing and restricting the use and maintenance of the Condominium Dwellings provided, however, that copies of such Rules and Regulations, prior to the time the same become effective, shall be posted in a conspicuous place and/or copies of same shall be furnished to each Dwelling Owner.

Section 3. Conflict: In the event of any conflict between the Rules and Regulations adopted, or from time to time amended, and the Condominium documents, or the Condominium Act, the latter shall prevail. If any unreconciled conflict should exist or hereafter arise with respect to the interpretation of these By-Laws and the Master Deed, the provisions of said Master Deed shall prevail.

The foregoing was adopted as the By-Laws of the Kingsport Homeowners Association, Inc., at the first meeting of the Board of Directors.


Maxie Michael Collins
President



Maxie C. Collins, III
Vice President

EXHIBIT "E"

NARRATIVE DESCRIPTION

Exhibit "F" incorporates a survey showing the location of Phase I and related site improvements, said survey being recorded in the Office of the Clerk of Court for Horry County in Plat Book 85, at Page 169. A set of Floor Plans of the building that show graphically the dimensions and areas of the dwelling units and common areas is recorded in Condominium Plat Book 3, at Page 35.

The building contains 24 dwelling units on four (4) floor levels. The six (6) units on the first level are accessed directly by ground level walkways. The eighteen (18) units on floors two, three and four are accessed by walkways and stairs serving each level. The building, together with the walkways, parking areas, and access road are all common areas.

Dwelling unit number designations are as follows:

First Floor Units 101 thru 106;

Second Floor Units 201 thru 206;

Third Floor Units 301 thru 306; and

Fourth Floor Units 401 thru 406.

All built-in appliances are a part of the unit in which they are located and are not common elements. Any private balcony adjacent to each unit, including the railing is a limited common area and is subject to restrictions and regulations as set out elsewhere in this Master Deed.

BOOK 950 PAGE 881

884

EXHIBIT "F"

FLOOR PLANS AND SURVEY

The copy of the Floor Plans for Phase I are filed of record in the Office of the Clerk of Court for Horry County in Condominium Plat Book 3, at Page 35.

A boundary survey of the property comprising Phase I and showing the location of the building thereon is filed in the Office of the Clerk of Court for Horry County in Plat Book 35, at Page 169.

BOOK 959 PAGE 885

885

EXHIBIT "C"

ARCHITECT'S CERTIFICATE

The Architect's Certificate is filed as an attachment to the Floor Plans for Phase I which are recorded in the Office of the Clerk of Court for Horry County in Condominium Plat Book 3, at Page 35.

BOOK 959 PAGE 886

886