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STATE OF SOUTH CAROLINA)
)
COUNTY OF CHARLESTON)

MASTER DEED
FOR
MARINER'S CAY RACQUET AND YACHT CLUB
A SOUTH CAROLINA HORIZONTAL PROPERTY REGIME
(an expandable regime)

KNOW ALL MEN BY THESE PRESENTS, that this Master Deed is made on the date hereinafter set forth by Mariner's Cay Development Corp., hereinafter called "Grantor", a corporation organized and existing pursuant to the laws of the State of South Carolina;

W I T N E S S E T H:

WHEREAS, Grantor is the owner in fee simple of real property and buildings and improvements thereon which property is located in Charleston County, South Carolina, which is more particularly described in EXHIBIT "A" attached hereto and incorporated herein by this reference (hereinafter referred to as the "property"); and

WHEREAS, Grantor desires to submit the property to the provisions of the Horizontal Property Act, 1976 South Carolina Code of Laws §27-31-10 et. seq., as amended (hereinafter sometimes referred to as the "Act") thereby creating an expandable Horizontal Property Regime known as Mariner's Cay Racquet and Yacht Club; and

WHEREAS, Grantor desires to publish a plan for the individual ownership of the several Apartment Units and the ownership of individual interests in that real property hereinafter defined as "Common Area and Facilities" and "Limited Common Area and Facilities"; and

WHEREAS, Grantor desires to convey the property pursuant and subject to certain protective covenants, conditions and restrictions, reservations, liens and charges hereinafter set forth;

NOW, THEREFORE, Grantor hereby submits the property to the provisions of the Horizontal Property Act, 1976 South Carolina Code of Laws §27-31-10 et. seq., as amended, and hereby publishes its plan as to the division of the property, the imposition of covenants, conditions, restrictions, reservations, liens and charges thereon and the individual ownership thereof. Grantor hereby specifies that this Master Deed shall constitute covenants, conditions and restrictions which shall run with the property and shall bind and inure to the benefit of Grantor, its successors and

assigns, and all subsequent owners of any interest in the property, their grantees, successors, heirs, executors, administrators, devisees or assigns.

ARTICLE I

DEFINITIONS

Section 1. Definitions. Unless defined herein or unless the context requires otherwise, the words defined in §27-31-10 of the Act, when used in this Master Deed or any amendment hereto shall have the meaning therein provided; the following words when used in this Master Deed or any amendment hereto, unless the context requires otherwise, shall have the following meanings:

(a) "Act" means the Horizontal Property Act, 1976 South Carolina Code of Laws §27-31-10 et. seq., as amended, and as may be further amended from time to time.

(b) "Apartment" means a part of the property intended for a type of independent use and is more particularly defined in Article III, Section 2.

(c) "Assessment" means an owner's share of the common expenses assessed against such owner and his Unit from time to time by the Association in the manner hereinafter provided.

(d) "Association" means Mariner's Cay Racquet and Yacht Club Homeowner's Association, Inc., an association of and limited to Owners of the Apartment Units located in Mariner's Cay Horizontal Property Regime in the form of a non-profit, non-stock membership corporation organized under the laws of the State of South Carolina.

(e) "Board of Directors" or "Board" means the Board of Directors of the Mariner's Cay Racquet and Yacht Club Homeowner's Association, Inc., and "director" or "directors" means a member or members of the Board.

(f) "Co-Owner" means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns an Apartment Unit or any interest therein within the building.

(g) "Common Area and Facilities" and "Common Elements" means and includes all of the Condominium Property after excluding the Apartment Units.

(h) "Common Expenses" means and includes (a) all expenses incident to the administration, maintenance, repair and replacement of the Common Area and Facilities and the Limited Common Area and Facilities, after excluding therefrom such expenses which are the responsibility of a Unit

Owner as set forth in Section 2 of Article VIII hereof; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Unit Owners, and (c) expenses declared to be Common Expenses by the Unit Ownership Act or the Condominium Documents.

(i) "Condominium Documents" means and includes the Master Deed for Mariner's Cay Racquet and Yacht Club Homeowner's Association, Inc. and the By-Laws of said Association, and all exhibits and attachments to the foregoing, all as amended from time to time.

(j) "Condominium Property" or "Property" means and includes all the property submitted to the Horizontal Property Act by this Master Deed.

(k) "Future Phases" shall mean and refer to the further future development of Mariner's Cay Racquet and Yacht Club. As presently contemplated the Grantor anticipates expanding the Horizontal Property Regime through merger. See Article IV, Section 8, Merger of Additional Phases.

(l) "General Common Elements" and "General Common Area and Facilities" shall mean and include generally all of the Horizontal Property Regime property after excluding the Apartment Units and the Limited Common Area and Facilities and more specifically:

- (1) the land on the buildings stand;
- (2) the Guardhouse, Clubhouse, tennis courts and swimming pool;
- (3) the foundations, main walls, load bearing walls, roofs, non-reserved parking areas;
- (4) all interior roads and roadways;
- (5) all yards, open spaces and gardens;
- (6) the compartments or installations of central services such as power, light, gas, cold and hot water, sewerage, refrigeration, water tanks and pumps, and the like;
- (7) all devices or installations existing for common use; and
- (8) all other elements of the property rationally of common use or necessary to its existence, upkeep and safety, as well as all those common elements enumerated in Article III, Section 3 as Common Elements and not embraced within the definition of Limited Common Area and Facilities.

(m) "Grantor" shall mean and refer to Mariner's Cay Development Corp., a corporation organized and existing pursuant to the laws of the State of South Carolina, its successors and assigns.

(n) "Limited Common Elements" and "Limited Common Area and Facilities" means and includes those common elements which are reserved for the use of a certain number of Apartments to the exclusion of the other Apartments, such as special corridors, stairways, elevators, balconies, patios and sanitary services common to and appurtenant to the Apartments of a particular floor or building, and the like, and includes those areas so designated in EXHIBIT "B" attached hereto and incorporated herein by reference.

(o) "Mariner's Cay" shall mean and refer to that certain expandable Horizontal Property Regime known as Mariner's Cay Racquet and Yacht Club, which has been and is being developed on real property now owned by Grantor in Charleston County, South Carolina, together with such additions thereto as may from time to time be designated by Grantor.

(p) "Mortgage" shall include chattel mortgage, bill of sale to secure debt, deed to secure debt, deed of trust, security agreements and financing statements and any and all other similar instruments given to secure the payment of an indebtedness.

(q) "Owner" means the record owner, whether one or more persons, of fee simple title in and to any Apartment Unit excluding, however, those persons having such interest merely as security for the performance of an obligation.

(r) "Percentage Interest" means the percentage of undivided interest each Unit Owner owns as tenant in common in the Common Areas and Facilities.

(s) "Phase I" shall mean and refer to the 87 apartment units and related amenities, Common and Limited Area and Facilities to the constructed and located as more particularly shown in EXHIBIT "C".

(t) "Regime" shall mean and refer to Mariner's Cay Racquet and Yacht Club, a Horizontal Property Regime.

(u) "Survey Plat" or "Surveys" means and includes the survey of the Condominium Property, Units, and Limited Common Area and Facilities by Harold LeMond, Registered Land Surveyor, dated March 13, 1981 and entitled Survey Prepared for Mariner's Cay Development Corp., which will be filed for record in the Office of the Register of Mesne Conveyance for Charleston County, South Carolina, simultaneously with the filing for record of this Master Deed.

(v) "Trustee" means the financial institution, if any, selected by Grantor or the Association to hold certain funds of the Association.

(w) "Unit" shall mean and be synonymous with Apartment.

(x) "Unit Owner" shall mean and be synonymous with "Owner" as hereinabove defined.

(y) "Unit Plans" means and includes the architectural plans of the Units erected or to be erected on the Condominium Property which plans were prepared by Reg Narmour, The Architectural Group, entitled Mariner's Cay Racquet and Yacht Club, Phase I, Units 1-87, which will be filed for record in the Office of the Register of Mesne Conveyance for Charleston County, South Carolina, simultaneously with the filing for record of this Master Deed and which Unit Plans are more particularly detailed in EXHIBIT "C", attached hereto and made a part hereof.

(z) The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

ARTICLE II

MARINER'S CAY RACQUET AND YACHT CLUB HOMEOWNER'S ASSOCIATION

Section 1. Responsibility for Administration. The administration of the Mariner's Cay Horizontal Property Regime, the maintenance, repair, replacement and operation of the General Common Area and Facilities and Limited Common Area and Facilities as herein provided, and those acts required of the Association by the Condominium Documents shall be the responsibility of the Association. Such administration shall be in strict accordance with the provisions of the Act, this Master Deed, and the By-Laws of the Association.

Section 2. Agreements. The Association shall be and hereby is authorized to enter into such agreements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the development. Each Owner by acquiring or holding an interest in any Apartment/Unit thereby agrees to be bound by the terms and conditions of all such agreements entered into by the Board of Directors on behalf of the Association. A copy of all such agreements shall be made available at the office of the Association for review by each Owner.

ARTICLE III

PROPERTY RIGHTS

Section 1. Development Plan. Grantor shall construct or cause to be constructed on the property during Phase I, residential buildings containing a total of eighty-seven (87) Apartment Units. Each of the buildings shall be constructed substantially in accordance with the Unit Plans, Master Plan, and Surveys all of which are contained in EXHIBIT "C" attached hereto and incorporated herein by this reference, and show the buildings, number and identity of Units and the materials of which the Units are to be constructed. The Grantor expressly reserves the right, during the course of construction, to revise, modify or change in whole or in part any of such Apartment Units; provided, however, (i) Grantor shall adhere to the general scheme of development as set forth in EXHIBIT "C" attached hereto and made a part hereof and (ii) Grantor shall not make any such alterations to any Apartment Unit sold or under a valid sales contract without having first obtained the express written consent of the Owner thereof. Any such change or modification shall not alter the Percentage Interest set forth in EXHIBIT "C" without the unanimous consent (100%) of the Unit Owners expressed in an amendment hereto duly recorded. Some Units may be conveyed and occupied prior to the completion of other Units; provided, however, that prior to the conveyance of each Unit, Grantor shall provide each Purchaser with an attached verified statement of a registered architect or licensed professional engineer certifying that the Unit Plans and Surveys theretofore filed, or supplemental Unit Plans and/or Surveys being filed simultaneously therewith together with such plans and surveys as may have been filed prior thereto, fully depict the layout, location, identification, dimensions, and materials used in the construction of such Unit as built.

In further accordance with the applicable provisions of the Act, Grantor hereby indicates an intent to expand this Regime by annexing thereto that property shown and designated as Phases II through VI in EXHIBIT "D" in accordance with the options set forth hereinbelow. ~~attached hereto and~~

1. The property subjected to this Master Deed is more particularly shown and delineated on the land survey and plot plan entitled Phase I in EXHIBIT "A" and the building plans attached hereto as EXHIBIT "C", said Exhibits being incorporated herein by reference. The Phase I improvements will include apartment buildings containing eighty-seven (87) apartments and adjacent roadways and parking areas, clubhouse, tennis courts and swimming pool. Together with this Master Deed, said EXHIBIT "C" constitutes a graphic description of all apartments, including their identification numbers, locations, areas and dimensions, and all

common elements (general and limited), their relative locations and approximate dimensions.

2. Grantor further plans, in its sole discretion, to expand this Regime by adding up to five hundred sixty-four (564) additional apartments spread over an additional five phases, with their respective common elements, said expansion areas being shown and delineated as Phases II through VI on EXHIBIT "D" hereto attached. A legal description of the land area of Phases II through VI is set out in detail in EXHIBIT "D".

3. Grantor hereby reserves unto itself, the option, to be exercised in its sole discretion, to

(a) expand this Regime by submitting Phase II, III, IV, V and VI property as shown and delineated in EXHIBIT "D"; or

(b) allow this Regime to continue as is without any further expansion.

4. In the event Grantor elects to proceed to enlarge this Regime by adding Phase II, the Grantor shall execute an amendment or amendments to this Master Deed which shall be filed for record in the R.M.C. Office for Charleston County, South Carolina not later than five (5) years from the date hereof. Any such amendment or amendments shall fully describe the property being added to this Regime and submit such property to all of the provisions of this Master Deed and exhibits attached hereto, as amended. Such amendment or amendments expanding this Regime, as aforesaid, may be accomplished unilaterally by Grantor without the approval or consent of any co-owner, or mortgagee of any co-owner, of the Regime as constituted at the time of such amendment. Upon the exercise of any such option to expand, as aforesaid, the provisions of this Master Deed shall then be understood and construed as embracing Phase I property and such property as may be described in such amendment, together with all improvements constructed thereon.

5. In the event Grantor elects to proceed to enlarge this Regime by adding Phase III, the Grantor shall execute an amendment or amendments to this Master Deed which shall be filed for record in the R.M.C. Office for Charleston County, South Carolina not later than eight (8) years from the date hereof. Any such amendment or amendments shall fully describe the property being added to this Regime and submit such property to all of the provisions of this Master Deed and exhibits attached hereto, as amended. Such amendment or amendments expanding this Regime, as aforesaid, may be accomplished unilaterally by Grantor without the approval or consent of any co-owner, or mortgagee of any co-owner, of the Regime as constituted at the time of such amendment.

Upon the exercise of any such option to expand, as aforesaid, the provisions of this Master Deed shall then be understood and construed as embracing Phase I property and such property as may be described in such amendment, together with all improvements constructed thereon.

6. In the event Grantor elects to proceed to enlarge this Regime by adding Phase IV, the Grantor shall execute an amendment or amendments to this Master Deed which shall be filed for record in the R.M.C. Office for Charleston County, South Carolina not later than eleven (11) years from the date hereof. Any such amendment or amendments shall fully describe the property being added to this Regime and submit such property to all of the provisions of this Master Deed and exhibits attached hereto, as amended. Such amendment or amendments expanding this Regime, as aforesaid, may be accomplished unilaterally by Grantor without the approval or consent of any co-owner, or mortgagee of any co-owner, of the Regime as constituted at the time of such amendment. Upon the exercise of any such option to expand, as aforesaid, the provisions of this Master Deed shall then be understood and construed as embracing Phase I property and such property as may be described in such amendment, together with all improvements constructed thereon.

7. In the event Grantor elects to proceed to enlarge this Regime by adding Phase V, the Grantor shall execute an amendment or amendments to this Master Deed which shall be filed for record in the R.M.C. Office for Charleston County, South Carolina not later than fourteen (14) years from the date hereof. Any such amendment or amendments shall fully describe the property being added to this Regime and submit such property to all of the provisions of this Master Deed and exhibits attached hereto, as amended. Such amendment or amendments expanding this Regime, as aforesaid, may be accomplished unilaterally by Grantor without the approval or consent of any co-owner, or mortgagee of any co-owner, of the Regime as constituted at the time of such amendment. Upon the exercise of any such option to expand, as aforesaid, the provisions of this Master Deed shall then be understood and construed as embracing Phase I property and such property as may be described in such amendment, together with all improvements constructed thereon.

8. In the event Grantor elects to proceed to enlarge this Regime by adding Phase VI, the Grantor shall execute an amendment or amendments to this Master Deed which shall be filed for record in the R.M.C. Office for Charleston County, South Carolina not later than seventeen (17) years from the date hereof. Any such amendment or amendments shall fully describe the property being added to this Regime and submit such property to all of the provisions of this Master Deed and exhibits attached hereto, as amended. Such amendment or amendments expanding this Regime, as aforesaid, may be

accomplished unilaterally by Grantor without the approval or consent of any co-owner, or mortgagee of any co-owner, of the Regime as constituted at the time of such amendment. Upon the exercise of any such option to expand, as aforesaid, the provisions of this Master Deed shall then be understood and construed as embracing Phase I property and such property as may be described in such amendment, together with all improvements constructed thereon.

Should the expansion options not be exercised within the term specified, it shall in all respects expire and be of no further force and effect. In such event, the Grantor shall not be obligated to impose on the Phase II through VI property any covenants, conditions or restrictions the same or similar to those contained herein; and in such event, all co-owners in Phase I waive any right they may have in or to that property shown as Phase II through VI in EXHIBIT "D".

Section 2. Units. Each Unit, together with its Percentage Interest in the General Common Area and Facilities and the Limited Common Area and Facilities, shall for all purposes constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Act and this Master Deed, shall be entitled to the exclusive ownership and possession of his Unit.

The Grantor, in order to implement condominium ownership of the above-described premises, covenants and agrees to, and hereby does, subdivide the above-described Phase I property vertically and horizontally into the following Freehold Estate:

(a) Eighty-seven (87) separate parcels of property, being the eighty-seven (87) apartments, together with the shares in the general and limited common elements appurtenant to each apartment, hereinbefore and hereinafter more particularly described, and as shown graphically in EXHIBITS "A" and "C", attached hereto. Said Exhibits delineate the dimensions of each apartment at floor level, the elevation of all floors and ceilings from USC and GS datum, the location and dimension of the perimeter walls, and the locations, dimensions and area of each apartment with reference to established geographical points. Each of the said apartments consisting of:

(1) the volumes or cubicles of space enclosed by the unfinished interior surfaces of perimeter walls and the unfinished surfaces of interior walls, ceilings and floors of the apartment, and by any vents, chimneys, doors, windows and such other structural elements that are ordinarily regarded as enclosures of space; and

(2) all interior dividing walls and partitions (including the space occupied by such walls or partitions) excepting, however, load bearing walls and those interior walls and partitions enclosing the common pipe chases and other common facilities; and

(3) the decorated interior surfaces of perimeter walls and the decorated surfaces of interior walls (including load bearing walls, chimneys, and walls enclosing the common pipe chases), floors and ceilings, consisting of, as the case may be, wallpaper, paint, plaster, carpeting, tiles, and any and all other finishing materials affixed or installed as a part of the physical structure of the apartment; and

(4) all fixtures, appliances, mechanical systems and equipment installed in said apartment which are intended for the sole and exclusive use of the apartment. No pipes, wires, conduits or other public utility lines or installations constituting a part of the over-all systems designated for the service of any other apartment, nor any of the structural members or portions of the apartment building, nor any other property of any kind, including fixtures and appliances within the apartment, which are not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building, shall be deemed to be a part of any individual apartment. The word "apartment" when used throughout this instrument shall be deemed to refer to each of the aforesaid apartments as herein described, and shall have the same meaning as set forth in the Act.

Section 3. Common Area and Facilities.

(a) Percentage Interest. The Unit Owners shall own the General Common Area and Facilities and Limited Common Area and Facilities as tenants in common with each Unit having appurtenant thereto the Percentage Interest in said General Common Area and Facilities and Limited Common Area and Facilities as set forth in the Master Plan contained in EXHIBIT "C" attached hereto; provided, however, the use of the Limited Common Area and Facilities shall be restricted as set forth in Section 3(f) of this Article III. The Percentage Interest appurtenant to each Unit has been determined by dividing the stated fair market value of such Unit as of the effective date of the Master Deed by the aggregate stated fair market value of all of the Units as of said date. The stated Percentage Interest and stated values are permanent in character and cannot be altered without (1) the consent of all (100%) of the Unit Owners expressed in an amendment to the Master Deed duly recorded or (2) unless revised by merger (see Article IV, Section 8).

(b) Common Elements. A description of the common elements of the Regime (including both the general common

elements and the limited common elements) as defined herein and in the Act is as follows:

(1) The parcel of land described and shown as Phase I in EXHIBIT "A" attached hereto; and

(2) Those portions of the apartment buildings not otherwise herein defined as being embraced within the individual apartments, including but not limited to balconies, the foundation, roofs, floors, ceilings, perimeter walls of apartments, load bearing interior walls and partitions, walls enclosing common pipe chases and other common facilities, slabs, lobbies, corridors, laundry, trash, service and storage rooms, meter and machinery rooms, club houses, lounges and other recreation areas, stairways, entrance and exit or communication ways, patios, pipes, wires, conduits, chimneys, air ducts and public utility lines, including the space actually occupied by the above, all as are more particularly shown in EXHIBIT "B" attached hereto; and

(3) All improvements to the premises constructed or to be constructed, such as utilities, roadways, walkways, plants, trees, shrubbery, yards, lawns, gardens, swimming pools, tennis courts, playgrounds, etc., located on said parcel of land; and

(4) Parking spaces shown in EXHIBIT "C"; and

(5) All other elements of the buildings, not included within the apartments, constructed or to be constructed on the aforesaid parcel of land, rationally of common use or necessary to their existence, upkeep and safety and, in general, all other devices or installations existing for common use; and

(6) All other property of the Regime, whether land, building, improvements, personal property, or otherwise, except such as is included in the apartments as more particularly described in Article III, Section 2 herein next above; and

(7) All assets of Mariner's Cay Racquet and Yacht Club Homeowners' Association, Inc. (a non-profit corporation organized for the purpose of carrying out the powers, duties, and obligations of the "Council and Co-Owners" as defined in the Act); and

(8) Easements through apartments for conduits, ducts, plumbing, chimneys, wiring and other facilities for the furnishing of utility services to apartments and the general common elements; and

(9) An easement of support in every portion of an apartment which contributes to the support of the building; and

(10) Easements through the apartments and general common elements for maintenance, repair and replacement of the apartments and general common elements; and

(11) Installations for the furnishing of utility services to more than one apartment or the general common elements or to an apartment other than the one containing the installation, which installation shall include conduits, ducts, plumbing, chimneys, wiring and other facilities for the rendering of such services.

(c) Inseparability of Percentage Interests. The Percentage Interest in the General Common Area and Facilities and the Limited Common Area and Facilities cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the deed or other instrument.

(d) No Partition. The General Common Area and Facilities and Limited Common Area and Facilities shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Horizontal Property Act, the By-Laws, and this Master Deed.

(e) Use of General Common Area and Facilities. The Unit Owners may use the General Common Area and Facilities in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other Unit Owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the General Common Area and Facilities is intended to be used. The Board shall have the right to promulgate rules and regulations limiting the use of the General Common Area and Facilities to Unit Owners and their guests as well as to provide for the exclusive use of a part of the General Common Area and Facilities by a Unit Owner and his guests for special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee. Any Owner may delegate, in accordance with the provisions of this Master Deed and the By-Laws, his right to use the General Common Area and Facilities to the immediate members of his family, to a limited number of guests, or to his tenants who reside in his Apartment Unit. The developer, Mariner's Cay Development Corp., its successors and assigns, those persons who have rented slips at the marina and their guests shall have unlimited access to the marina (see Grantor's easement reservations in Article X, Section 4).

(f) Limited Common Area and Facilities. Portions of the common elements are hereby set aside and reserved for the restricted and exclusive use of certain Apartments to the exclusion of the other Apartments, and such portions shall be known and referred to herein as limited common elements. The limited common elements restricted to the use of certain Apartments are those portions of any walls which are deemed to be common elements and which are within the individual Apartments, any roof which covers only one Apartment, the stairs, balconies, porches, patios, and entrance decks as shown graphically in EXHIBIT "B". Ownership of each Apartment Unit shall entitle the Owner or Owners thereof to the exclusive use of the Limited Common Area and Facilities adjacent and appurtenant to such Unit and so designated in EXHIBIT "B"; which exclusive use may be delegated by such Owner to the immediate members of his family, to his guests, or to his tenants who reside in his Apartment Unit. Owners may place plants, furniture, grills and other similar items within the Limited Common Area and Facilities adjacent and appurtenant to their Unit, provided that such plants shall not be allowed to grow or climb to a height higher than the wall or rail enclosing such Limited Common Area and Facility unless the placement of such plants shall have been approved in writing prior to reaching said height by the Board of Directors or by an architectural committee appointed thereby as provided in Section 1 of Article VII hereof, and provided that such plants shall be properly maintained by such occupants.

Section 4. Conveyance by Warranty Deed. All conveyances of title of any Apartment Unit shall be by general warranty deed.

ARTICLE IV

ASSESSMENTS

Section 1. Creation of Lien and Personal Obligation for Assessments. Each Apartment Unit is and shall be subject to a lien and permanent charge in favor of the Association for the annual and special Assessments set forth in Section 2 and 3 of this Article IV. Each Assessment together with interest thereon and cost of collection thereof as hereinafter provided, shall be a permanent charge and continuing lien upon the Apartment Unit against which it relates, and shall also be the joint and several personal obligation of each Owner of such Apartment Unit at the time Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such unit, and each and every Owner by acquiring or holding an interest in any Apartment Unit thereby covenants to pay such amount to the Association when the same shall become due. The purchaser of a Apartment Unit at a judicial or foreclosure

sale shall be liable only for the Assessments coming due after the date of such sale.

Section 2. Annual Assessments. No later than December 1 of each calendar year, the Board of Directors shall set the annual Assessments by estimating the Common Expenses to be incurred during the immediately succeeding calendar year and shall prorate such Common Expenses among the Owners of the Apartment Units in accordance with the Percentage Interest appurtenant to such Apartment Units, and shall give written notice to each Unit Owner of the annual Assessment fixed against his Unit for such immediately succeeding calendar year. The annual Assessments levied by the Association shall be collected by the Treasurer as provided in Section 4 of this Article IV.

The annual Assessments shall not be used to pay for the following:

(a) Casualty insurance of individual Owners on their possessions within the Units, and liability insurance of such owners insuring themselves and their families individually, which shall be the sole responsibility of such Owners;

(b) Telephone, gas, or electrical utility charges for each Unit which shall also be the sole responsibility of the Owners of such Units.

Grantor anticipates that ad valorem taxes and other governmental assessments, if any, upon the property will be assessed by the taxing authority upon the Unit Owners, and that each assessment will include the assessed value of the Apartment Unit and of the undivided interest of the Unit Owner in the Common Area and Facilities and Limited Common Area and Facilities. Any such taxes and governmental assessments upon the property which are not so assessed shall be included in the Association's budget as a recurring expense and shall be paid by the Association as a Common Expense. Each Unit Owner is responsible for making his own return of taxes and such return shall include such Owner's undivided interest in the Common Area and Facilities and Limited Common Area and Facilities as such undivided interest is determined by law for purposes of returning taxes. If no provision is made by law or the taxing authorities for the determination of an Owner's share of the undivided interest in the Common Area and Facilities and Limited Common Area and Facilities, each Owner shall return that percentage of the undivided interest in the Common Area and Facilities and Limited Common Area and Facilities attributable to his Unit under EXHIBIT "C".

Section 3. Special Assessments. In addition to the annual Assessments, the Association may levy in any calendar

year, special Assessments for the purpose of supplementing the annual Assessments if the same are inadequate to pay the Common Expenses and of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of the Limited Common Area and Facilities, the Common Area and Facilities, including the necessary fixtures and personal property related thereto; provided, however, that any such special Assessment shall have the assent of a majority of the votes represented, in person or by proxy, at a meeting, at which a quorum is present, duly called for the express purpose of approving such expenditure, written notice of which shall be sent to all Owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting, which notice shall set forth the purpose of the meeting. Special Assessments shall be fixed against the Units according to their Percentage Interests; the period of the Assessment and manner of payment shall be determined by the Board.

Section 4. Date of Commencement of Annual Assessment; Due Dates. Although the annual Assessment is calculated on a calendar year basis, each Owner of a Apartment Unit shall be obligated to pay to the Treasurer of the Association such Assessment in equal monthly installments on or before the first day of each month during such calendar year, or in such other reasonable manner as the Board of Directors shall designate.

The annual Assessments provided for in this Article IV shall as to each Apartment Unit commence upon the conveyance thereof ~~(the "commencement date")~~. ~~There~~ ~~to~~ ~~the~~ ~~first~~ ~~monthly~~ payment of the annual Assessment for each such Unit shall be an amount (rounding to the nearest whole dollar) equal to the monthly payment for the fiscal year in progress on such commencement date, divided by the number of days in the month of conveyance, and multiplied by the number of days then remaining in such month.

The Association shall, upon demand at any time, furnish to any Apartment Owner liable for any such Assessment a certificate in writing signed by an officer of the Association, setting forth whether the same has been paid. A reasonable charge, as determined by the Board, may be made for the issuance of such certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 5. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; the Lien; Remedies of Grantor. ~~If an Assessment is not paid on the date when due,~~ as hereinabove provided, then such Assessment together with such interest thereon and any cost of collection thereof as hereafter provided, shall be a charge and continuing lien on the Unit to which it relates, and shall bind such property

in hands of the Apartment Owner, his heirs, legal representatives, successors, and assigns. The personal obligation of the then Apartment Owner to pay such Assessment, however, shall remain his personal obligation and if his successor in title assumes his personal obligation, such prior Apartment Owner shall nevertheless remain as fully obligated as before to pay to the Association any and all amounts which he was obligated to pay immediately preceding the transfer; and such prior Apartment Owner and his successor in title who assumes such liabilities shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Apartment Owner and his successor in title creating the relationship of principle and surety as between themselves other than one by virtue of which such prior Apartment Owner and his successor in title would be jointly and severally liable to pay such amounts.

Any such Assessment not paid by the 10th of the month within which such Assessment is due shall bear interest from such date (the "delinquency date") at the maximum legal rate allowable under South Carolina law. The Association may bring legal action against the Apartment Owner personally obligated to pay the same or foreclose its lien against the Apartment Unit to which it relates or pursue either such course at the same time or successively. In any such event, the Association shall also be entitled to recover attorney's fees actually incurred but not exceeding fifteen percent (15%) of the amount of the delinquent assessment, and all other costs of collection. Each Apartment Owner, by his acceptance of a deed or other conveyance to an Apartment Unit, vests in the Association or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity. The Association shall have the power to bid in the Unit at any foreclosure sale and to require, hold, lease, mortgage and convey the same. No Apartment Owner may be relieved from liability from the Assessments provided for herein by abandonment of his Apartment Unit or otherwise.

Section 6. Subordination of the Charges and Liens to Mortgages.

(a) The lien and permanent charge for the annual and special Assessments (together with interest thereon and any cost of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any mortgagee or his assigns placed on such Apartment Unit if, but only if all such Assessments with respect to such lot having a due date on or prior to the date such mortgage is filed for record have been paid. The lien and permanent charge hereby subordinated is only such lien and charge as relates to Assessments authorized hereunder having a due date subsequent to the date such mortgage is filed for a record and

prior to the satisfaction, cancellation or foreclosure of such mortgage or the sale or transfer of the mortgaged property pursuant to any proceeding in lieu of foreclosure or the sale under power contained in such mortgage.

(b) Such subordination is merely a subordination and shall not relieve the Apartment Owner of the mortgaged property of his personal obligation to pay all Assessments coming due at a time when he is the Apartment Owner; shall not relieve such property from the lien and permanent charge provided for herein (except as to the extent of subordinated lien and permanent charge is extinguished as a result of such subordination or against a mortgagee or such mortgagees, assignee, or transferee by foreclosure or by sale or transfer in any proceeding in lieu of foreclosure or by sale under power); and no sale or transfer of such property to the mortgagee or to any other person pursuant to a foreclosure sale, or pursuant to any other proceeding in lieu of foreclosure, or pursuant to a sale under power, shall relieve any existing or previous Apartment Owner of such property of any personal obligation, or relieve subsequent Apartment Owners from liability for any Assessment coming due after such sale or transfer.

(c) Notwithstanding the foreclosure, the Association may in writing, at any time, whether before or after any mortgage or mortgages are placed on such property, waive, relinquish or quit-claim in whole or part the right of the Association to Assessments provided for hereunder with respect to such property coming due during the period while such property is or may be held by mortgagee or mortgagees pursuant to said sale or transfer.

Section 7. Exempt Property. Each Apartment Unit shall be exempt from the Assessments created herein until such Unit is conveyed by Grantor to an Owner. Except as expressly provided herein, no Unit and its appurtenant Percentage Interest shall be exempt from said Assessments.

Section 8. Merger of Additional Phases. In the future, but not later than the times specified in Article III, Section 1 through 8, Grantor may wish to merge additional phases (See EXHIBIT "D" attached hereto, entitled ADDITIONAL PROPERTY - FUTURE PHASES AND MERGERS) into the Mariner's Cay Racquet and Yacht Club, a South Carolina Horizontal Property Regime established hereby. The maximum number of additional units which may be annexed and merged to the Property Regime established hereby shall not exceed Eighty-four (84) Apartment Units in the aggregate in Phase II; One Hundred Twenty (120) Apartment Units in the aggregate in Phase III; One Hundred Twenty (120) Apartment Units in the aggregate in Phase IV; One Hundred Twenty (120) Apartment Units in the aggregate in Phase V; and One Hundred Twenty (120) Apartment Units in the aggregate in Phase VI.

The aggregate maximum total of square footage (Phase II, III, IV, V, and VI) which Grantor may add to this Property Regime shall not exceed 697,710 square feet and the total value of the additional property (determined solely for the purposes of complying with the Act) shall not exceed \$53,330,440.00. Owners of Apartment Units within such additional property shall bear their proportionate share of the Common Expenses payable by existing Co-owners and the Percentage Interest of existing owners in the Common Area and Facilities shall change in direct proportion to the percentage that the value of the additional property bears to the sum of the value of the Property hereby subject to the Apartment Ownership and value of the additional property as more particularly set forth in EXHIBIT "C". Owners of such merged property shall assume all rights and obligations as the original owners of Phase I have hereunder.

ARTICLE V

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Board of Directors or its authorized agent shall obtain insurance for all of the improvements on the property (excepting the personal property of the Apartment Owners, their guests and lessees and all improvements and betterments made by such Owners at their expense) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full cost of any repair, reconstruction or replacement in the event of damage or destruction from any such hazard, and shall also obtain a public liability policy covering the General Common Area and Facilities, Limited Common Area and Facilities and all damage or injury caused by the negligence of the Association or any of its agents which public liability policy shall have reasonable limits set by the Board of Directors. Premiums for all such insurance shall be Common Expenses and paid by the Association. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association for the Owners of the Units in same percentage as the Percentage Interest appurtenant to their Units. Such insurance policies shall comply with the provisions hereinafter set forth.

(a) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of "AAA" or better by Best's Insurance Reports.

(b) All policies shall be for the benefit of the Unit Owners and their mortgagees as their interests may appear.

(c) Provision shall be made for the issuance of a certificate of insurance to each Owner and his mortgagee, if

any, which shall specify the proportionate amount of such insurance attributable to the particular Owner's Unit.

(d) The original of all policies and endorsements thereto shall be deposited with the Trustee which shall hold them subject to the provisions of Section 2 of this Article V.

(e) Exclusive authority to adjust losses under policies hereafter in force on the property shall be vested in the Board of Directors or its duly authorized agent; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations related thereto.

(f) In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Board of Directors hereunder be affected or diminished by insurance purchased by individual owners or their mortgagees.

(g) Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of all of the Owners and their mortgagees, may realize under any insurance policy which the Board of Directors may have in force on the property at any particular time.

(h) Any Owner who obtains an individual insurance policy covering any portion of the property, other than on personal property belonging to such Owner and on improvements and betterments made by such on Owner at his expense, shall file a copy of such policy with the Board of Directors within 30 days after purchase of such insurance.

(i) Each Owner at his own expense may obtain on his Unit or the contents thereof title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterments and personal property, damage and loss.

(j) The Board of Directors shall conduct an annual insurance review for the purposes of determining the full insurable value of the entire property including all dwellings, the Limited Common Area and Facilities and the General Common Area and Facilities, without respect to depreciation, of all improvements on the property (with the exception of improvements and betterments made by the respective owners at their expense) by one or more qualified persons.

(k) The Board of Directors or its duly authorized agent shall make reasonable efforts to secure insurance policies that will provide for the following: (1) a waiver

of subrogation by the insurer as to any claims against the Board of Directors, its duly authorized agents and the Owners and their respective servants, agents and guests; (2) a waiver of insurer's right to repair or reconstruct instead of paying cash; (3) a waiver of insurer's right to cancel, invalidate or suspend the policy on account of the acts of fewer than five Owners or the conduct of any director, officer or employee of the Association or its duly authorized agent without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its agent, any owner or mortgagee; and (4) that any "other insurance" clause in the master policy or policies exclude individual owners' policies from consideration.

(1) Each Owner shall be required to notify the Board of Directors of all improvements made by such Owner to his Unit, the value of which is in excess of One Thousand Dollars (\$1,000.00).

Section 2. No Partition. There shall be no judicial partition of the property or any part thereof, and Grantor and every person acquiring any interest in the property or any part thereof shall acquire the same subject to this Master Deed and shall be deemed to have waived any right to seek any such judicial partition until the happening of the conditions set forth in Section 4 of this Article V in the case of damage or destruction or until the property has been removed from the provision of the Act as provided for in this Master Deed. ~~whereas for the conduct of any director,~~

Section 3. Trustee. (a) All insurance policies purchased by and in the name of the Association by the Board of Directors shall provide that proceeds covering property losses shall be paid jointly to the Association and Trustee. Immediately upon the receipt by the Association of such proceeds, the Association shall endorse the instrument by means of which such proceeds are paid and deliver such instrument to Trustee. The Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor shall the Trustee have any obligation to inspect the property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(b) Among other things, the duty of Trustee shall be to receive proceeds delivered to it and to hold such proceeds ~~in trust for the benefit of the Owners and their mortgagees~~ for the purposes of reconstruction, repair and replacement or distribution as the case may be. An undivided share of such proceeds on account of damage or destruction

to the General Common Area and Facilities and Limited Common Area and Facilities shall be allocated and assigned for the Owners in accordance with the Percentage Interest appurtenant to their Units. Proceeds on account of damage or destruction to Units shall be allocated and assigned for the Owners of the damaged or destroyed Units in proportion to the cost of repairing or reconstructing the damage or destruction suffered by each such Owner. In the event that a mortgagee endorsement has been issued as to any particular Unit, the share of such Unit Owner shall be held in trust for such Owner and his mortgagee as their interests may appear.

(c) Proceeds of insurance policies received by the Trustee shall be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid into the Trust Fund for the benefit of all Owners.

(ii) If it is determined, as provided in Section 4 of this Article V, that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.

(iii) Any and all disbursements of funds by the Trustee for any purpose whatsoever shall be made pursuant to and in accordance with a certificate of the Association signed by the President or Vice President and attested by the Secretary or Assistant Secretary directing the Trustee to make the disbursements.

If the damage or destruction is to the General Common Area and Facilities and/or to the Limited Common Area and Facilities, and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee known by the Trustee to have the largest interest in or lien upon such General Common Area and Facilities and/or Limited Common Area and Facilities. If the damage or destruction is to one or more Units and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee or mortgagees, if any, known by the Trustee to have an interest in or lien upon such Unit or Units. The Trustee shall not incur liability to any Owner, mortgagee or other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

Section 4. Damage and Destruction.

(a) Immediately after all or any part of the property covered by insurance written in the name of the Association is damaged or destroyed by fire or other casualty, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty with each Unit; the General Common Area and Facilities and the Limited Common Area and Facilities having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to an Apartment Unit which does not render such Unit untenable shall be repaired unless all the Owners unanimously agree in writing not to repair, reconstruct or rebuild the property in accordance with provisions of the Act. Any such damage or destruction which renders any Apartment Unit untenable or uninhabitable, or any such damage or destruction to the General Common Area and Facilities and Limited Common Area and Facilities, shall be repaired and reconstructed unless at least 75 percent (75%) of the total vote of the Association, evidenced by a written agreement, within 60 days after the casualty vote not to repair or reconstruct. If for any reason, the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction are not made available to the Association within said period of 60 days after the casualty, then such period shall be extended until such information shall be made available to the Association; provided, however, that said extension of time shall not exceed 90 days. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired or reconstructed.

(c) In the event that it is determined by the Association in the manner prescribed above that the damage or destruction shall not be repaired or reconstructed, then and in that event (i) the property shall be deemed to be owned by the Unit Owners as tenants in common, (ii) the undivided interest in the property owned in common which shall appertain to each Unit Owner shall be the percentage of Percentage Interest appurtenant to each Unit, (iii) any liens affecting any of the Units shall be deemed to be transferred in accordance with the existing priorities to the percentage of Percentage Interest of the Unit Owner, and (iv) the property shall be subject to an action for partition at the instance of any Unit Owner, in which event the net proceeds of sale shall be paid to the Trustee. Said net proceeds of sale, together with the net proceeds of the insurance on the property, shall be considered as one fund which, after

paying all expenses of the Trustee, shall be divided among all of the Unit Owners in a percentage equal to the Percentage Interest appurtenant to their Units, after first paying out of the respective share of the Unit Owners, to the extent sufficient for such purpose, all liens on the undivided interest in the property owned by each Unit Owner. Disbursements to such Owners shall be made pursuant to certificates provided for in Section 3 of this Article V.

Section 5. Repair and Reconstruction.

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall levy a special Assessment against the Owners of damaged or affected Units in sufficient amounts to provide funds to pay such excess cost of repair or reconstruction. Additional Assessments may be made at any time during or following the completion of any repair or reconstruction. That portion of such Assessments levied against each such Unit Owner shall be equal to that percentage computed by dividing the Percentage Interest appurtenant to such Owner's Unit by the total of the Percentage Interests appurtenant to all Units affected.

(b) Any and all sums paid to the Association under and by virtue of those special Assessments provided for in paragraph (a) of this Section shall be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee shall be disbursed as provided in Section 3 of this Article V.

Section 6. Association as Agent. Each Owner by acquiring or holding an interest, equitable or legal, in any Apartment thereby expressly accepts and acknowledges the irrevocable appointment of the Association as his, her or its duly appointed agent for each Owner and for each owner of a mortgage or other lien upon an Apartment and for each Owner of any other interest in the Regime property to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment or satisfaction of claims.

ARTICLE VI

CONDEMNATION

Section 1. General. Whenever all or any part of the property shall be taken by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Trustee.

Unless otherwise required by law at the time of such taking, any award made therefor shall be disbursed by the Trustee, as hereinafter provided in this Article VI.

Section 2. General Common Area. If the taking is confined to the General Common Area and Facilities on which improvements shall have been constructed and if at least seventy-five percent (75%) of the total vote of the Association shall decide within 60 days after such taking to replace said improvements, or any part thereof, on the remaining land included in the General Common Area and Facilities and according to plans therefor to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Trustee shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the property is to be repaired or reconstructed as provided for in Article V hereof; subject, however, to the right hereby reserved to the Association which may be exercised by a majority of the total vote thereof to provide for the disbursement by the Trustee of the remaining proceeds held by it (after payment of all costs incident to such replacement) to the Owners of any one or more of them in amounts disproportionate to the Percentages Interest appurtenant to their Units established herein, which disproportionate amounts shall correspond with the disproportionate damages sustained by the Owners or any one or more of them as the Association may determine. If at least seventy-five percent (75%) of the total vote of the Association shall not decide within 60 days after such taking to replace such improvements or if the taking is confined to the General Common Area and Facilities on which no improvements shall have been constructed, then the Association or the Trustee, as the case may be, shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken, including the right reserved to the Association to provide for the disbursement by the Trustee of the remaining proceeds held by it to the Owners in disproportionate amounts.

Section 3. Units. If the taking includes one or more Units, any part or parts thereof or the Limited Common Area and Facilities, or parts thereof, to which a Unit has exclusive use then the award shall be disbursed and all related matters, including, without limitation, alteration of the Percentage Interest appurtenant to each Unit, shall be handled pursuant to and in accordance with the consent of all Owners expressed in a duly recorded amendment to this Master Deed. In the event that such an amendment shall not be recorded within 90 days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed

as provided for in Section 4 of Article V herein, whereupon the development will be terminated in the manner therein prescribed.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Approval Required for Changes. To preserve the original architectural appearance of the Mariner's Cay Racquet and Yacht Club Horizontal Property Regime, after the purchase of an Apartment Unit from Grantor, its successors or assigns, no exterior construction of any nature whatsoever, except as specified in the Condominium Documents, shall be commenced or maintained upon any building, including without limitation, the Limited Common Area and Facilities nor shall there be any change, modification or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces, patios, balconies or facades, nor shall any Owner paint, decorate, or change the color of any exterior surface, gate, fence or roof, nor shall any Owner change the design or color of the exterior lights, nor shall any Owner install, erect or attach to any part of the exterior any sign of any kind whatsoever, nor shall any exterior addition or change, including without limitation the generality of the foregoing, the erection or construction of any fence or wall, be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures by the Board of Directors of the Association or by an architectural committee composed of three or more representatives appointed by the Board. Failure of the Board, or its designated committee, to approve or disapprove such plans and specifications within 30 days after their being submitted to it shall constitute approval.

ARTICLE VIII

EXTERIOR MAINTENANCE

Section 1. Responsibility of Association. Except as specifically provided to the contrary herein, the Association shall maintain, repair and replace, at its expense, all parts of the General Common Area and Facilities and Limited Common Area and Facilities whether located inside or outside of the Apartment Unit, the cost of which shall be charged to the Unit Owners as a Common Expense subject to the provisions of Section 2 of this Article VIII. The Association shall have the irrevocable right, to be exercised by the Board of Directors, or its agent, to have access to each Apartment Unit from time to time during

reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the General Common Area and Facilities and/or Limited Common Area and Facilities therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the General Common Area and Facilities, Limited Common Area and Facilities or to other Units.

Section 2. Responsibility of Owner. In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in Section 1 of this Article VIII is caused through the willful or negligent act of an Owner, his family, guests or invitees, the cost of which is not covered or paid for by insurance then the cost, both direct and indirect, of such maintenance or repairs shall be added to and become a part of the assessment to which such owner and his Unit is subject. Each Owner shall maintain, repair and replace at his own expense all portions of his Unit which may become in need thereof, including the heating and air-conditioning system for such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior nonload-bearing walls, carpeting, drapes and other items within the Unit. Further, each Owner shall, at his own expense, maintain, repair and replace, when necessary, that portion of the air-conditioning system servicing his Unit which is located adjacent to his Unit and each Owner shall, at his own expense, keep the Limited Common Area and Facilities to which his Unit has exclusive access and to which he has exclusive use clean and neat. If the Owner does not make those repairs to be made by him within thirty days from written demand from the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the Unit owned by such Owner.

ARTICLE IX

UNIT RESTRICTION

Section 1. Residential Purposes. Buildings and all Units contemplated in the development shall be, and the same hereby are, restricted exclusively to residential use with the exception of the "Ships Store", which shall be located within the confines of the Regime as reflected on the Site Plan in EXHIBIT "E" for the benefit of all Co-Owners as well as to service the Grantor's adjacent marina. No structures of a temporary character, trailer, basement, tent, shack, carport, garage, barn or other outbuilding shall be used as a residence on any portion of the property at any time.

Section 2. Construction and Sale Period. Anything contained herein to the contrary notwithstanding, it shall be permissible for Grantor to maintain, during the period of construction and sale of said Units, upon such portion of

the property as the Grantor may deem necessary, such facilities as in the sole opinion of the Grantor may be reasonably required, convenient or incidental to the construction and sale of said Units, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office. This section shall apply to any and all future phases of Mariner's Cay Racquet and Yacht Club Horizontal Property Regime, as well as to Phase I. Grantor further reserves the right to operate and occupy a sales office and related facilities in certain areas of the Regime common facilities. Grantor shall occupy such Common Area and Facilities as it deems necessary and advisable and shall do so without necessity of paying any rents or assessments, provided, however, that Grantor shall pay any and all utility charges and fees that may be incurred in the occupation of such space. Grantor further agrees to vacate any and all such occupied space no later than sixty (60) days after the final closing of the last unit in the last phase (including any and all Future Phases) and to restore said facilities to their original condition excepting normal wear and tear.

Section 3. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the property, except that dogs, cats or other household pets may be kept by the respective Owners in their respective Units provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health or, in the sole discretion of the Board of Directors, unreasonably disturb the Owner of any Unit or any resident thereof.

Section 4. Signs and Business Activities. No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property, nor shall the property be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof. No business activities of any kind whatever shall be conducted in any building or in any portion of the property; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of Grantor, its agents or assigns during the construction and sale period.

Section 5. Clotheslines, Garbage Cans, Etc. No outside clotheslines shall be permitted, and all garbage cans and similar items shall be kept screened so as to conceal them from view of neighboring units.

Section 6. Exterior Antennas. No exterior television or radio antennas shall be placed on any improvements without prior written approval of the Board of Directors.

Section 7. Leasing of Units. Units may be rented provided the occupancy is only by the lessee and his immediate family unless otherwise provided by the Association's Board of Directors. No less than all of a Unit may be rented. This Section 7 shall not apply, however, to any lease or leases which may be entered into by the Grantor.

Section 8. Mortgaging. No Owner may mortgage his Unit nor any interest therein without the approval of the Association's Board of Directors, except to its former Owner, a bank, insurance company, a federal savings and loan association or a corporation or partnership acting as a mortgage broker whose primary interest in making any such mortgage is the placement and servicing of same with and on behalf of one of such other lending institutions. The existence of a "permanent commitment" from any such lending institution to purchase any such mortgage from such mortgage broker shall be conclusive evidence of such mortgage broker's intent to place any such mortgage with one of such other lending institutions whether or not such commitment is ultimately fulfilled. The approval of any mortgagee as provided for above may be upon conditions determined by the Board of Directors or may be arbitrarily withheld.

Section 9. Void Transactions. Any mortgage or lease which is not authorized pursuant to the terms of this Master Deed shall be voidable at the option of any Owner or the Board of Directors until such time as same shall be approved by the Board of Directors.

ARTICLE X

EASEMENTS

Section 1. Encroachments. If any portion of the General Common Area and Facilities and/or the Limited Common Area and Facilities encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the General Common Area and Facilities and/or the Limited Common Area and Facilities as a result of settling or shifting of a building, an easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. If any building, any Unit, any adjoining Unit, or any adjoining part of the General Common Area and Facilities and/or the Limited Common Area and Facilities, shall be

partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the General Common Area and Facilities and/or the Limited Common Area and Facilities upon any Unit or of any Unit upon any other Unit or upon any portion of the General Common Area and Facilities and/or the Limited Common Area and Facilities, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject building shall stand.

Section 2. Utilities, Etc. There is hereby granted a blanket easement upon, across, over and under all of the property for ingress, egress, installation, replacing, repairing and maintaining a master television antenna system and all utilities, including, but not limited to, water, gas, sewers, telephones and electricity. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles, cables, pipes, and other necessary equipment on the property and to affix and maintain utility wires, circuits, and conduits on, above, across and under the roofs and exterior walls of the Units.

Section 3. Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any Manager employed by the Association as provided for in Section 2 of Article V hereof, and to all policemen, firemen, ambulance personnel and all similar emergency personnel an easement to enter upon the property or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 3 of Article X shall be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

Section 4. Reservations of Developer's Marina and Boat Ramp Easements. There is hereby reserved unto Mariner's Cay Development Corp., its successors and assigns, (a) an alienable easement in perpetuity, for unlimited ingress and egress over, across and upon the interior streets, roadways, sidewalks, walkways, and parking lots to the marina and associated facilities (ownership of which is and remains vested in Mariner's Cay Development Corp.), such easement shall be for the benefit of Mariner's Cay Development Corp., its successors and assigns, the lessees of marina slip spaces and their respective agents, licensees, invitees and for customers of the Ship's Store, together with (b) an alienable easement in perpetuity, along, across, over, through and adjacent to the "Horizontal Property Regime," as shown on EXHIBIT "F", attached hereto, in order to allow Mariner's Cay Development Corp., its successors and assigns, the right and privilege to attach, affix and maintain the docking and structure constituting the marina facilities to

the Horizontal Property Regime in such space, size, shape, width and depth as Grantor in its sole discretion deems necessary to sufficiently moor and maintain the marina to the Horizontal Property Regime, together with (c) an alienable easement in perpetuity, for ingress and egress, in addition to those hereinabove reserved, to the "Boat Ramp" shown on EXHIBIT "F", attached hereto, such easement is for the benefit of Mariner's Cay Development Corp., its successors and assigns, marina slip lessees, and invitees, guests and licensees of the foregoing so that such users may have access to said boat ramp and the adjacent marina and waterways, together with (d) an alienable easement in perpetuity for such parking spaces as might be necessary for the operation of the marina, together with (e) an alienable easement in perpetuity, to construct and operate a "Ship's Store" which shall be located 35 feet N07°35'06"W of the point where the centerline of the 15 foot interior road intersects Traverse Line T-U as shown on EXHIBIT "F" and shall occupy and be erected upon a parcel of land twelve (12') feet by twelve (12') feet, which said parcel shall have sides located S07°35'06"E and N82°24'54"E, said easement being for the benefit of Mariner's Cay Development Corp., its successors and assigns, Regime residents and Marina slip lessees, their invitees and for customers of the Ship's Store.

The foregoing easements are all more particularly shown and delineated as the shaded portions of a plat of Little Oak Island (a/k/a Rook Island) dated March 13, 1981 and revised May 27, 1981 by Sigma Engineers, Inc.

Section 5.

Reservation of Easement to All Future Phases. There is hereby reserved unto Mariner's Cay Development Corp., its successors and assigns, an unlimited perpetual alienable and divisible easement for unlimited ingress and egress over, across, through and upon the interior and exterior streets, sidewalks, walkways, roadways, entrances and exists and parking lots of the Regime so as to provide access to and from that certain tract of land designated as Phase II, III, IV, V and VI and as shown on EXHIBIT "D", which is attached hereto and made a part hereof, said reservation is for the benefit of the Grantor and its successors and assigns.

Section 6. Reservation and Grant of Reciprocal Easements Between Phases One and All Future Phases.

There is hereby reserved unto Mariner's Cay Development Corp., its successors and assigns, and granted to all Co-Owners of Apartment Units within Phase One and such future phases as may be added to the Regime created herein, an unlimited, perpetual, alienable and divisible easement between Phase One and each of the potential future phases as Grantor may hereafter elect to merge in the Regime created herein, said reciprocal easement reserves upon Grantor, its

successors and assigns and grants to the Co-Owners of any Apartment Unit within any and all phases of Mariner's Cay Racquet and Yacht Club, a South Carolina Horizontal Property Regime the perpetual right and privilege of unlimited ingress and egress over, across and upon, as well as the use of, the exterior streets, sidewalks, walkways, roadways and parking lots, recreational facilities and Common Area and Facilities of any other Phase of Mariner's Cay Racquet and Yacht Club, a South Carolina Horizontal Property Regime. Said reciprocal easement shall attach to and remain appurtenant to each Apartment Unit.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Amendment. Amendments to this Master Deed, except as herein expressly provided to the contrary, shall be proposed by the Board of Directors or by any member of the Association in accordance with the following procedure:

(a) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered.

(b) Adoption. The Master Deed may be amended at any time and from time to time after notice as hereinabove provided has been given by a vote of not less than seventy-five percent (75%) of the total vote of the Association; provided, however, that if the Association shall vote to amend the By-Laws in any respect, such amendment shall be set forth in an amendment to this Master Deed and shall be valid when approved by a vote of not less than seventy-five percent (75%) of the total vote of the Association.

(c) Recording. A copy of each amendment provided for in this Section 1 shall be certified by the Board of Directors of the Association as having been duly adopted and shall be effective when recorded.

(d) Expandable Regime Exception. As an express exception to the amendment procedure hereinabove enumerated, the Grantor may elect to expand the Horizontal Property Regime as provided herein as and when such additional property is submitted to this Regime without the consent of any Co-Owner or lien holder. Any such amendment shall become effective upon its filing in the R.M.C. Office for Charleston County, South Carolina.

Section 2. Termination. The Regime may be terminated and the property removed from the provisions of the Act in the following manner:

(a) Agreement. All of the Unit Owners may remove the property from the provisions of the Act by an instrument to that effect, duly recorded, provided that the holders of all liens affecting any of the Units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred so as to affect and be a lien upon only the Percentage Interest appurtenant to the Unit subject to such lien.

(b) Destruction. In the event it is determined in the manner provided in Section 4 of Article V hereof, that the property shall not be repaired or reconstructed after casualty, the Regime will be terminated and the Condominium Documents revoked. The determination not to repair or reconstruct after casualty shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being recorded.

(c) Condemnation. In the event that one or more Units, any part or parts thereof, or the Limited Common Area and Facilities, or parts thereof, to which a Unit has exclusive use shall be taken by any authority having the power of eminent domain and the consent of all Owners as provided in Section 3 of Article VI hereof, shall not be expressed in an amendment to this Master Deed duly recorded within 90 days after such taking, the Regime will be terminated and the Condominium Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being recorded.

(d) Ownership After Termination. After termination of the Regime, the rights of the Unit Owners and their respective mortgagees and lienholders shall be determined in the manner provided in Section 5 of Article V hereof.

Section 3. Covenants Running with the Land. All provisions of this Master Deed shall be construed to be covenants running with the land, and with every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of the Master Deed shall bind and inure to the benefit of all Unit Owners and claimants of the Land or any part thereof or interest therein, and their heirs, executors, administrators, successors and assigns.

Section 4. Duration. So long as South Carolina law limits the period during which covenants restricting lands to certain uses may run, it shall be the duty of the Board of Directors to cause the covenants contained herein, as amended from time to time, to be extended when necessary by filing a document bearing the signatures of a majority of the then Owners reaffirming and newly adopting the Master

Deed and covenants then existing in order that the same may continue to be covenants running with the land. Such adoption by a majority shall be binding on all, and each Owner of any Unit, by acceptance of a deed therefor, is deemed to agree that the Master Deed and covenants may be extended as provided in this Section 4.

Section 5. By-Laws. A true copy of the By-Laws of the Association, which together with this Master Deed shall govern the administration of the Regime, is attached hereto as EXHIBIT "G" and, by reference, made a part hereof.

Section 6. Enforcement. Each Owner shall comply strictly with the By-Laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to his Unit. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both maintainable by the Board of Directors on behalf of the Association or by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Severability. Invalidation of any covenant, condition, restriction or other provision of this Master Deed or the By-Laws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 8. Perpetuities and Restraints on Alienation. If any of the covenants, conditions, restrictions or other provisions of this Master Deed shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue only until 21 years after the death of the last survivors of the now living descendants of Ronald Reagan, President of the United States, or Jimmy E. Carter, former President of the United States.

Section 9. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 10. Agent for Service of Process. In accordance with the provisions of the Act, Ronald G. Bruce, Esq., of Richland County, South Carolina, is hereby designated to receive service of process. The address of the said Registered Agent is Post Office Box 11716, 1310 Lady Street, Suite 600, Keenan Building, Columbia, South Carolina, 29211.

In the event of said agent's death, resignation or removal, his successor shall be appointed by the Board of Directors of the Association by an instrument duly recorded in the Office of the Register of Mesne Conveyances of Charleston County, South Carolina.

Section 11. Headings. The headings appearing herein are intended for purposes of convenience only and are not to be considered in construing this instrument.

ARTICLE XII

ASSIGNED VALUE AND UNIT VOTE

Section 1. Unit and Property Values. The Master Plan contained in EXHIBIT "C" attached hereto shows the value of each Unit as of the date this Master Deed is recorded and the percentage of undivided interest in the General Common Area and Facilities and Limited Common Area and Facilities appurtenant to such Unit for all purposes. The value of the property is equal to the total value of all Units together with the value of the Percentage Interest in the General Common Area and Facilities and Limited Common Area and Facilities appurtenant to such Units, all as shown on EXHIBIT "C".

Section 2. Unit Votes. The voting rights of each Unit in the Association shall be in accordance with the provisions of Article IV, Section 7 of the By-Laws.

IN WITNESS WHEREOF, Grantor has executed this Master Deed this 20th the day of May, 1982.

WITNESSES:
DEVELOPMENT CORP.

MARINER'S Bay Development Corp.

BY: [Signature]
Robert J. Doran, Jr.
Its: President

ATTESTED:

[Signature]
Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF CHARLESTON)

PROBATE

PERSONALLY APPEARED BEFORE ME Edward G. ...,
who, being duly sworn, deposes and says that s/he saw the
within-named Mariner's Cay Development Corp., by Robert J.
Doran, Jr., its President, sign, seal and as its act and
deed, deliver the within-written instrument for the uses and
purposes therein mentioned and that s/he with H. ...
L. ..., witnessed the execution thereof.

11

SWORN TO BEFORE ME THIS 26th)

day of April MAY, 1982)

Nancy D. Bass (L.S.))
Notary Public for South Carolina)
My Commission Expires: 1-18-89)

Edward G. ...

BY-LAWS

OF

MARINER'S CAY RACQUET & YACHT CLUB HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

NAME; LOCATION AND MEMBERSHIP

Section 1. Name. The name of the association is Mariner's Cay Racquet & Yacht Club Homeowner's Association, Inc. (the "Association").

Section 2. Location. The principal office of the Association shall be located at Clubhouse, Mariner's Cay, Folly Beach, South Carolina, but meetings of the Board of Directors may be held at such places designated by the Board in accordance with the provisions of these By-Laws.

Section 3. Membership. Each and every record owner of a fee or undivided fee interest in Mariner's Cay Racquet & Yacht Club, a Horizontal Property Regime (expandable) shall be a member of the Association, excluding persons who hold such interest under a deed to secure debt, mortgage or deed of trust. Membership in the Association shall be confined to such Co-Owners and shall be appurtenant to and inseparable from Apartment ownership. Such Co-Owner or Co-Owners of each Apartment Unit shall designate, in writing delivered to the Secretary, one member of the Association from among such Co-Owner or Co-Owners of such Unit, or a member of the immediate family of such Co-Owner or Co-Owners, and such member shall represent the Co-Owner or Co-Owners of such Unit in connection with the activities of the Association and exercise the voting rights thereof. Such designation shall be valid until revoked, in writing delivered to the Secretary, or until such Co-Owner sells his Apartment Unit whichever event shall first occur. No Apartment Unit Co-Owner shall be required to pay any initiation fee whatsoever for his membership. In the event such a writing is not delivered to the Secretary, then the Secretary shall have complete freedom to recognize as sole representative of that particular Apartment Unit any person, corporation, or agent thereof that might show to the satisfaction of the Secretary that he has a recorded fee simple interest thereto.

Section 4. Suspension of Membership and Voting Rights. During any period in which a Co-Owner or Co-Owners of an Apartment Unit shall be in default of the payment of any annual or special Assessment levied by the Association, the voting rights of the member designated by such Co-Owner or Co-Owners and the rights of such Co-Owner or Co-Owners, the members of their family or families, and the tenants who reside in such Co-Owner's or Co-Owners' Apartment Unit to use and enjoy the Common Area and Facilities and Limited Common Area and Facilities may also be suspended by the Board of Directors until such time as the Assessment has been paid. Such rights may also be suspended by the Board of

Directors for the violation of the published rules and regulations with respect to the use of the Common Area and Facilities and the Limited Common Area and Facilities as published from time to time by the Board of Directors. Such rules shall be kept in the Office of the Association as a matter of record, and copies thereof shall be furnished to any Apartment Unit Co-Owner on request.

Section 5. Applicability. These By-Laws are established pursuant to the "Horizontal Property Act", 1976 S. C. Code of Laws §27-31-150, et. seq.; are applicable to the Mariner's Cay Racquet & Yacht Club Horizontal Property Regime, Common Area and Facilities, Limited Common Area and Facilities, and the Association; and are binding on all Apartment Unit Co-Owners, their families, tenants and guests, and any other person residing in or occupying an Apartment Unit. Each and every person who accepts a deed to, a lease of, or who occupies any Apartment Unit thereby consents to be bound by the provisions of these By-Laws.

Section 6. Expandable Regime. These By-Laws take express cognizance that Mariner's Cay Racquet and Yacht Club, a Horizontal Property Regime is an expandable regime, as more fully defined as discussed in the Master Deed, and, that in connection therewith, should the present Regime be expanded by merger then in that event Co-Owners of Apartment Units in any such future phases would automatically become members of the Association which would have the effect of reducing the Percentage Interest of the Co-Owners of Apartment Units of Phase One, all as more fully discussed in the Master Deed.

ARTICLE II

DEFINITIONS

Section 1. Definitions. The terms used in these By-Laws, unless the context requires otherwise or unless otherwise specified herein, shall have the same meaning as in the recorded Master Deed for Mariner's Cay Racquet & Yacht Club, a South Carolina Horizontal Property Regime to which these By-Laws are annexed.

Section 2. Mariner's Cay Development Corp. shall include its successors and assigns herein where used.

ARTICLE III

PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Section 1. Delegation of Property Rights. Each member of the Association shall be entitled to the use and enjoyment of the Common Area and Facilities and the Limited Common Area and Facilities as provided in the Master Deed. Any member may assign his rights of enjoyment and use of the Common Area and Facilities and the Limited Common Area and Facilities to the members of his immediate family, to his guests, or to his tenants who reside in his Apartment Unit. Such member shall notify the Secretary of the Association in writing of the name or names

of any such assignees. The rights and privileges of such assignees are subject to suspension to the same extent as those of the member.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Place of Meeting. Meetings of the Association shall be held at Clubhouse, Mariner's Cay, Folly Beach, South Carolina, at such suitable place convenient to the members as may be designated by Grantor with regard to the first annual meeting and by the Board of Directors with regard to all subsequent meetings.

Section 2. Annual Meeting. The first annual meeting of members shall be called by Grantor and shall be held on the 27th day of May, 19 82 at ten (10:00) A.M. at 4 Carriage Ln., Suite 300, Charleston, SC 29407. Thereafter, regular annual meetings shall be held on the first Saturday in June of each calendar year at ten (10:00) A.M.; unless otherwise provided by the members at any previous meeting. If the date of the annual meeting shall fall on a legal holiday, the meeting shall be held at the same hour on the next following business day.

Section 3. Special Meetings. Special meetings of the Association may be called at any time by the President, by resolution of the Board of Directors, or upon the receipt by the Secretary of a petition signed by members holding greater than forty (40%) percent of the total vote of the Association. The call of a special meeting shall be by notice stating the date, time, place, purpose and order of business of such special meeting. Only the business stated in the notice may be transacted at a special meeting.

Section 4. Notice of Meetings. The Secretary shall mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member at the last address of such member furnished to the Secretary at least ten (10) but not more than twenty (20) days prior to such meeting. Mailing notice as herein provided shall be deemed delivery thereof. Any member may waive notice of the meeting in writing either before or after the meeting. Attendance of a member at a meeting, either in person or by proxy, except for the purpose of stating, at the beginning of the meeting, any objection to the transaction of business, shall constitute waiver of notice and any objection of any nature whatsoever as to the transaction of any business at such meeting. Notice given to one tenant in common, joint tenant or tenant by the entirety shall be deemed notice to all such Co-Owners.

Section 5. Order of Business. The order of business at each annual meeting shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.

- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees, if any.
- f. Election of directors, if applicable.
- g. Unfinished business.
- h. New business.

Section 6. Quorum. At all meetings, regular or special, a quorum shall consist of the presence in person or by proxy, of members holding greater than fifty (50%) percent of the total vote of the Association. If a quorum shall not be present at any meeting, a majority vote of that percentage present, in person or by proxy, may adjourn the meeting from time to time until a quorum can be obtained. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 7. Voting Rights.

(a) This Association shall be a membership corporation without certificates or shares of stock. The Association shall have two classes of membership.

(i) Class A. Class A Members shall be all Co-Owners with the exception of the Grantor, unless Grantor makes election, provided in (ii). Class A Membership shall be nonvoting for the five year period dating from the date of recordation of the Master Deed, thereafter Class A voting rights shall be as detailed hereinafter in this subsection. The maximum total number of votes for all members of Class A shall be one hundred (100) and after the expiration of the foregoing five year period voting rights shall attach to Class A membership and the person designated by the Co-Owner or Co-Owners of each Apartment Unit shall be entitled to cast the number of votes equal to the Percentage Interest appurtenant to the Apartment Unit owned by such Co-Owner or Co-Owners. Said Percentage Interest is set forth as an exhibit to the Master Deed and shall not be divisible nor may the vote thereof be cast in part.

(ii) Class B. The sole Class B Member shall be the Grantor. The maximum total number of votes for Class B shall be one thousand (1,000). Voting rights attach to Class B immediately upon recordation of the Master Deed, as well as upon merger of any or all future phases of the Regime as provided herein. The Grantor shall be entitled to cast the number of votes the product of which shall be equal to the Percentage Interest appurtenant to each apartment Unit still retained by Grantor multiplied by ten (10). Said Percentage interest is set forth as an exhibit to the Master Deed. The Class B membership appurtenant to a particular Apartment Unit shall be automatically converted into Class A membership immediately upon conveyance of such particular Apartment Unit by the Grantor to any third party. Class B shall have a maximum duration of the earlier of, one ten years, or, two, such period of time during which Grantor retains ownership of and actively pursues the sale of any Apartment Units in Phase One or such future phases as may be added to Mariner's Cay Racquet and Yacht Club, a South Carolina Horizontal Property Regime (expandable). Class B membership may be converted into Class A membership at any time upon the election of Grantor in writing to the Association. Such an election once made shall be irrevocable.

(b) In addition to those voting rights granted hereinabove, and any provisions herein or in the Master Deed and related exhibits to the contrary notwithstanding, Grantor shall have the following rights and powers:

(i) Until such time as Grantor has sold, conveyed or otherwise disposed of all Apartment Units located in Phase One of the Mariner's Cay Racquet and Yacht Club, a South Carolina Horizontal Property Regime (expandable), the Master Deed and By-Laws shall not be changed, altered, amended, or revoked with regard to the method of selecting the managing agent, the imposition of Assessment, the repair or reconstruction of any Apartment Unit, the method and procedure of adopting rules and regulations pertaining to the conduct of members and the use of the Common Area and facilities and Limited Area and facilities without the express written approval of Grantor first had and in writing obtained.

Section 8. Proxy. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the designated time of each meeting.

Section 9. Majority Vote. Acts authorized, approved or ratified by the casting of a majority of the votes represented at a meeting at which a quorum is present; in person or by proxy, shall be the acts of the Association, except where a higher percentage vote is required by these By-Laws or by law, and shall be binding for all purposes.

Section 10. Actions Without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by persons who would be entitled to cast seventy-five (75%) percent of the votes of membership of the Association at a meeting and such consent is filed with the Secretary of the Association and is inserted in the Minute Book thereof.

ARTICLE V

BOARD OF DIRECTORS, NUMBER, POWERS, MEETINGS

Section 1. Number, Term and Qualification. The business and affairs of the Association shall be governed by a Board of Directors (herein sometimes referred to as the "Board"), all of whom, after all Class B membership has been converted into Class A membership, shall be Co-Owners of Apartment Units within Mariner's Cay Racquet and Yacht Club, a South Carolina Horizontal Property Regime at all times during their term as directors. From and after the first annual meeting of Co Owners the Board of Directors shall consist of nine (9) persons. Until the first annual meeting of Co-Owners, the Board shall consist of three persons appointed by Grantor, none of whom need be Co-Owners. At the first annual meeting of Co-Owners ~~three (3) directors shall be~~ elected to serve for a term of one year, three (3) directors shall be elected to serve for a term of two years and the remaining three (3)

directors shall be elected to serve for three years. At the expiration of the initial term of office of each director, his or her successors shall be elected to serve for a term of three years. The directors shall hold office for the term herein fixed and until their successors have been qualified and elected. There shall be no limit on the number of successive terms a director may serve on the Board, if elected as herein provided.

Section 2. Powers and Duties. The Board of Directors shall manage and direct the affairs of the Association and, subject to any restrictions imposed by law, by the Master Deed, or these By-Laws, may exercise all the powers of the Association. The Board of Directors shall exercise such duties and responsibility as shall be incumbent upon it by law, the Master Deed, or these By-Laws as it may deem necessary or appropriate in the exercise of its powers, including, without limitation, the collection of assessments and charges from the owners, the establishment and amendment from time to time of reasonable regulations governing the use of the Common Area and Facilities and the Limited Common Area and Facilities, and the employment and dismissal of personnel necessary for the maintenance and operation of the Common Area and Facilities and Limited Common Area and Facilities. Additionally, the Board of Directors may require that all employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association.

Section 3. Management. The Board of Directors may employ for the Association a managing agent under such terms and conditions as the Board may authorize; provided, however, the Board shall not delegate to such agent the complete and total responsibility of the Association in violation of the Board's duties. Such managing agent shall have such duties and shall receive such compensation as determined by the Board.

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association. Vacancies caused by removal shall be filled by vote of the Association at the same meeting at which a director or directors were removed.

Section 5. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the directors, may be removed with or without cause by a vote of eighty (80%) per cent of the total of all Class A and B memberships authorized to vote thereon, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by any Co-Owner or Co-Owners shall be given an opportunity to be heard at such meeting. After the conversion of all Class B memberships into Class A memberships the sale of his Apartment Unit shall automatically terminate his directorship.

Section 6. Regular Meeting. The first regular meeting of the Board of Directors shall be held immediately following the first annual meeting of the members of the Association and regular meetings thereafter shall be held on such dates and at such place and hour, but not less frequently than bi-annually, as may be fixed from time to time by resolution of the Board. Notice of regular meetings of the Board shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day of such meeting; provided, however, notice of the first regular meeting shall not be required to be given to the directors provided that a majority of the entire Board is present at such meeting. Should any such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the date, time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) directors.

Section 8. Waiver of Notice. Before or at any meeting of the Board of Directors any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him of the date, 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 then qualified directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting 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 any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 10. Compensation. No director shall receive compensation for any service he may render to the Association nor shall the Association make any loan, directly or indirectly, to a director; provided, however, a director may be reimbursed for the expenses incurred by him in the performance of his duties.

Section 11. Action by Board Without A Meeting. The Board of Directors shall have the right to take any action which it could take at a meeting by obtaining the written approval of all directors thereto. Any action so approved shall have the same effect as though taken at a meeting of the Board.

Section 12. Liability of Directors. To the extent not expressly forbidden by South Carolina Statutory Law, no director shall be liable

to any Co-Owner for injury or damage caused by such director in the performance of his duties unless due to the willful misfeasance or malfeasance of such director. Furthermore, each director shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been a director of the Association, whether or not he is a director of the Association at the times such expenses and liabilities are incurred, except in such cases where the director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association.

ARTICLE VI

OFFICERS

Section 1. Number and Election. There shall be elected annually by and from the Board of Directors a President (who shall also be Chairman of the Board), a Secretary and a Treasurer. The office of Secretary and Treasurer may be filled by the same person. The directors may also elect from time to time such other officers as their judgment may be needed, which officers need not be directors.

Section 2. Removal and Vacancies. Except as herein provided to the contrary, the officers shall be elected annually and hold office at the pleasure of the Board. A vacancy in any office may be filled by the Board at its next meeting. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 3. Duties. The duties of the officers shall be as follows:

(a) President. The President shall be the chief executive officer and shall preside at all meetings of the Board of Directors and the Association, shall see that orders and resolutions of the Board are carried out, shall appoint committees consisting of members of the Association as in his opinion is necessary, shall co-sign with the Treasurer all checks, promissory notes and similar documents, if any, and shall perform such other duties as may be delegated to him by the Board. He shall have all the general powers and duties which are incident to the office of President of a corporation, consistent with S. C. Code §33-13-130 (1976), and control and management of the Association in accordance with such Code and these By-Laws.

(b) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and the Association; keep appropriate current records, showing the members of the Association together with their addresses and designating those members entitled to vote; keep custody of and attest the seal of the Association; and perform such other duties as may be required of him by

the Board or incident to the office of Secretary of a corporation under S. C. Code §33-13-130 (1976).

(c) Treasurer. The Treasurer shall be responsible for the funds of the Association, shall co-sign with the President all checks, promissory notes and similar documents, shall maintain full and accurate fiscal accounts and records, and shall perform such other duties as may be designated by the Board of Directors or incident to the office of Treasurer of a corporation under S. C. Code §33-13-130 (1976).

Section 4. Compensation. Officers shall not be compensated on a regular basis for the usual and ordinary services rendered to the Association incident to their offices, nor shall the Association make loans, directly or indirectly, to any officer of the Association. The officers may be reimbursed for reasonable expenses incurred on behalf of the Association.

Section 5. Liability of Officers. To the extent not expressly forbidden by South Carolina Statutory Law, no officer shall be liable to any Co-Owner for injury or damage caused by such officer in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer. Furthermore, each officer shall be indemnified by the Association against all liabilities and expenses, including attorney's fees, reasonably incurred and imposed upon him in connection with any proceeding to which he may be a party or in which he becomes involved by reason of his being or having been an officer of the Association, whether or not he is an officer of the Association at the times such expenses and liabilities are incurred, except in such cases where the officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, however, that in the event of a settlement the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association.

ARTICLE VII

OBLIGATIONS OF THE CO-OWNERS

Section 1. Agreements. All Co-Owners are obligated to pay monthly assessments imposed by the Association as provided in the Master Deed to meet Common Expenses, which may include the expense of liability insurance coverage and/or hazard insurance coverage for repair and reconstruction. A Co-Owner is required to reimburse the Association for any expense incurred by it in repairing or replacing Common Elements and/or Limited Common Areas and Facilities damaged by such Co-Owner.

Section 2. Maintenance and Repair.

(a) All maintenance of and repair to any Apartment Unit whether structural or non-structural, ordinary or extraordinary, other than maintenance of and repair to any Common Elements contained therein or any Limited Common Area and Facility adjacent and appurtenant thereto,

and not necessitated by the misuse or neglect of the Co-Owner or Co-Owners of another Apartment Unit, shall be made by the Co-Owner or Co-Owners thereof, and such Co-Owner or Co-Owners shall keep the same in good condition and repair. Each such Co-Owner shall be responsible for any and all damage to any and all other Apartment Units, to the Common Elements and Limited Common Area and Facilities caused by his failure to do so.

(b) All maintenance, repairs and replacements to the Common Elements and Limited Common Area and Facilities, whether located inside or outside of the Apartment Units, unless necessitated by the negligence, misuse, or neglect of the Co-Owner or Co-Owners of an Apartment Unit, in which case the cost shall be borne by the Co-Owner or Co-Owners of such Apartment Unit, shall be made by the Association or at its direction and shall be charged to the members thereof as a Common Expense.

Section 3. Right of Entry. Each and every Co-Owner by accepting a deed to an Apartment Unit thereby grants to the managing agent or such other person designated by the Board of Directors, in the event that fire or some similar emergency is, in the opinion of such agent or designated person, threatening his Apartment Unit, the right to enter the same regardless of whether such Co-Owner is present at such time. For such purpose, each and every Co-Owner shall provide the Association with a key to his Apartment Unit.

Section 4. Conduct. All Co-Owners, their families, guests, visitors and tenants, and each and every occupant of each Apartment Unit shall at all times observe the published rules of conduct which may be established from time to time by the Association or its Board of Directors.

Section 5. Notices. A Co-Owner who mortgages his dwelling or executes and delivers a deed to secure debt, deed of trust or other security instrument which may become a lien on his Apartment Unit shall notify the President or the Board of Directors of the name and address of his mortgagee, or the holder of such deed to secure debt, deed of trust or security instrument, and thereby authorize the Association to furnish such information as such mortgagees may request respecting unpaid assessments, taxes or other reasonable information concerning such Apartment Unit.

ARTICLE VIII

COMPLIANCE

These By-Laws are set forth to comply with the requirements of Section 27-31-150 et. seq. of the 1976 South Carolina Code of Laws. In the event any of these By-Laws conflict with the provisions of said Statutory Sections, the provisions of said Sections will control.

ARTICLE IX

BOOKS AND RECORDS

Section 1. Inspection. The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member at the principal office of the Association. The Master Deed and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased for a reasonable price.

ARTICLE X

ASSOCIATION SEAL

Section 1. Description. The Association shall have a seal in circular form having within its circumference the words: "Mariner's Cay Racquet & Yacht Club Homeowner's Association, Inc."

ARTICLE XI

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by a vote of not less than seventy-five percent (75%) of the total vote of the Association at a duly constituted meeting of such purpose, in strict accordance with the recorded Master Deed to which they are attached. Said amendments shall be set forth in an amended Master Deed and duly recorded. Each and every Co-Owner of an Apartment Unit by accepting a deed therefor thereby agrees to be bound by and benefit from any such amendment hereto.

Section 2. Master Deed. The Master Deed for Mariner's Cay Racquet & Yacht Club, a South Carolina Horizontal Property Regime shall be amended only upon the written consent of seventy-five (75%) percent of the total Percentage Interest authorized to vote thereon.

Section 3. Conflicts. In the event of any conflict between the provisions of the Master Deed and the provisions of these By-Laws, the provisions of the Master Deed shall control.

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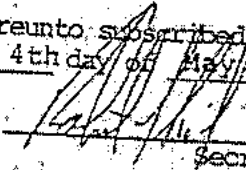
C E R T I F I C A T I O N

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of Mariner's Cay Racquet & Yacht Club Homeowner's Association, Inc., a South Carolina Non-profit Corporation, and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 3rd day of May, 1982.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 4th day of May, 1982.



Secretary