

Rick  
RATCHFORD

*Rick - your copy*

**THIS AGREEMENT IS SUBJECT TO ARBITRATION PURSUANT TO THE UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ. CODE OF LAWS OF SOUTH CAROLINA 1976 (AS AMENDED).**

286-9578  
ext 21

MASTER DEED FOR  
SOUTHPORT COMMONS  
HORIZONTAL PROPERTY REGIME

*\$150/month  
\$150 initial  
assessment*

THIS MASTER DEED is made this 19<sup>th</sup> day of May, 2006, by Southport Offices, LLC, 285 Fairforest Way, Greenville, SC 29607, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain property lying, being and situate in Spartanburg County, South Carolina, more particularly described on Exhibit A-1, attached hereto and incorporated herein by reference (the "Land"); and

WHEREAS, Declarant desires and intends to subject the Land, including the improvements to be constructed thereon, to the provisions of § 27-31-10 et seq. of the South Carolina Code of Laws, 1976, as amended, from time to time known as the "Horizontal Property Act" (hereinafter referred to as the "Act"),

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that Declarant declares that the Land is hereby incorporated into the Horizontal Property Regime by the recording of this Master Deed and is submitted and made subject to the form of ownership set forth in the Act, and said Land is and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the provisions of the Act and subject to the covenants, conditions, restrictions, uses, limitations, easements, rights and obligations set forth in this Master Deed, all of which are declared and agreed to be in the furtherance of a plan for the improvement of the Land and condominium ownership, and shall be deemed to run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and every person acquiring or owning an interest in said Land and improvements, the grantees, and the grantees' heirs, successors, executors, administrators, devisees and assigns.

For the purpose of this Master Deed, the following terms shall have the meanings set forth below:

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

(b) "Assessment" means assessment(s) and charges levied by the Association against Members who are the Unit Owners.

(c) "Association" means the nonprofit corporation responsible for the management and operation of the Condominium, being "Southport Office Owners Association, Inc."

(d) "Board of Directors or "Board" means the group of persons appointed or elected, who are authorized and directed to manage and operate the Association as provided by the Horizontal Property Act, this Master Deed and the Bylaws.

(e) "Bylaws" means the bylaws for the government of the Association as amended from time to time as therein provided, attached hereto as Exhibit D.

(f) "Common Charges" means each Unit's share of the Common Expenses in accord with its common interest in relation to the entire project.

(g) "Common Expenses" means and includes the following:

1. The expenses of administration, including management fees.
2. The cost of insurance purchased for the benefit of all Unit Owners including, but not limited to the insurance specified in Article XIV of this Master Deed.

3. The cost of such utilities as may be furnished by the Association.

4. The expenses of maintenance, repairs, preservation or replacement of General Common Elements and Limited Common Elements including, but not limited to the maintenance and preservation of landscaping and the employment of personnel.

5. Real and personal property taxes, if any, assessed against the General Common Elements and the Limited Common Elements as well as any special assessments against such property by municipalities, counties and other taxing authorities.

6. The establishment and maintenance of a reasonable operating reserve fund to cover unforeseen contingencies or deficiencies arising from unpaid assessment or liens and also any emergency expenditures authorized by the Board of Directors.

7. Any expenses declared a "common expense" elsewhere in this Master Deed or agreed upon as common expenses and lawfully assessed by the Board of Directors and which shall be allowed as a matter of law.

(h) "Common Surplus" means the excess of all receipts of the Association, including, but not limited to, assessments, rents, profits and revenues, from whatever source, above the amount of Common Expenses.

(i) "Condominium" means that form of ownership established by the provisions of the Act under which space intended for independent use is owned by an owner in fee simple absolute, and the parts of the Property other than such independently owned spaces are owned by such owners in undivided shares as tenants in common, which undivided shares are appurtenances to the respective independently owned spaces.

(j) "Condominium Property" means the Land submitted to the provisions of the Act by this Master Deed or by permitted amendments, and includes the land, the buildings, all improvements and structures thereon, any additional property added under Article V, and all covenants, rights and appurtenances belonging thereto.

(k) "Co-owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any number or combination thereof, who owns one or more units within the Condominium Property in fee simple. Co-owner also means Owner. Co-owner also means Unit Owner.

(l) "Declarant Control Period" shall mean Declarant Control Period as defined in Article V, Section A of this Master Deed.

(m) "General Common Elements" means and includes:

1. The land described herein including, but not limited to that portion of the land on which the Buildings will be located.
2. The foundations, main walls, roof, and entrances or exitways.
3. The compartment or installations of central services such as power, light, water, electricity, conduits for telephone lines, cable, plumbing and similar installations installed for the common use of the owners.
4. The garbage receptacles and all devices or installations existing for common use.
5. Such easements through the Units for conduits, pipes, ducts, cable, plumbing, wiring and other facilities for the furnishing of utility services to Units, General Common Elements and Limited Common Elements, and easements for access, maintenance, repair, reconstruction or replacement of structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the Property, whether or not such easements are erected during construction of the Condominium Property or during reconstruction of all or any part thereof, except such easements as may be defined as "Limited Common Elements."

6. The crawl spaces, roofs, and green space, except as otherwise provided or stipulated;
7. The parking areas, entrance-ways, and internal roadways; and
9. All other elements of the Condominium Property rationally of common use, necessary to its existence, upkeep and safety, or labeled as General Common Elements or Common Elements on a recorded survey.

(n) "Land" means and includes all of that certain piece, parcel or tract of land located in Spartanburg County, South Carolina, more particularly described on Exhibit A-1 attached hereto and incorporated herein by reference, together with the buildings, structures and other improvements constructed or to be constructed or placed thereon, and all easements, rights and appurtenances belonging thereto.

(o) "Limited Common Elements" means and includes those common elements which are agreed upon by all the Co-Owners to be reserved for the use of a certain number of Units to the exclusion of other Units including any porches attached to the rear or front of each Unit; any shutters, awnings, doorsteps, stoops, exterior doors, window frames, panes and screens designed to serve a single Unit but located outside the Unit's boundaries; the entrance area on of a building, and sanitary services common to the Units of building.

(p) "Master Deed" means this instrument by which the Land is submitted to the provision of the Horizontal Property Act and such instruments as from time to time amend the same in accord with said Act and the Bylaws of the Association.

(q) "Person" means an individual, firm, corporation, partnership, limited liability company, association, trust or other legal entity, or any combination thereof.

(r) "Special Assessment" means a Unit Owner's share of costs and expenses including, but not limited to costs of repair to individual Units, interest, costs of enforcement of this Master Deed, and attorney's fees which from time to time are assessed against a Unit Owner in accord with the terms of this Master Deed.

(s) "Unit" means that part of Condominium Property which is to be subject to private ownership and shall comprise the separate identified units which are designated on the site and floor plans marked as Exhibit C. The Unit excludes, all spaces and improvements lying beneath the subflooring material of all floors; behind the interior surfacing material of all perimeter walls; interior load bearing walls and/or load bearing partitions; above the interior surfacing material of the ceilings; and all pipes, cable, ducts, wires, conduits and other facilities for the furnishing of utilities and other services to Units and Common Elements up to and including the point of entry of such pipes, cable, ducts, wires and conduits through the interior surfacing material for walls and ceilings and subflooring surfacing material for floors. All pipes, cable, ducts, wires, conduits and other such facilities shall become a part of the respective Units at such point of entry. The boundary lines of each Unit are their interior undecorated and/or unfinished surfaces of its perimeter walls, floor, ceiling, windows, doors, provided, however, with respect to walls between adjacent Units, the vertical boundary line of each Unit shall be fixed at the center of such walls, provided further, each portion of the Unit contributing to the support of adjoining Units shall be burdened with an easement of support for the benefit of such adjoining Unit. The boundaries of each Unit shall be subject to such encroachments as are contained in a building, whether the same now exist or may be caused or created by construction, settlement or movement of a building or by permissible repairs, construction or alteration.

## ARTICLE I

### Purpose

Declarant declares the Condominium Property to be a regime known and identified as "Southport Commons Horizontal Property Regime" (hereinafter referred to as the "Regime"). The Regime is also known as a "Condominium".

## ARTICLE II

### Property Generally

Exhibit A-1 describes the Land lying, being and situate on Southport Road in the City of Spartanburg in Spartanburg County, South Carolina which is part of the Regime.

The Condominium shall consist of six (6), two-story buildings containing a total of 12 (twelve) office condominium Units which are being subjected to the Regime by the execution and filing of this Master Deed. Exhibit A-2 depicts certain areas designated as general common areas. All of the areas so depicted are hereby subjected to the Regime by the execution and filing of this Master Deed.

The buildings described above are of wood frame construction. The basic floor plans, dimensions, and General Common Elements and Limited Common Elements associated with each of these buildings are depicted on Exhibits A-2, and C.

### ARTICLE III Survey and Description of Improvements

Attached hereto and expressly made a part hereof as Exhibit A-1 is a verbal legal description of all of the Land. Attached hereto and expressly made a part hereof as Exhibit A-2 is a site plan of the Land being subjected to the Regime. Attached hereto and expressly made a part hereof as Exhibit C is the graphic descriptions and plans and layouts of the improvements constituting the condominium (the "Condominium Plan"), identifying the Units, the General Common Elements, and the Limited Common Elements, as said terms are hereinafter defined, and their respective locations, approximate dimensions and principal building materials. Each Unit has been assigned an Identifying Number and no Unit bears the same Identifying Number as any other Unit.

### ARTICLE IV Ownership of Units and Allocated Interest in Common Elements

- A. Ownership. A Unit Owner shall have exclusive ownership of his Unit and shall have a common right to a share, with the other co-owners, in the General Common Elements equivalent to the percentage representing the value of the individual Unit, with relation to the value of the property. This percentage shall be computed by comparing the basic value of the individual Unit to the basic values of all the Units. The percentage interest allocated to each Unit is set out in Exhibit B attached hereto and made a part hereof. The percentage interest shall have a permanent character, and shall not be altered without the acquiescence of the co-owners representing all Units. The basic value fixed herein in Exhibit B is irrespective of the actual value and shall not prevent the co-owners from fixing different circumstantial values to their Units in all types of acts and contracts.
- B. Subdivision. Except as provided in Article V, no Unit may be divided or subdivided.
- C. Reallocation. Limited Common Elements may be reallocated by two or more Unit Owners by an amendment to the Master Deed executed by all Unit Owners between or among whose Units the reallocation is made. The Association, at the expense of such Unit Owners, shall prepare and record the executed amendment in the names of the Unit Owners executing same, in the same manner as a deed, in the public records of Spartanburg County, South Carolina.
- D. Restraint upon Separation and Partition of Common Elements. Recognizing that the proper use of a Unit by its Unit Owner(s) is dependent upon the use and enjoyment of the General Common Elements in common with the Unit Owners of all other Units, and that it is in the interest of all Unit Owners that the ownership of the General Common Elements be retained in common by the Unit Owners, it is hereby declared that the Allocated Interest in the Common Elements appurtenant to each Unit shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division.
- E. Conveyance. Except as otherwise provided in this Master Deed, the interest in the General Common Elements and the Limited Common Elements declared to be an appurtenance to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the interest in the General and Limited Common Elements appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any conveyance, encumbrance, judicial sale or other voluntary or involuntary transaction which purports to grant any right, interest or lien in, to or upon a Unit shall be null, void and of no effect insofar as the same purports to affect any interest in a Unit and its interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit, which describes said Unit by the Identifying Number assigned thereto, shall be deemed and construed to affect the entire Unit and its interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its Allocated Interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

F. Limitation upon Unit Owner's Right to alter Units and/or Common Elements.

1. A Unit Owner may make improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium Property.

2. A Unit Owner, after acquiring an adjoining Unit, may remove or alter any intervening partition or create apertures therein, even if the partition is a Common Element. However, if such acts may impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium Property, prior written consent of the Board of Directors shall be required. Such removal of partitions or creation of apertures shall not be considered an alteration of Unit boundaries.

3. The Architectural Review Committee shall regulate the external design, appearance, use, location and maintenance of the Condominium Property in such a manner so as to preserve and enhance values and to maintain a harmonious relationship among structures and the natural vegetation and topography. No Unit Owner shall cause any improvements, alterations, repairs or changes to be made to the exterior of the Condominium Property or in any manner alter the appearance of the exterior portion of any building without the written consent of the Architectural Review Committee. No Unit Owner shall cause any object to be fixed to the General Common Elements (including the location or construction of fences and the planting or growing of flowers, trees, shrubs or any other vegetation) or in any manner change the appearance of the General Common Elements without the prior written consent of the Architectural Review Committee.

**ARTICLE V.**  
**Special Declarant Rights**

A. Declarant Control Period. As used herein, the term "Declarant Control Period" shall mean that period from the filing of this Master Deed until such time as the first of the following events occurs:

- i. One hundred percent (100%) of the Units which are planned for the Condominium and any land added thereto, have been conveyed to Persons other than the Declarant,
- ii. Ten (10) years after the first Unit is conveyed; or
- iii. The Declarant, in its sole discretion, voluntarily terminates the Declarant Control Period by written instrument in recordable form.

B. Addition of Real Estate to Condominium: Creation of Additional Units, General and Limited Common Elements. Declarant hereby reserves the right for ten (10) years from the date of recording of this Master Deed to add additional property to the Condominium, and to create upon such additional real estate additional Units, General and Limited Common Elements, all without the consent of any Unit Owner or Mortgagee.

Declarant, its agents, designees and contractors reserve the right to go onto and work upon the General and Limited Common Elements to construct the Units, parking areas, roads, water and sewerage systems, telephone, cable and electrical lines and other facilities to complete the Condominium. Said rights shall also include the right to cut trees, grade, move and relocate soil in order to complete the stages. In the event Declarant elects to add additional real estate to the Condominium and thereby create additional Units, then the interest in the General Common Elements appurtenant to each Unit will change.

C. Subdivision of Units. Declarant hereby reserves the right for ten (10) years from the date of recording of this Master Deed to subdivide an existing Unit owned by Declarant into two or more new Units, General Common Elements and/or Limited Common Elements, without the consent of any Unit Owner or Mortgagee.

D. Conversion of Units to Common Elements. Declarant hereby reserves the right for ten (10) years from the date of recording of this Master Deed to convert an existing Unit owned by Declarant entirely to General and/or Limited Common Elements, without the consent of any Unit Owner or Mortgagee. Declarant's right under this Paragraph D shall apply to Units created under this original Master Deed as well as to Units which may be created on any additional real estate added to the Condominium pursuant to Paragraph B of this Article.

E. Method of Exercising Development Rights. In the event Declarant exercises any of its development rights under this Article, Declarant shall prepare, execute with the same formalities as a deed, and record an amendment to this Master Deed in the public records of Spartanburg County, South Carolina, such amendment to refer specifically to the recording data

identifying this Master Deed. Such amendment shall assign an Identifying Number to any new Unit created thereby, describe any new General or Limited Common Elements created thereby and, in the case of the latter, designate the Unit(s) to which such Limited Common Elements are reserved. If appropriate, the amendment shall reallocate the Allocated Interest in the Common Elements among all Units then located in the Condominium Property.

In addition to the execution and recordation of the amendment to the Master Deed described above, Declarant shall record in the public records of Spartanburg County, South Carolina, either new plats and plans of the Condominium evidencing the changes effected by Declarant's exercise of its development rights, or new certifications of the plats and plans previously recorded if the Condominium continues to conform to those plats and plans. Except as provided in this Master Deed, after Declarant no longer owns any Unit in the Condominium, the interest in the General Common Elements appurtenant to each Unit shall not be changed except with the unanimous consent of all Unit Owners. Any and all of the Development Rights reserved under this Article may be exercised as to the Land and any contiguous property that Declarant elects to add to the Condominium Property pursuant to this Article.

F. Sales and Management Offices; Model Units; Advertising on Common Elements. Declarant shall have the right to maintain a sales office, a management office, and Unit models and to display advertising signs upon the General and Limited Common Elements during the period of Unit sales. Any such offices, model Units or signs may be located within such Units and upon such portions of the General and Limited Common Elements as Declarant shall select, and Declarant shall have the right at any time to relocate any offices, model Units or signs. Such rights shall terminate when all Units of the Condominium are sold.

G. Easements through Common Elements. Declarant shall be deemed to have such easements on, across and over the General and Limited Common Elements as shall be reasonably necessary for the exercise of any of the rights set out in this Article as may be reasonably necessary to construct improvements on the Land and any additional land added and as may be reasonably necessary in the discharge of any obligations imposed on Declarant by this Master Deed or under the Act.

H. Amendment of the Master Deed. During the Declarant Control Period, the Declarant, or its successor or assigns, shall be allowed to unilaterally make any amendments to this Master Deed which do not materially affect the assessment responsibilities contained in Article VII. This amendment right may be exercised, and shall be effective only upon the recordation of an amendment in the Office of the Register of Deeds of Spartanburg County, which amendment shall specifically reference this document, and the provision impacted. Such amendment need not be certified by the Association.

I. Assignment of Rights. Declarant further reserves the right to assign all or any portion of the rights and privileges granted and reserved to Declarant under this Article. Consent of the Unit Owners and Mortgagees shall not be required.

J. Architectural Review. Declarant's development of the Condominium shall not be subject to architectural review by the Board or any Architectural Review Committee. Further, Declarant shall not be subject to any regulations enacted by the Board or the Architectural Review Committee regarding architectural design, appearance, use, and location of the General or Limited Common Elements or the Condominium Property as a whole.

K. Owner Consent. Each Owner shall be deemed by his acceptance of the deed to any Unit to have consented to the Development Rights reserved in this Article and to any amendments previously or thereafter executed by Declarant pursuant to this Article.

#### ARTICLE VI.

##### Restrictions on Use and Rights of the Association, Declarant and Owners

In order to provide for the common benefit of the Condominium Property and for the protection of the value of the Units, the use of the Condominium Property shall be restricted pursuant to the following provisions:

A. Business Purposes Only. All Units shall be used exclusively for office purposes or other business purpose permitted by the Spartanburg County zoning code.

B. Temporary Structures. No structure of a temporary character, trailer, tent, shack, carport, or other building shall be used as a Unit on any portion of the Condominium Property at any time, either temporarily or permanently. Notwithstanding anything contained herein to the contrary, Declarant shall be allowed to set up temporary construction and/or sales trailers during the development and marketing of the Condominium.

C. Nuisance. No Owner shall use, permit or allow his/her Unit to be used for any immoral, improper, offensive or unlawful purpose nor shall any Unit Owner permit or allow any nuisance or other activity to be conducted in any Unit which would be a source of annoyance or interfere with the peaceful possession, enjoyment and use of the Condominium Property by other Unit Owners.

D. Insurance Risk. No Owner shall permit anything to be done or kept in his/her Unit or on the Condominium Property which will increase the rate of insurance on the Unit and/or the Condominium Property.

E. Animals. No dogs, cats, birds or other animals or pets of any kind shall be owned, kept or maintained in any Unit without the specific written consent of the Board of Directors of the Association.

F. Obstructions of Common Elements. The sidewalks, entrances, passages and parking areas shall not be obstructed or encumbered or used in any manner which would prohibit ingress and egress to or from any Unit or to or from the Condominium Property.

G. Garbage. All garbage and refuse shall be placed and deposited upon the Condominium Property only in specified locations and only in such containers as shall be authorized by the Board of Directors.

H. Signs. No signs, advertisements, for rent or for sale signs, or other notices shall be inscribed or exposed on or at any window or any part of the Common Areas without the prior written consent of the Architectural Review Committee; provided, however, that an Owner may post an identification sign next to the entrance of a Unit. All signs must be approved by the Architectural Review Committee.

I. Awnings, Satellite Dishes and Antennas. No awnings or other projections shall be placed upon or attached to or hung from the exterior of any Unit or any General and Limited Common Element, without the prior written approval of the Architectural Review Committee.

J. Lease. Any lease or rental agreement for a Unit shall be in writing and for a period of at least thirty (30) days, unless the prior written approval of the Board of Directors is obtained. Such leases shall provide that the terms of the lease are subject to the provisions of this Master Deed, the Articles of Incorporation, the Bylaws and the rules and regulations of the Association, and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease.

K. Parking. At no time shall boats, RV's, trailers, campers or other recreational vehicles (collectively, "Recreational Vehicles") or inoperable vehicles be parked on the Common Areas. Parking spaces adequate to meet the Spartanburg County Zoning Code requirements shall be available on the General Common Elements.

L. Other Regulations. Each Owner shall be subject to such other reasonable regulations concerning the use of the Units as may be made and amended from time to time by the Board of Directors.

## ARTICLE VII.

### Assessments

A. Creation of the Lien and Personal Obligation for Assessments. Each Unit Owner, other than the Declarant, by acceptance of a deed for a Unit shall be deemed to and does hereby covenant and agree to pay to the Association:

- 1) annual assessments or charges as herein provided,
- 2) special assessments for capital improvements; and
- 3) Special Individual Assessments.

The annual and special Assessments and any Special Individual Assessments of a Unit Owner and any fines, liquidated damages or summary charges as provided herein or in the Bylaws, together with such interest and costs of collection as herein provided, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each such Assessment is made. Each such Assessment, together with such interest and costs of collection as hereinafter provided, shall also be the personal obligation of the Unit Owner(s) at the time when the Assessment fell due.

B. Purpose of Assessments. The Assessments shall be used exclusively to promote the access, maintenance of property values, security, safety and welfare of the Unit Owners and in particular for:

- 1) improvement, maintenance, and replacement of any of the General and Limited Common Elements including, without limitation, private streets, and improvements located on General or Limited Common Elements;
- 2) payment of the Common Expenses;
- 3) establishment of capital replacement reserves; and
- 4) acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the General and Limited Common Elements, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the General and Limited Common Elements, the procurement and maintenance of insurance related to the General and Limited Common Elements, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

C. Amount of Assessment. Unless specifically otherwise provided for in this Master Deed, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Units as the interest in the Common Elements appurtenant to each Unit bears to the total interest in the Common Elements appurtenant to all Units; provided, however, that any portion of the Common Expense which, in the opinion of the Board of Directors was incurred for Limited Common Elements on behalf of or benefited fewer than all Unit Owners may be assessed solely against the Unit Owners so benefited, in such proportions as the Board of Directors, in its sole discretion, shall determine.

D. Special Assessments for Capital Improvements. In addition to the regular annual Assessments, the Association may levy in any assessment year, a special Assessment, applicable to that year only, for the purpose of defraying the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvement (including, without limiting the generality thereof, any lake, waterway, or pond) located upon the General or Limited Common Elements, including the necessary fixtures and personal property related thereto, provided that any such Assessment shall have the consent of two-thirds (2/3) of the votes of the Unit Owners who are voting in person or by proxy at a meeting duly called for this purpose.

E. Special Individual Assessments. In addition to the regular annual Assessments and the special Assessments for capital improvements, the Association may levy on a particular Unit, special individual Assessments, immediately due and payable, consisting of any fines assessed by the Association under authority contained in the Bylaws for an Owner's violations of the terms and conditions of this Master Deed, any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, or the collection of Assessments (both annual and special) or the collection of damages or charges arising under the Bylaws, all of the foregoing of which shall comprise "Special Individual Assessments."

F. Date of Commencement of Annual Assessment; Due Dates. The regular annual Assessments provided for herein shall be paid in monthly installments. The payment of the regular annual Assessment shall commence upon the conveyance of said Unit by the Declarant. The first regular annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Unit Owner. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board), shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance.

G. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement, and the amount of the Assessment(s) against each Unit, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall prepare a roster of the Unit Owners and Assessments which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Unit Owners, and which shall be open to inspection by any Unit Owner. Written notice of the Assessment(s) shall be sent to every Unit Owner. Based on the projected Assessments to be collected, the Board of Directors shall develop an annual operating budget for the Association (the "Budget").

H. Effect of Non-Payment of an Owner's Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If the Assessments of an Owner are not paid within ten (10) days following the due date, then such Assessments shall become delinquent and shall, together with interest and costs of collection, become a continuing lien on the Unit(s), which shall bind the Owners of such Unit(s), their heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such Assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Unit unless expressly waived by the Board.)

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Board may authorize its officers to bring appropriate civil action against the Unit Owner or to foreclose the lien against any such Unit(s), and there shall be added to the amount of such Assessment the costs of such action and reasonable attorneys' fees or other costs of collection incurred by the officers of the Association. In the event a judgment is obtained against any Unit Owner, such judgment shall include interest on the Assessment and a reasonable attorney's fee, together with the costs of the action. In addition, the Board may set a schedule of late fees if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other changes described herein.

I. Subordination of the Lien on an Owner's Property to Mortgages. The lien on an Owner's Unit for Assessments shall be absolutely subordinate to the lien of any first mortgage now or hereafter placed upon any Unit(s). The subordination shall not relieve any Unit(s) from liability for any Assessments now or hereafter due and payable, but the lien shall be secondary and subordinate to any first mortgage as if said lien were a second mortgage, irrespective of when such first mortgage was executed and recorded. The sale or transfer of a Unit shall not affect any lien for Assessments. However, the sale or transfer of a Unit pursuant to a foreclosure or any proceeding in lieu of foreclosure shall extinguish the lien of such Assessments which became due prior to such sale or transfer. No such sale or transfer shall relieve a Unit from liability for any assessments thereafter becoming due, or from the lien thereof, but said liens shall continue to be subordinate to the lien of any such first mortgage.

J. Exempt Property. All General and Limited Common Elements shall be exempted from the Assessments, charges and liens created herein.

K. Maximum Annual Assessment. Until December 31<sup>st</sup> of the year in which the first Unit is conveyed to a Unit Owner other than Declarant, the maximum annual assessment shall be One Thousand Eight Hundred and no/100 (\$1,800.00) Dollars per Unit payable in advance in monthly installments of no more than One Hundred Fifty and no/100 (\$150.00) Dollars per Unit. The maximum annual assessment may be increased by no more than ten percent (10%) a year by the Board of Directors. The annual assessment may be increased more than ten percent (10%) upon a vote of the Unit Owners to whom sixty-seven percent (67%) or more of the Allocated Interest in the General Common Elements have been assigned who are voting in person or by proxy, at a meeting duly called for such purpose.

L. Assessments Collected. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied to the payment of any expense of operating and managing the Condominium Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Master Deed, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid to the Association by any Unit Owner, the same may be commingled with monies paid to the Association by the other Unit Owners. Although all funds are common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of General Common Elements, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit. When a Unit Owner shall cease to be a member of the Association by reason of his divestment of ownership of such Unit, by whatever means, the Association shall not be required to account to such Unit Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Unit Owner, as all monies which any Unit Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium Property.

M. Declarant Responsibility for Assessments. Declarant's responsibility for payment of assessments and for contributions to the budget of the Association shall be as follows:

1. During the development of the Condominium Property, Declarant may elect to pay to the Association an amount sufficient to cover the operating deficit in the budget of the Association on a periodic basis. This payment will be made in lieu of the assessments which would be levied against the Declarant as the owner of the unsold Units built and established under the Master Deed.

2. At a time selected by the Declarant, the Declarant will begin paying periodic assessments in the same amounts and in the same manner as all other Unit Owners, and shall thereafter have no obligation for covering the deficit in the operating budget.

#### **ARTICLE VIII.** **Common Surplus**

"Common Surplus," meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits and revenues from whatever source) over the amount of the Common Expenses, shall be owned by the Unit Owners in the same proportion as listed on Exhibit B. The Common Surplus shall be held by the Association subject to the terms, provisions and conditions of this Master Deed; provided, however, that the Association shall have the sole discretion as to whether any distribution of Common Surplus should be made to Unit Owners. Nothing in this Article shall require periodic distributions of Common Surplus. Except for distribution of any insurance indemnity, or upon termination of the Condominium, any distribution of Common Surplus which may be made shall be made to the then current Unit Owners in accordance with their Allocated Interest in Common Surplus. The Association shall keep a detailed account, in chronological order, of all receipts and expenditures affecting the Condominium Property and its administration, specifying the maintenance and repair expenses of the General Common Elements and other expenses incurred. These records shall be available for examination by Unit Owners at convenient hours on working days that shall be set and announced for general knowledge.

#### **ARTICLE IX.** **Easements**

A. Perpetual Nonexclusive Easement in General Common Elements. The General Common Elements are hereby made subject to a perpetual nonexclusive easement in favor of all of the Unit Owners for their use and the use of their clients, personnel, guests, and invitees for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended for the use and enjoyment of said Unit Owners. Notwithstanding anything herein to the contrary, the Association shall have the right to establish rules and regulations pursuant to which the Unit Owners may be entitled to use the General Common Elements. The rights of each Unit Owner to the use of easements and privileges granted herein shall be limited by all such rules and regulations. Such rights of enjoyment shall also be limited by the right of the Board of Directors to impose Assessments against Unit Owners and to suspend the privilege of utilizing all or certain of the General Common Elements by reason of delinquencies in the payment of such Assessments.

The General and Limited Common Elements shall also be subject to a nonexclusive easement in favor of Declarant, its employees, independent contractors, guests and invitees for access, ingress and egress to construct, market, and sell the Units; construct all infrastructure, including but not limited to roads, sidewalks, drainage systems, water and sewer systems, and all other utilities; and to complete development of the Condominium Property.

B. Easement for Encroachment and Support. Each Unit and the General and Limited Common Elements shall be subject to an easement for encroachments created by renovations, settling and overhangs as shall presently exist or shall hereafter be necessary in order to maintain the improvements on the Condominium Property in good condition and substantially in their present form, and for any deviations between the original construction plans and specifications and the actual dimensions of the Units. A valid easement for such encroachments and for maintenance shall and does exist. In the event that a building is partially or totally destroyed by fire or other casualty or as a result of the condemnation or eminent domain proceedings, and then rebuilt, the Unit Owners agree that such encroachments on parts of the General Common Elements and Limited Common Elements or on the Units themselves as may be reasonably required for construction shall be permitted, and that a valid easement for said encroachments and maintenance shall exist as long as the buildings shall stand. Every portion of a Unit contributing to the support of another Unit shall be burdened with an easement of support for the benefit of such other Unit. A valid easement shall and does exist in favor of each Owner to make reasonable use, not inconsistent with the terms of this Master Deed, of all walls which may serve as common or party walls with other Units. Each Unit shall also be subject to an easement for any ducts, pipes, flues, or similar items which run through such Unit and into a contiguous Unit as a necessary component of the heating, air conditioning, ventilation, plumbing, cable, drainage, water, or other utility or similar system servicing the benefited Unit.

C. Public Service Easement. In addition, an easement and right of ingress, egress and regress over and across all private streets and roads within the Condominium Property, if any, is hereby granted to any applicable government agency, for the

purpose of fulfilling their duties, including, without limitation, law enforcement, fire protection, garbage collection, delivery of the mail, and any other service related to keeping the peace and preserving the general welfare.

## ARTICLE X.

### Administration of the Condominium by the Association

A. The Association. To efficiently and effectively provide for the administration of the Condominium by the Unit Owners, a nonprofit South Carolina corporation known and designated as the Southport Office Owners Association, Inc., has been organized, and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its By-Laws and Articles of Incorporation, copies of which are attached hereto as Exhibit D. The Unit Owner shall automatically become a member of said corporation upon the acquisition of an ownership interest in any Unit and the membership of such Unit Owner(s) shall terminate automatically upon such Unit Owner(s) being divested of such ownership interest in such Unit, regardless of the means by which such ownership may be divested. No Person holding any lien, mortgage or other encumbrance upon any Unit shall be entitled to membership in said Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the Association, shall have and is hereby granted the authority and power to enforce the provisions of this Master Deed, to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Units and General Common Elements as the Association may deem to be in the best interests of the Association.

B. Membership. Every person or entity who is a record Owner of a fee simple interest in a Unit is subject by this Master Deed and any other supplemental thereto, to all rights, responsibilities and assessments of the Association and shall be a Member of the Association, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

C. Voting Rights. The Association shall have two (2) classes of voting memberships:

a) Class I. The Class I Members shall be all Owners of Units within the Condominium, except Class II Members, if any. Any Class I Member in the Community shall be entitled to one (1) vote for each Unit which it owns. In the case of multiple ownership of a Unit, however, those multiple Owners shall be treated collectively as one Owner.

b) Class II. The sole Class II Member shall be the Declarant. The Class II Member shall be entitled to one (1) vote for each Unit sold, plus one (1) vote for each Unit it owns, plus one (1) vote. The Class II Member may appoint the Board of Directors during the Declarant Control Period.

D. Rights and Responsibilities of the Association. Subject to the provisions set forth in this Master Deed, the Association has exclusive management and control of the Common Areas and all improvements thereon and all furnishings, equipment and other personal property relating thereto. The Association's duties with respect to such Common Areas include, but are not limited to, the following:

- 1) maintenance of the Common Areas, including private streets;
- 2) management, operation, maintenance, repair, servicing, replacement and renewal of all landscaping, improvements, equipment and personal property constituting part of the Common Areas or located upon the Common Areas so as to keep all of the foregoing in good, clean, attractive, sanitary, safe and serviceable condition, order and repair;
- 3) all landscaping of the Common Areas;
- 4) waste management services for trash;
- 5) maintenance of the exteriors of the Units;
- 6) maintenance of adequate hazard and public liability insurance pursuant to Article XIV of this Master Deed; and
- 7) payment of all taxes and assessments validly levied, assessed or imposed with respect to the Common Areas.

The Association may obtain and pay for the services of any person or firm to manage its affairs to the extent the Board deems advisable, as well as such other person or firm as the Board determines is necessary or desirable, whether such person or firm is furnished or employed directly by the Association or by any person with whom it contracts. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable for including but not limited to the enforcement of this Master Deed, the Association's Articles of Incorporation, Bylaws, rules or regulations.

E. Board of Directors.

- 1) Membership. The Board of Directors shall consist of three (3) directors (the "Directors"), and shall manage the affairs of the Association. Upon expiration of the Declarant Control Period, a Majority of the Directors shall be Members of the Association.
- 2) Nomination. Nomination of persons for election to the Board of Directors shall be made by a Nominating Committee (the "Nominating Committee"). Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two or more other persons. The Nominating Committee shall be appointed by the President of the Association prior to each annual meeting of the Members, to serve until the close of the annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may be made from among Members or non-Members.
- 3) Election. Election to the Board of Directors shall be by written ballot. At the election, the Member or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Master Deed. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Fractional voting is prohibited. In the event that any Director resigns, including a First Director but not including a Director elected by the Declarant during the Declarant Control Period, the remaining Directors shall elect a substitute Director to fill his or her unexpired term.
- 4) Election of Directors by Declarant. Notwithstanding anything to the contrary set forth in this Section E, until the expiration of the Declarant Control Period, the Declarant shall be entitled to appoint and remove the members of the Board of Directors of the Association. Following the expiration of the Declarant Control Period, the Board of Directors shall be elected by the Members in the manner set forth in this Section E.
- 5) Term of Office. The terms of office of the first Directors elected or appointed by the incorporator at the organizational meeting of the Association to complete the organization of the Association (the "First Directors") shall be for the period until the first annual meeting of the Members at which their successors are elected. The terms of each Director other than such First Directors shall be for one (1) year or until his successor is elected, whichever shall be the longer period. Each Director, other than the First Directors elected or appointed by the incorporator, shall be elected at the annual meeting.
- 6) Removal. Any Director, other than a First Director, a Director selected by the Declarant during the Declarant Control Period, and those appointed to fill a resignation as outlined in Section 8.4(c), may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Association present and entitled to vote at any meeting of the Members at which a majority of the votes of the Association is present. Any Director selected by the Declarant during the Declarant Control Period may be removed by the Declarant, with or without cause. In the event of death, resignation or removal, pursuant to these Bylaws, of a Director (a) if such Director was elected by the Members of the Association, his successor shall be selected by the remaining Members of the Board of Directors and shall serve for the unexpired term of his predecessor and (b) if such Director was elected by the Declarant during the Declarant Control Period, his successor shall be selected by the Declarant.
- 7) Resignation. Any Director may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the resignation shall not be necessary to make it effective.

**ARTICLE XI.**  
**Maintenance and Repair**

A. By Unit Owners. Every Unit Owner shall perform promptly all maintenance and repair work within his Unit which, if omitted, would affect the Condominium Property. Each Unit Owner shall be liable and responsible for the maintenance, repair and replacement of all air conditioning and heating equipment, stoves, refrigerators, fans or other appliances or equipment serving the Unit, all exterior window and door glass and those portions of the Unit's fire place interior including the flue, and all utility fixtures and/or their connections required to provide water, light, power, cable, telephone, sewage and sanitary service to the Unit. Each Unit Owner shall further be responsible and liable for the maintenance, repair and replacement of the exterior surfaces of any and all walls, ceilings and floors within his Unit including painting, decorating and furnishings, and all other accessories which such Unit Owner may desire to place or maintain in his Unit. Whenever the maintenance, repair and replacement of any item is occasioned by any loss or damage which may be covered by any insurance maintained by the Association, the proceeds of the insurance shall be used for the purpose of making such maintenance, repair or replacement except that such Unit Owner shall be required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

If a Unit Owner fails to perform any maintenance or repair within his Unit which, if omitted, would affect the Condominium Property, the Association may perform such maintenance as it deems necessary, twenty (20) days after giving written notice to such Unit Owner of the necessary maintenance. The cost of such maintenance performed by the Association shall be assessed exclusively against such Unit Owner and the assessment shall be the personal obligation of such Unit Owner and a lien against such Unit to the same extent provided under Article VII of this Master Deed.

B. By the Association. Except as otherwise herein expressly provided, the Association shall be responsible for the maintenance, repair and replacement of all of the General and Limited Common Elements, including those portions thereof which contribute to the support of the buildings, and all conduits, cable, ducts, plumbing, wiring and other facilities located in the General and Limited Common Elements for the furnishing of utility and other services to more than one of the Units and said General and Limited Common Elements, and should any incidental damage be caused to any Unit by virtue of any work which may be done or caused to be done by the Association, the Association shall, at its expense, repair such incidental damage. The Association shall be deemed to have such easements on, across and over the General and Limited Common Elements as shall be reasonably necessary in the exercise and discharge of its maintenance rights and obligations reserved and imposed by this Master Deed or under the Act. Whenever the maintenance, repair and replacement of any item is occasioned by any act of a Unit Owner, his immediate family, guests or invitees, and such loss or damage may be covered by any insurance maintained by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair or replacement and the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost as shall, by reason of the applicability of any deductibility provision of such insurance or by any other reason, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

**ARTICLE XII.**  
**Right of Entry into Units**

A. Emergencies In case of any emergency originating in or threatening any Unit, the Board of Directors, or any other person authorized by it, or the managing agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. Such rights shall be in accordance with and not inconsistent with those outlined in S.C. Code § 27-31-280 as amended.

B. Maintenance of Common Elements. Whenever it may be necessary to enter any Unit for the purpose of performing any maintenance, alteration or repair to any portion of the General or Limited Common Elements, the Unit Owner(s) of each Unit shall permit a duly constituted and authorized agent of the Association to enter such Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

**ARTICLE XIII.**  
**Right of Association to Alter, Amend or Improve Common Elements**

The Association shall have the right to make or cause to be made such alterations or improvements to the General or Limited Common Elements which do not materially prejudice the rights of any Unit Owner in the use and enjoyment of his Unit, provided the making of such alterations and improvements are approved by the Board of Directors, and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all Unit Owners. However, where

any alterations and improvements are exclusively or substantially for the benefit of the Unit Owner(s) of certain Unit(s) requesting the same, then the cost of making, maintaining, repairing and insuring such alterations or improvements shall be assessed against and collected solely from the Unit Owner(s) of the Unit(s) exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors.

#### ARTICLE XIV.

##### Insurance

A. Authority to Purchaser. Insurance policies upon the Condominium Property shall be purchased by the Association in the name of the managing agent or Board of Directors, as trustees for the Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or to the holders of first mortgages.

Such insurance policies must provide that:

1. Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the General and Limited Common Elements or membership in the Association;
2. The insurer waives its right to subrogation under the policy against any Unit Owner, members of his household, the Association and their respective servants, agents and guests;
3. No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy; and
4. If, at any time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the Policy described in this Article, the Association's policy provides primary insurance.
5. The insurer issuing the Policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, to each Unit Owner and to each mortgagee or beneficiary under a mortgage to whom certificates or memoranda of insurance have been issued at their respective last-known addresses.

Each Unit Owner may obtain insurance, at his own expense, affording coverage upon his Unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

B. Maintenance of Coverage. Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium:

1) Casualty insurance covering the General and Limited Common Elements and Units, except such personal property as may be owned by the Unit Owners, shall be procured in an amount equal to 100% of the current replacement cost (exclusive of excavation, foundations, streets and parking facilities) as determined annually by the insurance company affording such coverage. Such policy shall contain an Agreed Amount Endorsement or an Inflation Guard Endorsement, if available. By way of illustration and not of limitation, such casualty insurance shall not cover furniture, furnishings or other household or personal property owned by, used by or in the care, custody, or control of a Unit Owner, or fixtures, installations or additions that are placed in an individual Unit by a Unit Owner. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief.

2) A comprehensive policy of public liability insurance insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and if available may include coverage for water damage.

3) The Board of Directors in its sole discretion may elect to maintain fidelity coverage against dishonest acts by the Association's officers, directors, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management person or firm to manage the Association and to receive and disburse the monies of the Association, then the Board of Directors, in its sole discretion, may elect to require that such professional management person or firm have adequate fidelity coverage against dishonest acts.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount acceptable to the Board of Directors; shall contain waivers of any defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association.

4) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to an individual Unit Owner.

C. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as Common Expenses.

D. Unavailability. If the insurance described in this Article is not reasonably available, in the sole determination of the Board of Directors, the Board of Directors shall promptly cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners.

E. Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Unit Owners and their respective mortgagees, to be utilized and distributed as set out in Article XV of this Master Deed.

F. Mortgagee Endorsements. In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held for the mortgagee and the Unit Owner as their interests may appear.

#### ARTICLE XV.

##### Reconstruction or Repair of Casualty Damage

###### A. Use of Insurance Proceeds.

1) If any part of the Condominium Property shall be damaged by casualty, including fire or other disaster, the insurance indemnity must be used to reconstruct or repair the buildings or other structure unless:

- (a) The Condominium is terminated; or
- (b) Repair or replacement would violate any state or local health or safety statute or ordinance; or
- (c) The whole or more than two thirds of the property is damaged. In this case, and unless otherwise unanimously agreed upon by the Unit Owners, the indemnity must be delivered pro rata to the Unit Owners entitled to it in accordance with provision made in the bylaws or in accordance with a decision of three-fourths of the Unit Owners if there is no bylaw provision. (S.C. Code § 27-31-250);

(d) The Unit Owners, by a vote of Unit Owners owning at least eighty percent (80%) of the Allocated Interests (including one hundred percent (100%) of the Owners of Units which shall not be rebuilt or whose Limited Common Elements shall not be restored) and fifty one percent (51%) of the Institutional Lenders, determine not to rebuild or restore all or any portion of the damaged area.

2) When the damage is to both General and Limited Common Elements and Units or to General and Limited Common Elements only, the insurance proceeds shall be payable to the Association and shall be applied first to the cost of repairing the General and Limited Common Elements, then to the cost of repairing the Units.

3) In the event the Condominium is terminated, insurance proceeds shall be distributed in accordance with Paragraph D of Article XVIII of this Master Deed.

4) In the event the Unit Owners determine, pursuant to subsection A(1) of this Article, that less than all of the damaged area is to be repaired or restored, the insurance proceeds shall be utilized and/or distributed as follows:

(a) Proceeds attributable to damaged General and Limited Common Elements shall be used to restore such Common Elements to a condition compatible with the remainder of the Condominium;

(b) Proceeds attributable to Units and to Limited Common Elements which are not to be rebuilt or restored shall be distributed to the Unit Owners and mortgagees of Units which are not to be rebuilt or restored and to the Unit Owners and mortgagees of the Units appurtenant to the damaged Limited Common Elements, in proportion to the damage to such Units and/or Limited Common Elements; and

(c) Any remaining proceeds shall be distributed among all Unit Owners and mortgagees, as their interests may appear, in proportion to the Allocated Interests appurtenant to each Unit.

B. Standard. Any reconstruction or repair shall be performed substantially in accordance with the plans and specifications contained herein and on file with and approved by Spartanburg County, South Carolina.

C. Damage to Individual Units(s). If the damage is only to those parts of one or more Units for which the responsibility for maintenance and repair is that of such Unit Owner(s), then such Unit Owner(s) shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

D. Costs. Immediately after the casualty causing damage to Condominium Property, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems necessary or appropriate.

E. Adjustment. Each Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association.

F. Remittance. All remittances to Unit Owners and their mortgagees shall be payable jointly to them.

G. Reallocation. In the event that Unit Owners vote not to rebuild a damaged Unit, that Unit's interest in the General and Limited Common Elements shall be automatically reallocated among the remaining Units at the time of such vote, in proportion to each remaining Unit's (exclusive of the damaged Unit) respective interest prior to the casualty. The Association shall prepare, execute and record an amendment to the Master Deed reflecting such reallocation.

#### ARTICLE XVI.

##### Condemnation

A. Units. In the event a Unit or a portion thereof is acquired by eminent domain, the condemnation award shall be paid to the Unit Owner. If the condemning authority does not acquire the Unit's share of interest in the General and Limited Common Elements, that Unit's interest shall be automatically reallocated to all remaining Units in proportion to each remaining Unit's (exclusive of the condemned Unit) respective interest prior to the taking. The Association shall prepare, execute and record an amendment to the Master Deed reflecting such reallocation. Any portion of a Unit remaining after condemnation of that Unit shall thereafter be a part of the General or Limited Common Elements.

B. Limited Common Elements. In the event a portion of the Limited Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of Limited Common Elements shall be paid to the Association as trustee for Unit Owners, and the Association shall apportion the award among the Unit Owners of Units to which such Limited Common Elements were allocated at the time of the taking, in shares of equal value, or in such other proportion as the Association, in its sole discretion, shall determine.

C. General Common Elements. In the event a portion of the General Common Elements is acquired by eminent domain, any portion of the condemnation award attributable to the taking of the General Common Elements shall be paid to the Association.

#### ARTICLE XVII.

##### Register of Unit Owners and Mortgagees

The Association shall at all times maintain a register setting forth the names of the Unit Owners. In the event of the sale or transfer of any Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in

such Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Unit. Further, each Unit Owner shall notify the Association of the names of the parties holding any mortgage(s) on his Unit, the amount of such mortgage(s) and the recording information which shall be pertinent to identify the mortgage(s). The holder of any mortgage(s) upon any Unit may, if he so desires, notify the Association of the existence of any mortgage(s) held by such party on any Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

#### ARTICLE XVIII. Termination

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

A. Except in the case of a taking of all of the Units by eminent domain, the termination of the Condominium may be effected only by the agreement of all Unit Owners expressed in a termination agreement to that effect executed in the same manner as a deed; and, provided, that the holders of all liens affecting any of the Units consent, by instrument duly recorded, to accept as security the undivided portions of the property owned by the debtors. (S.C. Code § 27-31-130). The termination agreement shall become effective when it has been recorded in the public records of Spartanburg County, South Carolina, and shall specify a date after which it will be void unless then recorded.

B. Following termination of the Condominium, the Association may contract for the sale of real estate in the Condominium, but such contract shall not be binding on the Unit Owners until approved by unanimous agreement of all Unit Owners and the termination agreement described in paragraph A above reflects such approval and is recorded as required. For purposes of any such sale following termination, title to that real estate, upon approval of sale, shall be deemed vested in the Association as trustee for those having an interest in the Units and the General and Limited Common Elements. Thereafter, the Association shall have all powers necessary and appropriate to effect the sale. Until the sale has been concluded and all proceeds thereof distributed, the Association shall continue in existence with all powers vested in the Association before the termination. Proceeds of the sale must be distributed to the Unit Owners and lien holders in proportion to the respective interests in the General Common Elements of the Unit Owners and their mortgagees as set forth in Paragraph D of this Article. All remittances to Unit Owners and lienholders shall be payable jointly to them. Unless otherwise specified in the termination agreement, as long as the Association is deemed to hold title to the real estate, each Unit Owner and his successors in interest shall have an exclusive right to occupancy of the portion of the real estate that formerly constituted his Unit. During the period of that occupancy, each Unit Owner and his successors in interest shall remain liable for all assessments and other obligations imposed on Unit Owners by law and under this Master Deed.

C. In the event the real estate constituting the Condominium is not to be sold following termination, title to the General and Limited Common Elements and to all real estate in the Condominium shall vest in the Unit Owners as tenants in common in proportion to each Unit's Allocated Interest, and all liens on such Units shall shift accordingly. While such tenancy in common exists, each Unit Owner and his successors in interest shall have an exclusive right to occupancy of the property that formerly constituted his Unit. The property may be subject to an action for partition upon the application of any Unit Owner.

D. The respective ownership interests of Unit Owners described in this Article are as follows:

1) Except as provided in subparagraph 2 below, the respective interest of a Unit Owner is the fair market value of such Owner's Unit, Limited Common Elements and such Unit's Allocated Interest in the General Common Elements immediately before the termination, as determined by one or more independent appraisers selected by the Association. The appraisals shall be distributed to the Unit Owners and shall become final unless disapproved within thirty (30) days after distribution by Unit Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Unit Owner's interest to that of all Unit Owners is determined by dividing the fair market value of that Owner's Unit's Allocated Interest in the Limited and General Common Elements by the total fair market values of all the Units and all Common Elements.

2) If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value prior to destruction cannot be made, the interest of each Unit Owner shall be the interest appurtenant to his Unit immediately before termination.

**ARTICLE XIX.**  
**Remedies in Event of Default**

All Unit Owner(s) shall be governed by and shall comply with the provisions of this Master Deed, and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by any Unit Owner shall entitle the Association or any other Unit Owner to the following relief:

A. Failure to comply with any of the terms of this Master Deed or restrictions and regulations contained in the Articles of Incorporation or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. As provided herein and in the By-laws, each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. The By-Laws of the Association provide that the Association may fine a Unit Owner in an amount not to exceed five times the current monthly assessment for each violation of this Master Deed, the By-Laws or the rules and regulations of the Association, or may assess liability against a Unit Owner for any occurrence of damage to General or Limited Common Elements caused by a Unit Owner which is not covered by the Association's insurance. Any such fine or liability assessment shall be both the personal obligation of the Unit Owner against whom the fine is assessed and a lien upon the Unit of such Unit Owner and its appurtenant interest, to the same extent as the assessments described in Article VII.

D. If damage is inflicted on any Unit by an agent of the Association acting within the scope of his activities as such agent, the Association shall be liable to repair such damage or to reimburse the Unit Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Unit Owner.

E. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

F. The failure of the Association, the Declarant, or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Master Deed or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provision, covenant or condition in the future.

**ARTICLE XXI.**  
**Amendment to Master Deed and Extraordinary Actions After the Declarant Control Period**

A. Owner Initiated. After the expiration of the Declarant Control Period, any amendment to this Master Deed or Extraordinary Action may be proposed by Unit Owners holding at least thirty three percent (33%) of the votes of the Association, with only one Owner per Unit voting, whether meeting as Unit Owners or by instrument in writing signed by them.

1) Notice for Meetings: After the expiration of the Declarant Control Period, any Extraordinary Action or proposed amendment to this Master Deed shall be transmitted in writing to all current Unit Owners, and there shall be called a meeting for a date not sooner than five (5) days and not more the sixty (60) days from date of notice. It shall be required that each Unit Owner be given written notice of such meeting, stating the time and place and reciting the proposed amendment or action in reasonably detailed form, which notice, if mailed, shall be mailed not less than five (5) days before the date set for such special meeting. Such notices made in compliance with the provisions of Article shall be deemed to be properly given. Any Unit Owner may, by written waiver of notice signed by such Unit Owner, waive such notice, and such waiver, when filed in the records of the Association shall be deemed equivalent to the giving of notice to such Unit Owner.

2) Material Amendment or Extraordinary Action. After the expiration of the Declarant Control Period, for a Material Amendment or an Extraordinary Action, the Material Amendment or Extraordinary Action proposed must be approved by an affirmative vote of at least sixty-seven percent (67%) of all Unit Owners authorized to vote.

3) Other Amendments. After the expiration of the Declarant Control Period, for any other amendment to the Master Deed other than a Material Amendment or an Extraordinary Action, the amendment proposed must be approved by an affirmative vote of a majority of all Unit Owners present, in person or by proxy, or in writing by a majority of the total authorized votes of all the Unit Owners.

4) Absentee Voting. At any meeting held to consider such amendment or action, the written vote of any Unit Owner shall be recognized and counted even if such Unit Owner is not in attendance at such meeting or represented by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting.

5) Documentation of Approval. After the expiration of the Declarant Control Period, if approved, a Material Amendment, Extraordinary Action or other amendment shall be properly transcribed and certified by one (1) officer of the Association on a form substantially similar to the form attached as Exhibit E, stating that such amendment or action was duly adopted and approved by the requisite percentage of Unit Owners. The original or an executed copy of a Material Amendment or other amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Spartanburg County, and no such amendment to this Master Deed shall be effective until so recorded. If any Material Amendment or other amendment to the Master Deed creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Master Deed shall control.

B. "Material Amendment" and "Extraordinary Action" Defined.

- 1) A "Material Amendment" includes adding, deleting or modifying any provisions regarding the following:
  - (a) Assessment basis or assessment liens;
  - (b) Any method of imposing or determining any charges to be levied against Unit Owners;
  - (c) Reserves for maintenance, repair or replacement of Limited and General Common Elements and Recreational Facilities;
  - (d) Reduction of insurance requirements;
  - (e) Restoration or repair of General or Limited Common Elements;
  - (f) The addition, annexation or withdrawal of land to or from the Condominium Property;
  - (g) Voting rights; and
  - (h) Convertibility of Units into Common Elements or vice versa; or
  
- 2) An "Extraordinary Action" shall include:
  - (a) Merging or consolidating the Association or Condominium with another entity other than another non-profit entity formed for purposes similar to the Association or Condominium;
  - (b) After the Declarant Control Period, expanding the Association to include additional land which increases the overall land area of the Condominium Property or number of Units by more than ten percent (10%).
  - (c) Abandoning, partitioning, or otherwise relocating the boundaries of the General or Limited Common Elements, except for granting easements which are not inconsistent with or which do not interfere with the intended General or Limited Common Elements use.
  - (d) Using insurance proceeds for purposes other than construction or repair of the insured improvements;
  - (e) Making capital expenditures, other than for repair or replacement of existing General or Limited Common Elements and the improvements thereon, during any period of twelve (12) consecutive months costing more than twenty percent (20%) of the annual operating budget;
  - (f) Termination of the Master Deed or other termination of the Condominium;
  - (g) Dissolution of the Association; and
  - (h) After the Declarant Control Period, redefinition of any Unit boundaries.

C. When Effective; Recording; Title Searching. An amendment to this Master Deed that complies with the provisions of this Article shall be effective when recorded in the Spartanburg County Register of Deeds. The amendment shall be indexed under the name of the Declarant or its successor, the Association or its successor, or the Unit Owners. The failure of the amendment to be indexed under all of the foregoing shall not invalidate such amendment so long as the amendment has been indexed under at least one of the foregoing. Anyone searching title on Units should search under the names of the foregoing to discover amendments to this Master Deed that may have occurred after the Unit has been conveyed to a Unit Owner from the Declarant.

D. Declarant Rights. Notwithstanding anything herein to the contrary, Declarant shall have the right to file amendments to this Master Deed pursuant to Article V without the consent or joinder of any Unit Owners.

E. Restriction of Amendments. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant shall be made without the written consent of Declarant.

## ARTICLE XXII.

### Notices

Any notice required to be sent to any Unit Owner, under the provisions of this Master Deed, shall be deemed to have been properly sent when mailed, postage prepaid, registered or certified mail, return receipt requested, or deposited with an overnight courier (such as, but not limited to Federal Express) and addressed to the person at the last known address of the person who appears as Unit Owner on the records of the Association at the time of such mailing. In the event a Unit Owner's address is absent from the Association's records, the notice may be sent to the address listed on the Spartanburg County tax records at the time of the mailing. The sender shall not be required to cause title to any Unit to be examined. Notice to any one of the Unit Owners, if title is held by more than one, shall constitute notice to all Owners of that Unit.

## ARTICLE XXIII.

### Severability

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

## ARTICLE XXIV.

### Liberal Construction

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Master Deed wherever appropriate the singular shall include the plural and the masculine gender shall include the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Master Deed.

## ARTICLE XXV.

### Assigns and Subsequent Unit Owners

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in General and Limited Common Elements. This Master Deed shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Unit Owners, and their respective heirs, legal representatives, successors and assigns.

## ARTICLE XXVI.

### Arbitration

Any controversy, claim, or dispute of whatever nature arising out of or in any way relating to any aspect of this Master Deed, any of the covenants, conditions, easements, or restrictions contained herein or the Association's Articles of Incorporation or Bylaws shall be submitted to binding arbitration in Spartanburg, South Carolina, in accordance with the applicable rules of the South Carolina Uniform Arbitration Act as amended. The decision rendered by the arbitrator shall be final, and a judgment may be entered upon it in accordance with applicable law in any court having jurisdiction. Notice of



EXHIBIT A-1

All that certain tract of land, with all the units thereon, lying, being and situated on Southport Road in Spartanburg County, South Carolina containing approximately \_\_\_\_\_ acres as shown on a survey of the property entitled "Southport Commons Horizontal Property Regime" prepared by Site Design, Inc. dated May \_\_\_\_\_, 2006 and recorded on May \_\_\_\_\_, 2006 in Plat Book \_\_\_\_\_ at Page \_\_\_\_\_ in the Office of the Register of Deeds for Spartanburg County, SC. Reference to said plat is hereby made for a more complete description.

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