

STATE OF SOUTH CAROLINA )

COUNTY OF BEAUFORT )

THE NORTHWESTERN MUTUAL LIFE )  
INSURANCE COMPANY )

TO )

SALT MARSH COTTAGES )  
HORIZONTAL PROPERTY REGIME II )MASTER DEED  
THREE PHASED  
HORIZONTAL PROPERTY REGIME

This Master Deed is made, published, and declared by THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY (hereinafter referred to as "Grantor"), a Corporation with its principal office in the state of Wisconsin and certain real estate holdings near Hilton Head Island, in Beaufort County, South Carolina, this 13th day of March, 1978.

ARTICLE I. ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME.

Section 1. General. The purpose of this Master Deed is to establish, pursuant to the Horizontal Property Act of the State of South Carolina, a three phased horizontal property regime to be known as Salt Marsh Cottages, Horizontal Property Regime II (hereinafter referred to as the "Regime"). The land and improvements hereby submitted and which may in the future be submitted to the provisions of the Horizontal Property Act and to the terms of this Master Deed are described in their totality in Article II as the Condominium Property. Grantor, by filing of record this Master Deed, publishes and declares that the Condominium Property shall be owned, occupied, used, conveyed, encumbered, leased, and improved by phases in accordance with the provisions of the Horizontal Property Act of the State of South Carolina, and in accordance with the covenants, restrictions, encumbrances, and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the land.

Section 2. General Description of Plan of Development. Grantor intends to develop the Property hereafter described as a three phased condominium regime. The maximum number of units in Phase I shall be sixteen (16) units, the maximum number of units in Phase II shall be thirteen (13) units, and the maximum number of units in Phase III shall be thirteen (13) units, all as identified and described herein. The units in Phase I have been completed and are herewith being submitted to condominium ownership by the recording of this Master Deed. Grantor will elect whether or not to submit Phase II property to condominium ownership on or before December 31, 1980, and Grantor will further elect whether or not to submit

Beaufort County Tax Map Reference  
Map 0015 Parcel 1007 Enclosure 198

Phase III property to condominium ownership on or before July 30, 1983. Grantor hereby reserves the right in its sole discretion to elect to develop and to submit to condominium ownership either or both Phases II or III and further reserves the right to determine in its sole discretion to develop and submit Phase III to condominium ownership without regard to Phase II development and submission should it, the said Grantor, so decide. A general description of the nature and proposed use of all common elements which the Grantor is constructing appears in other portions of this document and on the recorded Plat identified in Exhibit "C" of this Master Deed. Any such common elements associated with or constructed solely with Phases II and/or III will not substantially increase the proportionate amount of the common expenses payable by existing unit owners and are considered of a minor, incidental nature. A chart showing the percentage interest in the common elements of each original unit owner at each stage of development, if the Grantor herein submitting the property to condominium ownership elects to proceed with all phases of development, is attached hereto as Exhibit "B".

Section 3. Rights and Obligations. Grantor hereby acknowledges its obligation to submit the within described Phase I property to condominium ownership and hereby reserves its right to elect to proceed with either or both Phases II and III as required and/or permitted herein. The apartment owners of Phase I and any additional phases dedicated to the Regime by Grantor as provided herein shall have the full legal rights and be obligated as allowed or required by South Carolina law. The Cottage Owners by purchasing and accepting a unit of the property hereby acknowledge that further phase construction and dedication by Grantor shall diminish the percentage of ownership in the common property as described and provided in Exhibit "B" hereto and in other applicable portions of this Master Deed. The Grantor shall add either or both Phases II and III to the provisions hereof by filing of record an appropriate document signed by the Grantor and referencing this Master Deed. Upon the proper recordation thereof, the added Phase(s) shall become an integral portion hereof as provided by the laws of this state and by this document.

## ARTICLE II. CONDOMINIUM PROPERTY.

Section 1. Land. Grantor owns in fee simple the tracts of land containing a total of 5.8221 acres which are described in Exhibit "A" of this Master Deed, subject to the following encumbrances:

- 1.1 Declaration of Covenants and Restrictions of the Moss Creek Owner's Association and the Bluff Corporation recorded in Beaufort County, S.C. Deed Book 223 at Page 1302, as amended in Deed Book 232 at Page 71 and as may be or as may have been further amended.
- 1.2 Easements for installation, operation, and maintenance of electric and telephone distribution lines and accessory equipment.

- 1.3 Easements granted to any appropriate Public or Private Utility Company for the installation, operation, and maintenance of water and sewer utility system.
- 1.4 Easement hereby reserved for future Salt Marsh Cottages phases or regimes, if any, for use of access roadways for ingress and egress to such future phases or regimes, if any.

Section 2. Cottages. Grantor has constructed upon the land described in Exhibit "A" of this Master Deed buildings enclosing sixteen (16) condominium units (hereinafter referred to as "Cottages," Units," "Villas" or "Dwelling Units") and may in accordance with the provisions of this Master Deed construct additional cottages numbering a maximum of twenty-six (26) in Phases II and III of this regime. The site locations of the buildings of Phase I containing sixteen (16) units and the tentative location of the Phase II and Phase III buildings totaling a maximum of twenty-six (26) additional Cottages are shown on the Plat of the condominium Property contained in Exhibit "C" of this Master Deed but Grantor hereby reserves the right to determine the number and construction type of future units to be constructed and their location within the entire property in accordance with the provisions of this Master Deed and applicable law. The Cottages are of the general design as graphically depicted in the certified architect's plans which are compiled and assessed to this Master Deed in Exhibit "C". The Cottages are also described verbally in Article VI of this Master Deed. Each Cottage is composed of the interior cubic space, fixtures, major appliances, walls, floors, ceilings, and building materials enclosed within the following boundaries:

- 2.1 The upper boundaries of the Cottage shall extend to the inner surface of the roof sheathing over the Cottage. The lower boundaries of the Cottage shall extend to the top of the foundation piers beneath the lowest level of the Cottage.
- 2.2 The perimetrical boundaries of the Cottage shall extend to the rear surface of the wall sheathing to which the exterior siding of the Cottage is attached and to the center-line of the frame party wall adjacent to the Cottage.
- 2.3 The boundaries of each Cottage shall extend also to include the area enclosed or bounded by the screens, partitions, railings, balustrades, or fences of any deck, terrace, balcony, stoop and steps, porch, courtyard, patio, or service area which is an integral and exclusive part of that particular Cottage. If any such area is not thus bounded or enclosed, the boundaries of the Cottage shall be extended to include the area defined or actually covered by any deck, terrace, balcony, stoop and steps, porch, courtyard, patio, or service area.
- 2.4 Each Cottage shall also encompass and include and each Cottage Owner shall be responsible for maintenance and repair of the following:
  - (1) the doorways, windows, vents, and other structural elements in

the wall, floors, and ceilings, of the Cottage which are regarded as enclosures of space; (iii) the doors opening into the Cottage and into any mechanical area or courtyard integral to the Cottage, including the frames, casings, hinges, handles, and other fixtures which are part of the doors; (iii) the window glasses, screens, frames, walls, and casings which are part of the windows opening from the Cottage; (iv) the metal flue and the plumbing and mechanical vents which exclusively serve the Cottage; (v) the appliances, air conditioning and heating units, hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, flooring, trim, ceiling, walls, framing, floor joists, trusses, beams, insulation, structural slab and fill, and other fixtures, furnishings, and building materials which are part of the Cottage when delivered to the initial Cottage Owner; (vi) the screens, partitions, railings, balustrades, or fences bounding or enclosing any deck, terrace, balcony, courtyard, or service area that is integral and exclusive to the Cottage, and treated wood decking or concrete surface within any such area; and all pipes, wires, conduits, ducts, and other plumbing, mechanical, and electrical appliances which are integral and exclusive to the Cottage, including lamps attached to the exterior of the Cottage, and including water pipes serving the Cottage extending to the meter, sewer pipes serving the Cottage extending five (5) feet from the Cottage, and the underground drainage system beneath the Cottage.

Section 3. Common Elements. The Common Elements, either General or Limited, of the entire Condominium Property, are exclusive of the Cottage, as shown on the Plat contained in Exhibit "C" of this Master Deed.

3.1 The General Common Elements shall include without limitation the following:

(a) The land upon which the buildings enclosing the Cottages are situated; the paved parking areas; the walkways; the building area under roof associated with more than one cottage; and the remaining common areas surrounding the Cottages; and all easements, rights, and hereditaments appurtenant to the land described in Exhibit "A" and shown on the Plat contained in Exhibit "C". Reference to said Plat is made for details as to square footage, etc.

(b) All improvements, exclusive of the Cottages and Limited Common Elements, erected, or which may be erected in future phases of this Regime, upon the Land described in Exhibit "A", including without limitation: (i) the roofs covering the Cottages including shingles, roofing felt, sheathing, and flashing; (ii) the exterior siding, fascia, sheathing, and building paper on the buildings enclosing the Cottages; (iii) the pipes, wires, conduits, pumps, rotors, and other equipment installed to provide utility service to the Cottage or to portions of the Common Elements, provided, however, that title to all water and sewer pipes, pumps, mains, and accessory equipment shall be, and hereby is reserved to Grantor, its successors and assigns; (iv) the roads, streets, parking areas, street

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signs, storm drains, gutters, retaining walls, walkways, paths, trees, gardens, and landscaping located upon the land; (v) any pier or dock extending from the land; (vi) any recreational facilities which may now or hereafter be located upon the land; and (vii) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance, and safety.

3.2 The Limited Common Elements shall include the following:

There are no limited common elements.

#### ARTICLE III. DEFINITIONS.

Certain terms when used in this Master Deed and its exhibits shall have the following meanings unless the context clearly requires otherwise:

- (1) "The Property" means the total of 5,8021 acres of land ("Land") described in Exhibit "R", the buildings constructed or to be constructed in future phases upon the land, situated as shown on the Plat of the Condominium Property contained in Exhibit "C" or on future plats dedicating future phases to the Regime as prescribed herein; the proposed forty-two (42) Cottages which are or may be enclosed within such buildings which are described verbally in Articles II and VI of this Master Deed and which are portrayed graphically on the Plans contained in Exhibit "C" or on future plats dedicating future phases to the Regime as prescribed herein; and all other improvements and property, real, personal, and mixed, situated upon or appurtenant to the Land which are or which may be made part of Salt Marsh Cottages Horizontal Property Regime II by this Master Deed.
- (2) "Assessment" means that portion of the Common Expenses, as hereinafter defined, which is to be paid by each Cottage Owner in proportion to his percentage interest in Common Elements as hereinafter described.
- (3) "Council of Co-Owners" means the entity responsible for operation and management of the Condominium Property; and shall initially be an unincorporated association composed of all Cottage Owners (hereinafter referred to as "Council").
- (4) "By-Laws" means the rules and procedures prescribed for government of the Council which are attached to this Master Deed as Exhibit "D". All references to "By-Laws" shall be construed to include amendments to the By-Laws duly adopted from time to time.
- (5) "Board of Administrators" means the body of persons elected, authorized, and directed to manage and operate the Condominium Property and the affairs of the Council, as provided by this Master Deed and the By-Laws (hereinafter referred to as "Board").
- (6) "Common Elements" means all those portions of the Condominium Property not included within the Cottages as defined in Article II, Section 3.

- (7) "Common Expenses" means the actual and estimated expenses of operating and managing the Condominium Property, including reasonable reserves, as determined by the Board.
- (8) "Common Surplus" means the excess of all receipts of the Council, including, but not limited to, assessments, rents, profits, and revenues from the Common Elements, over the amount of Common Expenses.
- (9) "Condominium Property" means the Land described in Exhibit "A", the buildings, Cottages and other improvements constructed upon the Land, real, personal, or mixed, intended for use in connection with this horizontal property regime.
- (10) "Cottage," "Unit," "Dwelling Unit," and "Villa" means one of the dwelling units enclosed within the boundaries defined in Article II, Section 2, which is subject to separate ownership.
- (11) "Cluster" means an attached group of Cottages or Units. A phase may have more than one cluster.
- (12) "Cottage Owner" means the person, entity, or persons owning one, or more of the Cottages.
- (13) "Horizontal Property Act" means the Horizontal Property Act of the State of South Carolina, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as amended. All references to the "Horizontal Property Act" shall mean the statute as amended, adopted, and enacted from time to time.
- (14) "Land" means the tract of land described by courses and distances in Exhibit "A", and also referred to as the "Property".
- (15) "Phase" means the development of the Property and Land in more than one stage, at different times within this one regime.
- (16) "Plans" means the floor plans and elevations depicting the design, layout, and dimensions of the Cottages, which have been prepared and certified by an architect duly authorized and licensed to practice in the State of South Carolina, and which are compiled and attached to this Master Deed in Exhibit "C".
- (17) "Plot" means the physical survey of the completed improvements showing the dimensions and site locations of the buildings, the forty-two (42) Cottages, the parking areas, roads, walkways and other improvements of the Regime, and entitled "Salt Marsh Cottages, Exhibit A, As Built Survey, Horizontal Property Regime II", dated ~~September 1978~~, 1978, and recorded in Plat Book 24, Page 178, Office of the Clerk of the Court for Beaufort County, South Carolina, a copy of which is contained in Exhibit "C".
- (18) "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

ARTICLE IV. SALT MARSH COTTAGES REGIME II COUNCIL OF CO-OWNERS.

Section 1. Formation. Every Cottage Owner shall be a member of the Council of Salt Marsh Cottages Horizontal Property Regime II which initially shall be an unincorporated association. The Council shall be managed by a Board of Administrators elected by and from the Cottage Owners.

Section 2. By-Laws. The affairs of the Council and the administration of the Condominium Property shall be governed by the provisions of this Master Deed and the By-Laws of the Council, a copy of which is attached hereto as Exhibit "B". The By-Laws of the Council may be amended from time to time, but only in the manner expressly provided in the By-Laws.

Section 3. Voting. On all matters relating to the Council or to the Condominium Property upon which a vote of the Cottage Owners is taken, the Cottage Owners shall vote in proportion to their respective interests in Common Elements as set forth in Exhibit "B". Any action shall carry if it received the affirmative vote of a simple majority of Cottage Owners, unless a different majority is specified in this Master Deed or in the By-Laws. A simple majority of the Cottage Owners shall consist of more than fifty percent (50%) of the total interest in Common Elements.

Section 4. Binding Effect. All agreements, decisions, and resolutions legally made by the Council in accordance with the provisions of this Master Deed and the By-Laws shall be binding upon all Cottage Owners.

Section 5. Management Agent. The responsibility for administration of the Condominium Property may be delegated by the Council to a professional management agent. By proper resolution of the Council, such a management agent may be authorized to assume any of the functions, duties, and powers assigned to the Board of Administrators in the By-Laws or in this Master Deed.

Section 6. Incorporation. Nothing in this Master Deed shall preclude the Council from incorporating under the laws of the State of South Carolina if a requisite majority of the Council duly resolves to incorporate.

ARTICLE V. COTTAGES: OWNERSHIP AND USE.

Section 1. Ownership of Cottages. Each Cottage, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property; and each Cottage Owner shall be entitled to exclusive ownership and possession of his/her Cottage, subject to: (i) the provisions of this Master Deed and the easements, restrictions, covenants, and encumbrances set forth herein; (ii) the By-Laws of the Council, as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board pursuant to the By-

Loss; and (iv) the Horizontal Property Act of the State of South Carolina.

**Section 2. Legal Description.** Each Cottage may be sufficiently described for purposes of deeds, mortgages, leases, and other conveyances by referring to its designated unit number and letter and by reciting that it is part of Salt Marsh Cottages Horizontal Property Regime II as established by this Master Deed. The conveyance of an individual Unit shall be deemed to convey the undivided interest in Common Elements appurtenant to that Cottage. The ownership of an undivided interest in Common Elements appurtenant to a Cottage shall be inseparable from the Cottage, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Cottage.

**Section 3. Maintenance and Repair.** Every Cottage Owner shall be responsible at his own expense for maintaining, repairing, and decorating all walls, ceilings, floors, and other elements of his Cottage as defined in Article II, Section 2. However, no Cottage Owner shall make structural modifications or alterations to his Cottage nor shall any Cottage Owner alter any door, window, vent, flue, terrace, deck, balcony, or courtyard without obtaining prior written approval of the Board. Written notice of any intended modification shall be given to the Board, setting forth details and requesting approval. The Board shall consider the request and decide whether approval shall be granted. The Board shall advise the Cottage Owner of its decision in writing within One Hundred Twenty (120) days from its receipt of the request. Nothing in this section shall relieve any Cottage Owner from obtaining approval for alterations required by other applicable covenants or restrictions. No Cottage Owner shall undertake to modify any portion of the Common Elements.

#### ARTICLE VI. COTTAGES: LOCATION AND DESCRIPTION.

**Section 1. Building Location.** The Cottages of this horizontal property regime are enclosed or may be enclosed within the following building groups:

1.1 **Phase I.** Phase I is composed of three (3) clusters of cottages and contains 16 Dwelling Units designated as Cottages 101 through 116, inclusive. In Phase I, Units 101 through 103 are in Cluster 1, Units 104 through 110 are Cluster 2, and Units 111 through 116 are in Cluster 3, all as shown on the within referred to plat of record.

1.2 **Phase II.** Phase II may contain a maximum of 13 Dwelling Units in Clusters Designated as Cottages 117 through 129, inclusive. The Units and Cluster arrangement for this Phase, if built, shall be determined by Grantor at a later date.

1.3 **Phase III.** Phase III may contain a maximum of 13 Dwelling Units in Clusters Designated as Cottages 130 through 142, inclusive. The Unit and Cluster arrangement for this Phase, if built, shall be determined by Grantor at a later date.



**Section 2. Cottage and Townhouse Description.** The individual Cottages are described herein below:

2.1 "A" Units. (Units 101, 107, 108, 111, 113, and 114 in Phase I). Each "A" Unit is a two bedroom one story cottage 34 feet wide and 34 feet deep heated and under roof. These dimensions are excluding the storage, entry and service area located at the entry and the wood deck at the rear. Entry is at ground level through a limited common element, with four vertical feet of steps and a 16.70 square foot entry deck. Entering the Unit there is a 61.75 square foot foyer with a 127.12 square foot kitchen on one side, equipped with all appliances. The foyer leads to a 62.20 square foot hall with a combination 149.79 square foot dining room and a 207.78 square foot living room. Adjacent to the hall is a 35.04 square foot utility room with a side by side washer and dryer, and a hatch access to the attic area, and a 6.68 square foot closet that has a water heater and storage area. The hall leads to a 44.40 square foot bathroom, and a bedroom with 191.02 square feet including a 16.71 square foot closet. Adjacent to this bedroom is a 54.88 square foot bathroom. On the other side of the hall is a 198.67 square foot bedroom which includes a 13.75 square foot closet. There is a 38.35 square foot service yard and a 40.00 square foot locked storage closet located off the entry deck. Adjacent to the living room is a 196.70 square foot wood deck.

2.2 "B" Units. (Units 102, 104, 112, and 116 in Phase I). Each "B" Unit is a two bedroom one story cottage 34 feet wide and 34 feet deep. The dimensions are excluding the storage, entry and service areas located at the entry and the wood deck at the rear. Entry is at ground level through a limited common element with four vertical feet of steps and a 44.00 square foot entry deck. Off one side of the entry hall is bedroom #1 with 195.56 square feet which includes a 16.32 square foot closet and a 54.89 square foot bathroom. Opposite this bedroom is bedroom #2 with 171.20 square feet which includes a 12.82 square foot closet adjoining a 68.86 square foot bathroom which also has access from the entry hall. Further down the entry hall is a 40.07 square foot utility room with a side by side washer and dryer and an access hatch to the attic. Opposite the utility room is a 21.82 square foot locked storage closet. The entry hall leads to a 288.57 square foot living room and an 38.02 square foot kitchen equipped with all appliances. Adjacent to the living room is a 127.19 square foot dining room. There is a 42.23 square foot service yard and a 46.00 square foot storage closet located off the entry area. Adjacent to the living room is a 196.70 square foot wood deck.

2.3 "C" Units. (Units 103, 105, 106, 109, 110, and 115 in Phase I). Each "C" Unit is a two bedroom two story cottage 34 feet wide and 34 feet deep with a loft. The dimensions are excluding the storage, entry deck and service areas located at the entry and the wood deck adjacent to the living room. Entry is at ground level through a limited common element with four vertical feet of steps and a 44.20 square feet entry deck. Entering the Unit there is a 85.80 square

foot entry hall. Off one side of the entry hall is bedroom #1 with 195.66 square feet which includes a 16.32 square foot closet and a 54.89 square foot bathroom. Opposite this bedroom is bedroom #2 with 171.20 square feet, which includes a 12.82 square foot closet, adjoining a 68.86 square foot bathroom which also has access from the entry hall. Further down the entry hall is a 40.37 square foot utility room with a side by side washer and dryer and an access hatch to the attic. Opposite the utility room is a 21.82 square foot space which has a spiral staircase to a 187.19 square foot loft area and an 18.35 square foot closet with access to the attic. The entry hall leads to a 281.57 square foot living room and an 88.02 square foot kitchen equipped with all appliances. Adjacent to the living room is a 126.19 square foot dining room. There is a 42.23 square foot service yard and a 48.08 square foot storage closet located off the entry area. Adjacent to the living room is a 196.70 square foot wood deck.

**ARTICLE VII. COMMON ELEMENTS; OWNERSHIP AND USE.**

**Section 1. Ownership of Common Elements.** Each Cottage Owner, either of the initial Phase or hereinafter established Phase(s), shall own an apartmentment to his Cottage the undivided interest in the Common Elements specified in Exhibit "B". The percentage interest set out therein represents the value of each Cottage in proportion to the total value of the Property, as well as the proportionate representation for voting purposes in the meeting of the Council of the Regime. The total value of the Property herein is Three Million One Hundred Fifty Thousand and No/100 Dollars (\$3,150,000.00) for all three Phases. The values for the individual Phases are as listed in Exhibit "B" hereto. The stated individual value for each Cottage indicated in Exhibit "B" shall not be deemed to establish or limit the price for which the Property or any Dwelling Unit may be sold or exchanged.

**Section 2. No Partition.** So long as this Master Deed has not been terminated in accordance with the provisions of Article XIII, and so long as two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meaning of Article XI, the Common Elements shall remain undivided; and no Cottage Owner shall have the right to bring any action for partition or division.

**Section 3. Use of Common Elements.** Each Cottage Owner shall have the right to use the Common Elements for their intended purposes in common with all other Cottage Owners. Each Cottage Owner shall have also a non-exclusive easement appurtenant to his Unit for ingress and egress over the Common Elements for access to and from his Cottage, which shall extend to the family members, guests, agents, and servants of the Villa Owner. All rights to use and enjoy the Common Elements shall be subject to the provisions of the Horizontal Property Act, this Master Deed, the covenants, the By-Laws of the Council, and all rules and regulations adopted by the Council pursuant to the By-Laws.

Section 4. Operation and Maintenance. The maintenance, repair, replacement, management, operation, and use of the Common Elements shall be the responsibility of the Board, and the expenses incurred for such purposes shall be assessed as Common Expenses. The Board may, however, delegate these duties to a management agent.

ARTICLE VIII. COMMON EXPENSES.

Section 1. Exoneraton of Expenses. Each Cottage Owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

- 1.1 Expense incurred in operating, maintaining, improving, repairing, and replacing the Common Elements.
- 1.2 Expenses incurred in administering the affairs of the Council including salaries, wages, and any compensation paid to a managing agent for such purpose.
- 1.3 Expenses incurred in providing public liability insurance and hazard insurance adequate to cover the Condominium Property, exclusive of Unit contents and furnishings, as provided in Article X of this Master Deed.
- 1.4 Contributions to provide sufficient reserves to make such general reserves to operate the Common Elements and to administer the affairs of the Council.
- 1.5 Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.
- 1.6 Any other costs related to the operation of the Common Elements or administration of the affairs of the Council which are declared by this Master Deed to be Common Expenses, and any valid charge against the Common Elements as a whole.

Section 2. Assessments. All assessments of Common Expenses shall be fixed by the Board and shall be payable at such times as the Board determines.

Section 3. Liability of Cottage Owner. No Cottage Owner may exempt himself from liability for Common Expenses by waiving the use or enjoyment of the Common Elements or by abandoning his Unit.

Section 4. Lien Upon Cottage. All assessments of the Council for the share of Common Expenses chargeable to any Cottage which are unpaid after becoming due shall, upon proper recording in the Office of the Clerk of Court, Beaufort County, South Carolina, constitute a lien against such Unit and the common element attributable thereto prior and

superior to all other liens except: (i) liens for property taxes upon the Unit in favor of any taxing authority; and (ii) mortgage liens duly recorded prior to such delinquency. The lien for such assessments may be foreclosed by the Board acting in behalf of the Council in the same manner as a mortgage upon real property. In the event of foreclosure, the Cottage Owner shall be required to pay a reasonable rental for the Unit during pendency of the foreclosure action, and a receiver may be appointed to collect the rentals during such period. The Board, in behalf of the Council, may bring suit for judgments against the Cottage Owner in the amount of delinquent assessments. In the event of foreclosure or suit for money judgment, a reasonable amount may be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall cover rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

**Section 5. Sales of Cottages.** Upon the sale or conveyance of a Cottage, all unpaid assessments against a Cottage Owner for his pro-rata share of Common Expenses shall first be paid out of the sale price or by the purchaser or grantee in preference over any other assessments, charges, or liens, except the following:

- 5.1 Lien for taxes and special assessments upon the Unit which are unpaid.
- 5.2 Payment due under mortgages upon the Unit which are duly recorded prior to such sale or conveyance.

**Section 6. Foreclosure Purchaser.** If the mortgagee of a Cottage acquires title by foreclosure of its mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a foreclosure sale, such purchaser shall not be liable for the share of Common Expenses assessed by the Council upon the Cottage so acquired accruing after the date of recording of such mortgage but prior to the acquisition of title. The unpaid assessments occurring during such period shall be deemed Common Expenses collectible from all Cottage Owners, including such purchaser, his successors, heirs, and assigns. The provisions of this Section, however, shall not release any Cottage Owner from personal liability for unpaid assessments.

**Section 7. Records.** The Board, or a managing agent which it employs, shall keep accurate and detailed records, in chronological order, of receipts and disbursements connected with the operation, administration, maintenance, repair, and replacement of the Condominium Property. Such records, together with the vouchers authorizing payment, shall be available for examination by the Cottage Owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

ARTICLE IX. RESTRICTIONS, COVENANTS, EASEMENTS

Section 1. Covenant to Comply with Restrictions and Obligations. Each Cottage Owner by acceptance of a deed to a Cottage in this horizontal property regime ratifies and covenants to observe in behalf of himself, his heirs, successors, and assigns, the following:

- 1.1 The Declaration of Covenants, Restrictions, and Affirmative Obligations by the Grantor, dated August 3, 1974, and recorded in the Office of the Clerk of Court for Beaufort County at Book 223 of Deeds at Page 1282, and any applicable recorded additions and amendments thereto.
- 1.2 The Declaration of Covenants and Restrictions of the Mass Creek Owners Association and the Bluff Corporation dated August 12, 1974, and recorded in the office of the Clerk of Court for Beaufort County, South Carolina in Deed Book 223 at Page 1302 and any applicable recorded additions and amendments thereto.
- 1.3 This Master Deed, the By-Laws, Decisions and resolutions of the Council, Board, or their representatives, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief; provided that nothing contained herein shall limit the rights of the Northwestern Mutual Life Insurance Company as set forth in the aforesaid Declaration.

Section 2. Utility Easements. Each Cottage Owner shall have a non-exclusive easement appurtenant to his Unit for the use in common with other Cottage Owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in any other Unit or within the Common Elements and serving his Unit. Each Cottage shall be subject to an easement in favor of the owners of all other Cottage to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements serving other Villas which are located in such Units.

Section 3. Encroachments. There shall be an easement in favor of the Council to the extent any portion of the Common Elements encroaches upon any Cottage, and there shall be an easement appurtenant to any Cottage to the extent any portion of the Cottage encroaches upon the Common Elements or upon another Cottage, whether such encroachment presently exists or occurs hereafter as a result of: (i) settling or shifting on any part of the Condominium Property; (ii) repair, alteration, or reconstruction of the Common Elements made by the Association or with its consent; (iii) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master Deed remains in effect and the Condominium Property remains subject to the Horizontal Property Act.

Section 4. Right of Access. The Council shall have the right of access to each Cottage during reasonable hours and with reasonable notice for maintaining, repairing, or replacing any Common Elements located within or accessible through the Cottage, or for making emergency repairs within the Cottage necessary to prevent damage to the Common Elements or to another Cottage. This easement and right of access may be exercised by the Board, by its agents and employees, or by a managing agent to whom the responsibility of maintaining has been delegated. Damages resulting to any Cottage because of such maintenance repairs shall be corrected promptly at the expense of the Council.

Section 5. Public Utility Easements. The Condominium Property is subject to utility easements for installation, operation, and maintenance of electric and telephone distribution lines, and for installation, operation, and maintenance of water and sewer lines. The Board may grant easements and relocate existing easements for installation of utilities if such easements are beneficial to the operation of the Condominium Property. If the location or nature of any utility easement is adverse to the Condominium Property or of doubtful benefit, the Board may grant such easements only when authorized by a vote of the Council.

#### ARTICLE X. INSURANCE.

Section 1. Hazard Insurance. The Board shall insure the Condominium Property against loss or damage due to fire and lightning, with extended coverage, in an amount equal to the maximum insurable replacement value of the Condominium Property as determined by its annual appraisal. The Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Condominium Property. All hazard insurance shall cover the entire Condominium Property, exclusive only of the contents and furnishings of the individual Cottages.

1.1 All hazard insurance policies obtained by the Board shall designate the Board as the named insured as Insurance Trustee for the benefit of all the Cottage Owners and their mortgages collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Board as Insurance Trustee under the provisions of this Master Deed.

1.2 All hazard insurance policies obtained by the Board shall provide for the issuance of Certificates of Insurance to each Cottage Owner. Each Certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Cottage is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgage endorsement, if requested.

1.3 If obtainable, all hazard insurance policies upon the Condominium Property shall include provisions waiving: (i) any rights

of the insurer to subrogation against the Council, its agents and employees, and against the individual Cottage Owners and their servants, agents, and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Cottage Owners upon the contents and furnishings of their Cottages.

**Section 2. Public Liability Insurance.** The Board may obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Council to an individual Cottage Owner and to liabilities of one Cottage Owner to another Cottage Owner.

**Section 3. Workmen's Compensation Insurance.** The Board, if it deems it necessary or advisable, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

**Section 4. Flood Insurance.** If required at any time by law, or if the Board deems it advisable, the Board shall obtain Flood Insurance as necessary.

**Section 5. Premiums.** All premiums upon insurance policies purchased by the Board shall be assessed as Common Expenses and paid by the Board.

**Section 6. Insurance by Cottage Owner.** Each Cottage Owner shall be responsible for obtaining, at his sole expense, insurance covering the personal property, decorations, and furnishings within his own Cottage, and the additions and improvements made by him to the Cottage. Each Cottage Owner shall also be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Cottage. All such insurance policies shall include, however, provisions waiving: (i) any right of the insurer to subrogation to claims against the Council and against individual Cottage Owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or pro-rata because of the master hazard policy.

**Section 7. Substitution of Insurance Trustee.** The Board, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in South Carolina. Any substitute Insurance Trustee appointed by the Board shall succeed to all of the powers and responsibilities vested in the Board as Insurance Trustee under the terms of this Master Deed.

#### ARTICLE XI. RECONSTRUCTION AND REPAIR.

**Section 1. Reconstruction.** In the event of casualty loss or damage to the Condominium Property, the Board shall be responsible for applying

the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged. If two-thirds or more of the Condominium Property is destroyed or substantially damaged, the insurance proceeds received by the Board shall be distributed pro-rata to the Cottage Owners whose units are so damaged or destroyed and their mortgagees jointly in proportion to their respective interests in Common Elements. The remaining portion of the Condominium Property shall be subject to an action for partition at the suit of any Cottage Owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of insurance policies, shall be considered one fund and distributed pro-rata among all Cottage Owners and their mortgagees jointly in proportion to their respective interests in Common Elements. If less than two-thirds (2/3) of the Condominium Property is destroyed the property shall be substantially repaired in the following manner:

1.1 Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Cottage Owners holding seventy-five (75%) percent or more of the total interest in Common Elements and their mortgagees, if any, vote to adopt different plans and specifications and all Cottage Owners whose units are affected by the alterations unanimously consent.

1.2 The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such costs may include professional fees and premiums for bonds as the Board deems necessary.

1.3 If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Cottage Owners whose units are directly affected by the damage in proportion to the damage done to their respective Units.

1.4 The insurance proceeds received by the Board and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements from the construction fund are insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Cottage Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Council.

Section 2. Insurance Trust. In the event of casualty loss to the Condominium Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board as Insurance Trustee. The Board, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this Article, and for the benefit of



the Council, the Cottage Owners, and their respective mortgagees in the following shares:

- 2.1 Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are proapartmentment to each of the Cottages.
- 2.2 Insurance proceeds paid on account of loss or damage to less than all of the Cottages, when the damage is to be restored shall be held for the Cottage Owners of the damaged Cottages in proportion to the costs of repairing each damaged Cottage.
- 2.3 Insurance proceeds paid when the Condominium Property is not to be restored shall be held for the benefit of all Cottage Owners whose units are damaged or destroyed, the share of each being equal to the undivided share in Common Elements appertenant to his Cottage.
- 2.4 In the event a Certificate of Insurance has been issued to a Cottage Owner bearing a mortgage endorsement, the share of the Cottage Owner shall be held in trust for the mortgagee and the Cottage Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Cottage Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

Section 3. Adjustment. Each Cottage Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under policies purchased by the Council, subject to the rights of mortgagees of such Cottage Owners.

#### ARTICLE XII. AMENDMENTS.

Section 1. By Cottage Owners. This Master Deed and the By-Laws of the Council may be amended from time to time at a duly held meeting of the Council by the affirmative vote of the Cottage Owners holding two-thirds (2/3) or more of the total interest in Common Elements; provided, however, that no amendment shall alter the dimensions of a Cottage or its appertenant interest in Common Elements without the written consent of the Cottage Owner and its mortgagees, if any, affected by the proposed alteration. Duly adopted amendments shall become effective when an instrument setting forth the amendment has been executed and filed of record by the officers of the Council.

ARTICLE XIII. TERMINATION.

Section 1. Casualty or Condemnation. If two-thirds (2/3) or more of the Condominium Property is substantially destroyed or taken by condemnation, the Condominium Property may be recovered from the provisions of this Master Deed and the Horizontal Property Act in accordance with applicable provisions thereof.

Section 2. Voluntary Termination. This horizontal property regime may also be terminated, removing the Condominium Property from the provisions of this Master Deed and the Horizontal Property Act, if the record owners of title to the Cottages and the record owners of mortgages upon the Cottages agree in a written instrument to termination unambiguously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Cottage Owners and mortgagees.

Section 3. Ownership After Termination. After termination of this horizontal property regime, the Cottage Owners shall own the Condominium Property as tenants in common in undivided shares and the holders of mortgages and liens upon the Cottages shall have mortgages and liens upon the respective undivided common interests of the Cottage Owners. The undivided share of each tenant in common shall be the same as his undivided interest in Common Elements prior to termination. Any asset of the Council, any funds held by the Board, and any insurance proceeds shall also be the property of the former Cottage Owners as tenants in common in the same undivided shares as their interests in Common Elements prior to termination. The costs incurred by the Board in connection with termination shall be considered a Common Expense.

Section 4. Partition. After termination, the Condominium Property shall be subject to an action for partition by any Cottage Owner or any lienor.

ARTICLE XIV. MISCELLANEOUS PROVISIONS.

Section 1. Conflicts. This Master Deed is made and declared in compliance with the Horizontal Property Act of the State of South Carolina. In the event of any conflict between this Master Deed and the provisions of the Horizontal Property Act, the provisions of this statute shall control.

Section 2. Applicable Law. The provisions of this Master Deed shall be construed under the laws of the State of South Carolina.

Section 3. Invalidity. The invalidity of any provisions of this Master Deed shall not impair the validity, enforceability, or effect of the remaining provisions; and in such event, all other provisions shall continue in full force as if the invalid provisions had not been included.

Section 4. Gender and Number. The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine and neuter gender, and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

Section 5. Exhibits. All exhibits to this Master Deed shall be an integral part of this instrument.

Section 6. Captions. Captions are inserted in this Master Deed for convenience only, and are not to be used to interpret the provisions of this instrument.

IN WITNESS WHEREOF, Grantor has executed this Master Deed in its name this day, month, and year first above written.

Signed, sealed and delivered  
in the presence of:

(1) *Bernice Wolff*  
(2) *Edward J. Payne*

THE NORTHWESTERN MUTUAL LIFE  
INSURANCE COMPANY

BY: *[Signature]*  
Mrs. E. Egan, Vice President  
AGENT (in)  
Ruth B. Hays  
Vice Secretary



STATE OF WISCONSIN

279

COUNTY OF

PERSONALLY appeared before me (Patricia) Jozgaj, etc. on  
 oath says that (s)he saw the within named ~~WISCONSIN MUTUAL LIFE~~  
 INSURANCE COMPANY by an appropriate official, sign, seal and deliver the  
 within instrument dated the 13<sup>th</sup> day of March, 1978, and  
 that (s)he with (Bernie) Wolff witnessed the execution.

(Patricia) Jozgaj

SWORN TO before me this 13<sup>th</sup>  
 day of March, 1978.

(s) Bernie Wolff (SEAL)  
 Notary Public for Wisconsin  
 My Commission Expires: October 18, 1981

STATE OF WISCONSIN

P. 279

COUNTY OF

PERSONALLY appeared before me (Patricia J. Jorgensen), an  
oath says that (s)he saw the within named ~~WISCONSIN MUTUAL~~ LIFE  
INSURANCE COMPANY by an appropriate official, sign, seal and deliver the  
within instrument dated the 13<sup>th</sup> day of March, 1978, and  
that (s)he with (Bernice W. W. Hoff) witnessed the execution.

(Patricia Jorgensen)

SWORN TO before me this 13<sup>th</sup>  
day of March, 1978.

(Bernice W. Hoff) (SEAL)  
Notary Public for Wisconsin  
My Commission Expires: October 10, 1981

**CERTIFICATE OF  
SUBSTANTIAL  
COMPLETION**

AIA DOCUMENT C704

OWNER  
ARCHITECT  
CONTRACTOR  
FIELD  
OTHER0  
1  
2  
3  
4

280

PROJECT: Salt Marsh Cottages  
Name, address) Moss Creek Plantation

ARCHITECT: Lee and Partners, Architects

ARCHITECT'S PROJECT NUMBER: 7703

TO (Owner)

Northwestern Mutual Life Insurance  
Company  
720 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202CONTRACTOR: Johnson/Dulaney Builders, Inc.  
CONTRACT FOR: Salt Marsh Cottages

CONTRACT DATE: June 30, 1977

DATE OF ISSUANCE: March 8, 1978

PROJECT OR DESIGNATED AREA SHALL INCLUDE: Salt Marsh Cottages Units Numbers 101, 102,  
103, 104, 105, 106 and 107.

The Work performed under this Contract has been reviewed and found to be substantially complete. The Date of Substantial Completion is hereby established as March 8, 1978 which is also the date of commencement of all warranties and guarantees required by the Contract Documents.

**DEFINITION OF DATE OF SUBSTANTIAL COMPLETION**

The Date of Substantial Completion of the Work or designated portion thereof is the Date certified by the Architect when construction is sufficiently complete, in accordance with the Contract Documents, so the Owner may occupy the Work or designated portion thereof for the use for which it is intended.

A list of items to be completed or corrected, prepared by the Contractor and verified and accepted by the Architect, is appended hereto. The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents.

LEE AND PARTNERS, ARCHITECTS  
ARCHITECT

BY

*J. Spencer*3/8/78  
DATE

The Contractor will complete or correct the Work on the list of items appended hereto within thirty (30) days from the above Date of Substantial Completion.

JOHNSON/DULANEY BUILDERS, INC.  
CONTRACTOR

BY

*Hubert P. Johnson*3-8-78  
DATE

The Owner accepts the Work or designated portion thereof as substantially complete and will assume full possession thereof at 12:00 p.m. (noon) on March 8, 1978.

NORTHWESTERN MUTUAL LIFE INSURANCE CO.  
OWNER

BY

*J. T. Doonan*  
*Agent*3/8/78  
DATEThe responsibilities of the Owner and the Contractor for maintenance, heat, utilities and insurance shall be as follows:  
NOTE - Owner's and Contractor's legal and insurance counsel should determine and review insurance requirements and coverage.

General:

- Place and secure nuts at outside storage anchor bolts.
- Bundle and secure any loose wiring below living units.
- Clean glass-fixed glass, skylights, etc.
- Clean tops of outside storage units.
- Clean interior doors, trim, etc.

Unit #101:

- Secure loose lattice work at service area.
- Install soffit light at entry door.
- Install 30" fluorescent fixture at kitchen.
- Repair caulking at fixed glass at living and dining.
- Touch up finish at ceiling in bath #2 (hall bath).
- Align bi-fold closet doors and check for proper operation.

Unit #102:

- Secure lattice at service area.
- Install switch at bath #1.
- Repair tile at tub faucet at bath #2.
- Touch up shelf facing above kitchen sink.
- Align kitchen cabinet doors.
- Install missing fluorescent lamp at kitchen.

Unit #103:

- Clean paint from shower rod at bath #2.
- Touch up ceiling finish at tub at bath #2.
- Touch up ceiling finish at hall.

Page 2  
SALT MARSH COTTAGES  
Pinch List - Unit 101, 102, 103  
February 16, 1978

262

- Replace misaligned trim at lattice screens next to service area gate.
- Touch-up rough wall finish adjacent to washer in utility.
- Secure loose boards at deck and beach.
- Repair rough sill at fixed glass at dining bay.



SALT MARSH COTTAGES  
PUNCH LIST  
FEBRUARY 22, 1978

283

GENERAL:

- . Check insulation and clean attics at "C" units.
- . Check and adjust closet bi-fold doors.
- . Check and adjust cabinetwork.
- . Check and touch up finish and trim at cabinets.
- . Correct loose installations of shower heads and tub spouts.
- . Clean and touch-up painted surfaces where needed.
- . Install shear pads at all outside mechanical units as required by Contract Documents.

UNIT #104:

- . Clean glass at dining bay.
- . Touch up furr down at tub at Bath #2.

UNIT #105:

- . Repair fixed glass sills.

UNIT #106:

- . Adjust gate.
- . Touch up ceiling in entry hall.
- . Install smoke detector as shown on drawings.
- . Install hardware at attic access door.

UNIT #107:

- . Check and level base trim at fixed glass.
- . Touch up wall finish at light well.
- . Fill in trim at hip beams in corners.

**CERTIFICATE OF  
SUBSTANTIAL  
COMPLETION**

AIA DOCUMENT G704

OWNER  
ARCHITECT  
CONTRACTOR  
FIELD  
OTHER

C-101

284

PROJECT: Salt Marsh Cottages  
(name, address) Moss Creek Plantation

ARCHITECT: Lee and Partners, Architects

ARCHITECT'S PROJECT NUMBER: 7703

TO (Owner)

Northwestern Mutual Life Insurance  
Company  
720 East Wisconsin Avenue  
Milwaukee, Wisconsin 53202CONTRACTOR: Johnson/Dulaney Builders, Inc.  
CONTRACT FOR: Salt Marsh Cottages

CONTRACT DATE: June 30, 1977

DATE OF ISSUANCE: March 13, 1978

PROJECT OR DESIGNATED AREA SHALL INCLUDE: Salt Marsh Cottages Units Numbers 108, 109,  
110, 111, 112, 113, 114, 115, and 116.

The Work performed under this Contract has been reviewed and found to be substantially complete. The Date of Substantial Completion is hereby established as March 13, 1978, which is also the date of commencement of all warranties and guarantees required by the Contract Documents.

**DEFINITION OF DATE OF SUBSTANTIAL COMPLETION**

The Date of Substantial Completion of the Work or designated portion thereof is the Date certified by the Architect when construction is sufficiently complete, in accordance with the Contract Documents, so the Owner may occupy the Work or designated portion thereof for the use for which it is intended.

A list of items to be completed or corrected, prepared by the Contractor and verified and amended by the Architect, is appended hereto. The failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the Contract Documents.

LEE AND PARTNERS, ARCHITECTS  
ARCHITECT

BY

*Spencer T. A. A.* 3/13/78  
DATE

The Contractor will complete or correct the Work on the list of items appended hereto within days from the above Date of Substantial Completion.

JOHNSON/DULANEY BUILDERS, INC.  
CONTRACTOR

BY

*Charles R. Johnson* 3-14-78  
DATE

The Owner accepts the Work or designated portion thereof as substantially complete and will assume full possession thereof at 12:00 p.m. (time) on March 13, 1978 (date).

NORTHWESTERN MUTUAL LIFE INSURANCE CO.  
OWNER

BY

*J. J. Roman* 3/14/78  
DATE

The responsibilities of the Owner and the Contractor for maintenance, heat, utilities and insurance shall be as follows:  
NOTE—Owner's and Contractor's legal and insurance counsel should determine and review insurance requirements and coverage.

SALT MARSH COTTAGES  
PUNCH LIST: UNITS #109, 109, 110, 11, 112, 113 - Units 114-116: Punch lists to follow.  
March 12, 1978

UNIT 108:

1. Install R.A. grille at hall.
2. Clean skylight.
3. Install screen at sliding glass door.
4. Clean decks.

UNIT 109:

1. Sticking bi-fold door at pantry.
2. Install eggcrate lens at kitchen lighting.
3. Clean kitchen cabinets.
4. Remove pencil mark at outside trim at fixed glass.
5. Repair damaged corner at pass-thru shelf at dining area side.
6. Clean handle at roof window.
7. Clean skylight.
8. Clean outside handrail at entry.

UNIT 110:

1. Install eggcrate lens at kitchen lighting.
2. Adjust kitchen cabinets.
3. Clean decks.
4. Clean medicine cabinet at Bath #1.
5. Repair top edge of fixture "F" at stair.
6. Install hardware at attic access.
7. Clean skylight.

UNIT 111:

1. Install window screens.
2. Stain entry door and rails.

UNIT 111 (continued):

3. Fill gaps at lower ends of hip beams.
4. Align kitchen cabinet doors.
5. Touch up wall at utility.
6. Touch up corner beads at furr downs at Bath #1.
7. Caulk ceramic tile junction at head of fixed glass at Bath #2.
8. Touch up caulking at fixed glass at dining.
9. Clean decks.

UNIT 112:

1. Install window screens.
2. Stain entry door and rails.
3. Install bolts at beam ends.
4. Repair weatherstripping at window at Bedroom #2.
5. Install grab and soap dish at tub at Bath #1.
6. Re-spray ceilings.
7. Fill gaps at lower ends of hip beams.
8. Adjust bi-fold door at kitchen.
9. HVAC system not working - repair.
10. Repair vinyl floor at kitchen.

UNIT 113:

1. Stain entry door and rails.
2. Repair vinyl floor at kitchen.
3. Re-spray ceilings.
4. Touch-up grove at upper grab at tub at Bath #2.
5. Re-align louvered door at hall closet.
6. Touch-up grout at fixed glass head at Bath #1.
7. Repair ceiling around supply register at Bath #1.

EXCERPT "A"

ALL those certain pieces, parcels or tracts of land, with improvements thereon, if any, containing a total of 5.8021 acres consisting of and being known as Phase I and proposed Phases II and III of SALT MARSH CONTAGES, HORIZONTAL PROPERTY REGIME II, situate, lying and being in Moss Creek Plantation, Bluffton Township, Beaufort County, South Carolina, as shown and designated on a plat prepared and drawn by Thomas and Hutton Engineering Company, Savannah, Georgia, dated February \_\_\_\_\_, 1978, and signed by William G. Foster, S.C. R.L.S., consisting of two (2) sheets or pages and entitled "Moss Creek Plantation, Salt Marsh Contages, Horizontal Property Regime II," which said plat is recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Plat Book 04 at Page 175B. Said plat of record shows the said 5.8021 acres as consisting of three (3) phases as follows, to-wit: Phase I includes two (2) parcels of land of 0.996 and 1.416 acres for a total of 2.414 acres, proposed Phase II includes two (2) parcels of land of 1.1156 and 0.7262 acres for a total of 1.8418 acres, and proposed Phase III includes two (2) parcels of land of 0.8269 and 0.8384 acres for a total of 1.6653 acres. For a more detailed description as to location, courses, nebes, bounds, distances and direction of said Phase I and proposed Phases II and III of said property, reference to said plat of record is made.

SWE AND EXCEPT from the above described property those portions of the property described on the said plat of record shown as being located between the lines designated on said plat as the Survey Control Line and the outside boundary line of the premises which is designated on said plat of record as "Elevation 3.8 N.S.L." For those said portions of the above described property, it is the intention of the grantor hereinafter to convey, warrant, grant, bargain, sell, and release only whatsoever right, title, and interest therein the grantor may possess, but the said portion of the above 5.8021 acres as hereby described is conveyed without warranty of any nature whatsoever.

SWE AND EXCEPT from the above described property consisting of 5.8021 acres all utility easements, manholes, water valves, water meters, utility mains, sanitary sewer lines, water lines, pumping stations, etc. as shown or actually existing on said property and save and except from the said property the right and privilege of any Public Service District, Private Utility Company, or Public Utility Company having jurisdiction, right, or any title to said items, property, or easements.

SAID property being a portion of that certain piece, parcel or tract of land conveyed to The Northwestern Mutual Life Insurance Company from Bluff Corporation by deed dated March 25, 1975, and recorded in the Office of the Clerk of Court for Beaufort County, South Carolina, in Deed Book 228 at Page 392 on May 1, 1975.

## EXHIBIT "B"

TABLE OF VOTING PERCENTAGES  
SALT MARSH COTTAGES, HORIZONTAL PROPERTY REGIME II

UNIT NO.	VALUE	PHASE I ONLY	PHASES I & II	PHASES I, II & III
101	\$75,000	6.25%	3.44%	2.38%
102	\$75,000	6.25%	3.44%	2.38%
103	\$75,000	6.25%	3.44%	2.38%
104	\$75,000	6.25%	3.44%	2.38%
105	\$75,000	6.25%	3.44%	2.38%
106	\$75,000	6.25%	3.44%	2.38%
107	\$75,000	6.25%	3.44%	2.38%
108	\$75,000	6.25%	3.44%	2.38%
109	\$75,000	6.25%	3.44%	2.38%
110	\$75,000	6.25%	3.44%	2.38%
111	\$75,000	6.25%	3.44%	2.38%
112	\$75,000	6.25%	3.44%	2.38%
113	\$75,000	6.25%	3.44%	2.38%
114	\$75,000	6.25%	3.44%	2.38%
115	\$75,000	6.25%	3.44%	2.38%
116	\$75,000	6.25%	3.44%	2.38%
117	\$75,000		3.44%	2.38%
118	\$75,000		3.44%	2.38%
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137	\$75,000		3.44%	2.38%
138	\$75,000		3.44%	2.38%
139	\$75,000		3.44%	2.38%
140	\$75,000		3.44%	2.38%
141	\$75,000		3.44%	2.38%
142	\$75,000		3.44%	2.38%
	<u>\$3,150,000</u>	<u>100.00%</u>	<u>99.76%</u>	<u>99.98%</u>

EXHIBIT "C"

Exhibit "C" consists of the Plat and Plans referred to herein which are recorded elsewhere in the Office of the Clerk of Court for Beaufort County, South Carolina but made a part hereof.

## EXHIBIT "D"

BY-LAWS OF SALT MARSH COTTAGES  
HORIZONTAL PROPERTY REGIME LXIIARTICLE I  
PLAN OF COTTAGE OWNERSHIP

Section 1. Horizontal Property Regime. The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereto) located in Moss Creek Plantation, near Hilton Head Island, Beaufort County, South Carolina, known as "HORIZONTAL PROPERTY REGIME II" has been submitted, by Master Deed, to the provisions of the Horizontal Property Act of South Carolina, and is to be henceforth known as "SALT MARSH COTTAGES, HORIZONTAL PROPERTY REGIME II" (hereinafter referred to as the "Regime").

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Property and the Regime.

Section 3. Personal Application. All present or future Co-Owners, tenants, future tenants, or their employees, or any other person that might use the facilities of the Property in any manner, are subject to these By-Laws and the Master Deed establishing said Regime. For the purpose of this document, a "Co-Owner" is defined and shall mean an owner or owners of an individual Cottage within the Regime. The mere acquisition or rental of any of the Cottages (also referred to herein as "villas," "Units," "Dwelling Unit(s)" or "Dwelling(s)" as defined in the Master Deed of the Property or the mere act of occupancy of any of said Cottages will signify that these By-Laws,



the provisions of the Master Deed, and the Moss Creek Home Owners Association restrictions and declarations recorded in Beaufort County Deed Book 223 at Page 1392 and any applicable recorded amendments thereto will be complied with.

#### ARTICLE II

##### VOYING, MAJORITY OF CO-OWNERS QUORUM, PROXIES

Section 1. Voting. Voting shall be on a percentage basis and the percentage of the vote to which the Co-Owner is entitled is the percentage assigned to the Cottage or Cottages in the Master Deed.

Section 2. Majority of Co-Owners. As used in these By-Laws, the term "majority of Co-Owners" shall mean those Co-Owners holding more than 50% of the total value of the Property, in accordance with the percentages assigned in the Master Deed.

Section 3. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of Co-Owners as defined in Section 2 of this Article shall constitute a Quorum.

Section 4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

#### ARTICLE III

##### ADMINISTRATION

Section 1. Council Responsibilities. The Co-Owners of the Cottages will constitute the Council of Co-Owners (hereinafter usually referred to as

"Council") who will have the responsibility of administering the Property, approving the annual budget, establishing and collecting periodic assessments and arranging for the management of the Property pursuant to an agreement, containing provisions relating to the duties, obligations, removal and compensation of the management agent. Except as otherwise provided, decisions and resolutions of the Council shall require approval by a majority of Co-Owners.

Section 2. Place of Meetings. Meetings of the Council shall be held at such place, convenient to the Co-Owners as may be designated by the Council.

Section 3. Annual Meetings. The annual meetings of the Council shall be held at the call of the Regime President once a year. Annual meeting date shall be established at the original meeting. At such meetings there shall be elected by ballot of the Co-Owners a Board of Administration in accordance with the requirements of Section 5 of Article IV of these By-Laws. The Co-Owners may also transact such other business of the Council as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the Regime President to call a special meeting of the Co-Owners as directed by resolution of the Board of Administration or upon a petition signed by a majority of Co-Owners and having been presented to the Regime Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths of the votes present, either in person or by proxy.

Section 5. Notice of Meetings. It shall be the duty of the Regime Secretary to mail a notice of each annual special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Co-Owner of record, at least ten but not more than thirty days prior to such

meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

Section 6. Adjourned Meeting. If any meeting of the Council cannot be organized because a quorum has not attended, the Co-Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at meetings of the Council shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meetings.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Review financial statement and monthly Regime charges.
- (g) Election of administrators.
- (h) Election of Management Agent.
- (i) Unfinished business.
- (j) New business.

The order of business at all special meetings of the Council shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

#### ARTICLE IV

##### BOARD OF ADMINISTRATION

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Administration (hereinafter referred to as the "Board") comprised of five persons, all of whom must be Co-Owners of Villas in the Property. The developer shall name three (3) directors until a majority of the units are sold in Phase I.

Section 2. General Powers and Prerogatives. The Board shall have the power and duties necessary for the administration of the affairs of the Council and may do all such acts and things as are lawfully by law or by these By-Laws directed to be executed and done by the Council or individual Co-Owners.

Section 3. Other Duties. In addition to duties imposed by these By-Laws or by resolutions of the Council, the Board shall be responsible for the following:

- (a) Compliance with all of the terms and conditions of the Master Deed and enforcement of same.
- (b) Care, upkeep and surveillance of the Property and the common elements.
- (c) Collection of assessments from the Co-Owners.
- (d) Employment, dismissal and control of the personnel necessary for the maintenance and operation of the common elements.

Section 4. Management Agent. The Board may employ a Management Agent or a corporation established by the Board to perform such duties and services as the Board shall authorize including, but not limited to, the duties listed in Section 3 of this Article.

Section 5. Election and Term of Office. At the first Annual meeting of the Council, the initial term of office of two members of the Board shall be fixed at three (3) years. The term of office of two members of the Board shall be fixed at two (2) years, and the term of office of one member of the Board shall be fixed at one (1) year. At the expiration of the initial term of office of each member of the Board, his successor shall be elected to serve a term of three (3) years. The members of the Board shall hold office until their successors have been elected and hold their first meeting.

Section 6. Vacancies. Vacancies in the Board of Administration caused by reason other than the removal of a member of the Board by a vote of the Council shall be filled by vote of the majority of the remaining members, even though they may constitute less than a quorum; and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Council.

Section 7. Removal of Members of the Board. At any regular or special meeting of the Council duly called, any one or more of the members of the Board may be removed with or without cause by a majority of Co-Members and a successor may then and there be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Council shall be given an opportunity to be heard at the meeting.

Section 8. Organization Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected by the Council, and no notice shall be necessary to the newly elected Board members in order legally to constitute such meeting, providing a majority of the Board shall be present.

Section 9. Regular Meetings. Regular Meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings shall be given by the Secretary-Treasurer, or other designated person, to each Board member, personally or by mail, telephone or telegraph at least ten (10) days prior to the day named for such meeting.

Section 10. Special Meetings. Special Meetings of the Board may be called by the President on three days notice to each Board member, given personally or by mail, telephone, or telegraph, which notice shall state

the time, place (as hereinabove provided) and purpose of the meeting. Special Meetings of the Board shall be called by the President or Secretary-Treasurer in like manner and on like notice on the written request of at least two Board members.

Section 11. Waiver of Notice. Before or at any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Board Quorum. At all meetings of the Board, a majority of the Board members shall constitute a quorum for the transaction of business, and the acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members 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 13. Fidelity Bonds. The Board may require that any and all officers and employees of the Regime handling or responsible for Regime funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Regime.

#### ARTICLE V

#### OFFICERS

Section 1. Designation. The principal officers of the Regime shall be a President, Vice President, and Secretary-Treasurer; all of whom shall be

electd by and from the Board. The Board may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

**Section 2. Election of Officers.** The officers of the Regime shall be elected annually by the Board at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

**Section 3. Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

**Section 4. Officers.**

(a) **President** -- The President shall be the chief executive officer of the Regime. He shall preside at all Council meetings of the Regime and of the Board. He shall have all of the general powers and duties which are usually vested in the office of a President of a Regime, including, but not limited to, the power to appoint committees from among the Co-Owners from time to time as he may in his discretion decide are appropriate to assist in the conduct of the affairs of the Council.

(b) **Vice President** -- The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

(c) **Secretary-Treasurer** -- The Secretary-Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings

of the Council; he shall have charge of such books and papers as the Board may direct, and he shall have responsibility for Regime funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Regime. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Regime in such depositories as may from time to time be designated by the Board. He shall, in general, perform all the duties incident to the offices of Secretary and Treasurer.

#### ARTICLE VI

#### OBLIGATIONS OF THE CO-OWNERS

##### Section 1. Assessments.

(a) Upon notice from the Board, all Co-Owners are obligated to pay periodic assessments imposed by the Regime to meet all Regime Expenses, which shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake, and other hazards. The assessments shall be made pro-rata according to the value of the Villa owned, and as stipulated in the Master Deed.

(b) If the assessments are not paid on the date when due (being the date specified by the Board), then such assessment shall become delinquent and shall (together with the cost of collection as hereinafter provided) become a charge and continuous lien on the property, against which each such assessment is made. If the assessment is not paid when due, the Association may bring an action at law against the Co-Owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment a reasonable attorney fee and in the event a judgment is obtained, such judgment shall include a reasonable attorney's fee to be fixed by the court together with the costs of the action.



(c) The transfer of ownership of an Individual Cottage within the Regime carries with it the proportionate equity of that Cottage Ownership in the Regime Assessment Account. Each Cottage Owner will be assessed for the Regime Assessment Account in accordance with a set schedule in order to provide for a contingency fund for maintenance and repair of Regime Property.

**Section 2. Maintenance and Repair.**

(a) Every Co-Owner must perform promptly all maintenance and repair work within his own Cottage, which if omitted would affect the Property in its entirety or in a part belonging to other Co-Owners being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Villas, such as water, light, gas, power, sewage, telephone, air conditioning, sanitary installations, doors, windows, lamps, and all other accessories belonging to the Cottage shall be the expense of the Co-Owners.

(c) A Co-Owner shall reimburse the Regime for any expenditures incurred in repairing or replacing any common elements damaged through his fault.

**Section 3. Use of Cottages - Integral Changes.**

(a) All Cottages shall be utilized for residential purposes only.

(b) A Co-Owner shall not make structural modifications or alterations in his Unit or installations located therein without previously notifying the Regime in writing, through the management agent, if any, or through the President if no management agent is employed. The Regime shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

**Section 4. Use of Common Elements.** A Co-Owner shall not place or cause to be placed in the passages or roads any furniture, packages or obstructions

of any kind. Such areas shall be used for no other purpose than for normal transit through them.

Section 3. Right of Entry.

(a) A Co-Owner shall grant the right of entry to the management agent or to any other person authorized by the Board in case of any emergency originating in or threatening his Villa, whether the Co-Owner is present at the time or not.

(b) A Co-Owner shall permit other Co-Owners or their representative when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Co-Owner. In case of an emergency, such right of entry shall be immediate.

Section 4. Rules of Conduct.

(a) Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, television and amplifiers that may disturb other residents.

(b) No Co-Owner, resident or lessee of the Property shall:

- (1) post any advertisements, or posters of any kind, in or on the property except as authorized by the Regime;
- (2) hang garments, rags, or similar objects, from the windows or from any of the facades of the Property;
- (3) dust rugs, rags or similar objects by beating on the exterior part of the Property;
- (4) throw garbage or trash outside the disposal installations provided for such purposes in the service areas;
- (5) act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Villas in the Property.

(c) No Co-Owner, resident or lessee shall install wiring for electrical service or telephone installations, television antennae, machines or

air conditioning units, or similar objects outside of his dwelling or which protrude through the walls or the roof of this dwelling unit except as authorized by the Board.

ARTICLE VII

AMENDMENTS

Section 1. By-Laws. These By-Laws may be amended by the Council in a duly constituted meeting held for such purpose, and no amendment shall take effect unless approved by Co-Owners representing at least two-thirds (2/3) of the total value of the Property as shown in the Master Deed.

ARTICLE VIII

MORTGAGES

Section 1. Notice to Board. A Co-Owner who mortgages his Villa shall notify the Board through the management agent, if any, or the President if there is no management agent, of the name and address of his mortgagee; and the Regime shall maintain such information in a book entitled "Mortgagees of Cottages".

Section 2. Notice of Unpaid Assessments. The Board shall, at the request of a mortgagee of a Cottage report any unpaid assessments due to the Regime from the Co-Owner of such Cottage.

ARTICLE IX

COMPLIANCE

These By-Laws are intended to comply with the requirements of the Horizontal Property Act of South Carolina. In case any of these By-Laws conflict with

the provisions of said Statute, it is hereby agreed and accepted that the provisions of the Statute will control.

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<i>[Signature]</i> CLERK OF COURT OF COUNTY, FLORIDA		

RECORDED THIS 18<sup>th</sup> DAY  
 OF MARCH 1978  
 IN BOOK 9 PAGE 283  
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*[Signature]*  
 AUDITOR, BEAUFORT COUNTY, FLORIDA