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REGISTER OF DEEDS

BOOK 1993 PAGE 22

**MASTER DEED FOR
MCKENNA HORIZONTAL PROPERTY REGIME**

April 24, 2002

41416

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Exhibits:

- A-1: Land Description of all eligible property
- A-2: Phase 1
- A-3: Phase 2
- B: Floor Plans and Building Layouts
- C: Common Element Ownership Percentages
- D: Bylaws and Articles of Organization
- E: Form for Documentation of Approval

SOUTH CAROLINA
GREENVILLE COUNTY

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MASTER DEED FOR MCKENNA
HORIZONTAL PROPERTY REGIME

THIS MASTER DEED IS SUBJECT TO ARBITRATION BY THE AMERICAN ARBITRATION ASSOCIATION

THIS MASTER DEED is made this 24th day of April, 2002, by Pierce Homes of Carolina, LLC., a South Carolina limited liability company with its principal place of business in Greenville County, South Carolina, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain property lying, being and situate on East North Street in the City of Greenville, Greenville 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 all or a portion of the Land, including the improvements constructed and 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 hereby declares that the portion of the Land, which property is described on Exhibit A-2 and A-3 attached hereto and incorporated herein by reference, is hereby incorporated into the Horizontal Property Regime by the recording of this Master Deed, together with the remaining contiguous Land which is eligible to be added into the Regime pursuant to Article V, 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 said Property and the division and condominium ownership thereof, and shall be deemed to run with the land and shall be a burden and benefit to Declarant, and 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 a Unit Owner's share of the Common Expenses which from time to time is assessed against a Unit Owner by the Association in the manner herein provided for the maintenance, repair or management of the Property and General and Limited Common Elements.
- (c) "Association" means the nonprofit corporation responsible for the management and operation of the Condominium, being "McKenna Condominium 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 Condominium 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.
- (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: BOOK 1993 PAGE 27

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 XV 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 "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 that portion of the Land submitted to the provisions of the Act by this Declaration or by permitted amendments, and includes the land, the buildings, all improvements and structures thereon, 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) "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 entrance area on the first floor of a building and the stairway to the second floor and third floor of a building.
4. The compartment or installations of central services such as power, light, cold and hot water, electricity, conduits for telephone lines, cable, plumbing and similar installations installed for the common use of the owners.
5. The garbage receptacles and, in general, all devices or installations existing for common use.

6. 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."

7. The basements, roofs, yards, and gardens, except as otherwise provided or stipulated;

8. The premises for the lodging of janitors or persons in charge of the property, except as otherwise provided or stipulated;

9. The parking areas, entrance-ways, and internal roadways;

10. All spigots on the outsides of the buildings.

11. 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.

(m) "Land" means and includes all of that certain piece, parcel or tract of land located in the City of Greenville, Greenville 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.

(n) "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 and storage areas attached to the rear of each Unit; any shutters, awnings, window boxes, doorsteps, stoops, exterior doors, window frames, panes and screens designed to serve a single Unit but located outside the Unit's boundaries; and special corridors, stairways, elevators, finger piers, and sanitary services common to the Units of a particular floor.

(o) "Master Deed" means this instrument by which the property 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.

(p) "Mortgage" means any mortgage subjecting the real property to a lien or encumbrance as security for indebtedness.

(q) "Mortgagee" means the holder of indebtedness secured by a mortgage.

(r) "Mortgage Indebtedness" means indebtedness the payment of which is secured by a mortgage.

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

(t) "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.

(u) "Unit" means that part of Condominium Property which is to be subject to private ownership and shall comprise the separate alphabetically identified units which are designated on the site and floor plans marked Exhibit B and annexed hereto and made a part hereof. 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 and window frames, doors and door frames and trims, provided, however, as respects 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 as heretofore described 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 portion of the Land described on Exhibit A-2 and Exhibit A-3, together with the remaining contiguous Land which is eligible to be added into the Condominium pursuant to Article V, to be a regime known and identified as "McKenna 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 East North Street in the City of Greenville, Greenville County, South Carolina which is eligible to become a part of the Regime in accordance with Article V.

Exhibit A-2 shows and depicts the area which is designated as Phase 1 of the Regime and is being subjected to the Regime by the execution and filing of this Master Deed. It shall consist of one (1) three-story building containing a total of four (4) two-bedroom condominium Units and twelve (12) three-bedroom units, together with common areas and facilities supporting said building and Units. Exhibit A-3 shows and depicts the area which is designated as Phase 2 of the Regime and is being subjected to the Regime by the execution and filing of this Master Deed. It shall consist of one (1) two-story building containing a total of eight (8) two-bedroom condominium Units, together with common areas and facilities supporting said building and Units. Exhibits A-2 and A-3 show and commit to this Regime, certain areas designated as private streets and as parking 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. There are no basements. 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, A-3 and B.

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 and A-3 are surveys of Phases 1 and 2 being subjected to the Regime. Attached hereto and expressly made a part hereof as Exhibit B 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 C 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 C 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 Greenville 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 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 in the applicable Exhibit A without limitation or exception, 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 may, after acquiring an adjoining Unit and obtaining the written consent of the Board of Directors, remove or alter any intervening partition or create apertures therein, even if the partition is a Common Element, if such acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium Property. Such removal of partitions or creation of apertures as described in this paragraph is not an alteration of Unit boundaries.
3. The Association, through the Board of Directors (or its Architectural Control 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 Association being first had and obtained. 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 Association.

4. Any Unit Owner desiring to make any improvement, alteration or change described above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Board of Directors which shall evaluate such plans and specifications in light of the purpose of this Article as set forth above. As a condition to the granting of approval of any request made under this Article, the Association may require that the Unit Owner requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Unit Owner shall evidence his consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Unit Owner, and any subsequent Owner of the Unit, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth in Article VII, and subject to the rights described in said Article.

5. Notwithstanding anything contained in this Article IV, except for items relating to safety and maintenance, the Association shall not have the right to regulate Limited Common Elements such as porches, decks, balconies and storage areas attached to Units, window boxes, doorsteps, stoops, exterior doors, window frames, panes and screens designed to serve a single Unit but located outside the Unit's boundaries.

ARTICLE V. Special Declarant Rights

A. Addition of Real Estate to Condominium; Creation of Additional Units, General and Limited Common Elements. Declarant hereby reserves the right for seven (7) years from the date of recording of this Master Deed to add additional portions of the Land 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. In the event Declarant elects to add additional real estate to the Condominium, such expansion could result in the addition of up to sixty (60) additional Units. The total number of Units in the Condominium shall not exceed ninety five (95).

Declarant shall have no obligation of any kind to add any or all of the additional real estate described herein to the Condominium nor to add any additional real estate in any particular sequential order. Declarant makes no representations that any buildings or Units constructed within such additional real estate will be similar in exterior appearance, design, size, structure, building material or in interior lay-out to the original buildings and Units constructed within the Condominium Property.

A survey supplementing Exhibit A will be filed as the buildings in subsequent stages are completed. Declarant, its agents, designees and contractors reserve the right to go onto and work upon the General and Limited Common Elements to construct the staged condominium Units, parking areas, roads, water and sewerage systems, telephone, television and electrical lines and other facilities to complete the condominium development. 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. The changes in percentage ownership of Units, if additional Units are added, are shown on Exhibit C.

B. Subdivision of Units. Declarant hereby reserves the right for seven (7) years from the date of recording of this Master Deed to subdivide an existing Unit owned by Declarant into two or more new Units, or into two or more new Units and new General Common Elements and/or Limited Common Elements, without the consent of any Unit Owner or Mortgagee. Declarant's right under this Paragraph B 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 A of this Article, if the amendment adding such real estate so provides.

C. Conversion of Units to Common Elements. Declarant hereby reserves the right for seven (7) years from the date of recording of this Master Deed to convert an existing Unit or Units 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 C 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 A of this Article, if the amendment adding such real estate so provides.

D. 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 Greenville 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 Greenville 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. Each Unit Owner shall be deemed by his acceptance of the deed to a 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 and to Article XXXIII (E) hereof. Except as provided in this Master Deed, the interest in the General Common Elements appurtenant to each Unit shall not be changed except with the unanimous consent of all Unit Owners and with the consent of all of the Institutional Lenders, as defined in Article XXI hereof, holding first mortgages on the Units. Any and all of the Development Rights reserved under this Article may be exercised as to any, all or none of the real estate described in Exhibit A-1 of this Master Deed.

E. Sales and Management Offices; Model Units; Advertising on Common Elements. Declarant shall have the right to maintain a sales office, a management office, and no more than two (2) 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 and from time to time to relocate any offices, model Units or signs from their previous location to another location. Such rights shall terminate when all Units in all phases of the Condominium are sold.

F. 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 V of this Master Deed; as may be reasonably necessary to construct improvements on the remaining land described in Exhibit A-1; and, as may be reasonably necessary in the discharge of any obligations imposed on Declarant by this Master Deed or under the Act.

G. 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. However, any person to whom said rights and privileges are assigned must agree to construct buildings and other facilities in good workmanlike manner using the same or higher building standards, design, workmanship and materials as those used by Declarant in the original stage.

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. Residential Use. All Units shall be used exclusively for residential purposes, excluding model Units or sales office temporarily set up by the Declarant for the marketing of the Condominium. 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. The Board of Directors shall be furnished with a copy of all leases. No Unit Owner shall permit the use of his Unit for transient hotel or commercial purposes.

B. Corporate Ownership of Unit. Corporations, partnerships, or limited liability companies, other than the Declarant, shall permit the use of a Unit owned by it only by its principal officers, directors, members, or partners, or other guests or lessees. Such Unit Owner shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Unit, together with a written covenant of such party in favor of the Association whereby the party agrees to comply with the terms and provisions of this Master Deed and with the rules and regulations which may be promulgated by the Association from time to time and acknowledging that the party's right to use such Unit shall exist only so long as the corporation, partnership or limited liability company shall continue to be a member of the Association. Upon demand by the Association to such Unit Owner to remove a party for failure to comply with the terms and provisions of this

Master Deed and/or the rules and regulations of the Association, the Unit Owner shall forthwith cause such party to be removed, failing which, the Association, as agent of the Unit Owner, may take such action as it may deem appropriate to accomplish such removal, and all such action by the Association shall be at the cost and expense of the Unit Owner who shall reimburse the Association therefor upon demand, together with such attorneys' fees, as the Association may have incurred in the process of removal.

C. 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.

D. 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.

E. 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.

F. Pets.

(1) Unit Owners shall not own more than two (2) pets per Unit. The total maximum weight of all pets in a Unit shall not exceed 50 lbs. (i.e., two 25 lb. pets or one 50 lb. pet).

(2) No Unit Owner shall willfully or negligently permit any dog or similar pet who belongs to such Unit Owner, his family members or guests, to run at large within the Condominium Property unless the dog or similar pet is under control of the Unit Owner, a family member or guest by means of a leash or other similar restraining device. Further, the Unit Owner shall be responsible for picking up and disposing of the feces of such dog or similar animal which are deposited in any General or Limited Common Element.

(3) No pet is to be left on a balcony, porch or patio unless supervised by an occupant of the Unit or unless it is enclosed in a kennel, pet carrier, or cage.

G. 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 Units or to or from the Condominium Property.

H. 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.

I. Signs. No signs, advertisements, or other notices shall be inscribed or exposed on or at any window or any part of the General Common Elements without the prior written consent of the Board of Directors except "For Sale" signs of not more than twelve (12) inches by twelve (12) inches and no more than one may be posted.

J. 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 Board of Directors. Notwithstanding anything contained herein to the contrary, a Unit Owner may place a maximum of one (1) satellite dish or antenna on the porch or patio attached to his Unit without obtaining the prior approval of the Association. If a Unit Owner cannot place a satellite dish or antenna on his porch or patio, the Unit Owner can mount a maximum of one (1) satellite dish or antenna on a post adjacent to the exterior wall of his Unit, which post shall be screened from view on all sides and appropriately landscaped as determined in the sole discretion of the Association.

K. Leases. A Unit Owner may lease all or any part of his Unit, provided that the lease is made subject to all the terms and conditions of this Declaration and Bylaws attached hereto and provided further that the Unit Owner shall remain primarily responsible for all the terms and conditions and provisions of this Declaration and the Bylaws.

L. Parking. Each Unit will be assigned appropriate space(s) for parking upon the General Common Elements adequate to meet the Greenville Zoning Code requirements. At no time shall boats, RV's, trailers, campers or other recreational vehicles (collectively, "Recreational Vehicles") or inoperable vehicles be parked on the General or Limited Common Elements. Notwithstanding anything contained in this Article VII to the contrary, a Unit Owner may temporarily park such Recreational

Vehicles in parking area for loading purposes only for a period not to exceed twenty-four (24) hours. Further, a Unit Owner shall have seven (7) days to remove any inoperable vehicle from the General or Limited Common Elements.

M. Other Regulations. Each Unit Owner shall be subject to such other reasonable regulations concerning the use of the Limited Common Elements (pertaining to safety only) and the General Common Elements 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 (such annual and special assessments to be fixed, established, and collected from time to time as herein provided); and
- 3) Special Individual Assessments, as defined and described in subsection E.

The annual and special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as provided herein or in the Bylaws, together with such interest thereon and costs of collection thereof 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 thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the Unit Owner(s) at the time when the Assessment fell due. Payment of the working capital assessment shall not reduce the annual assessment.

B. Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of the Condominium, and in particular for:

- 1) improvement, maintenance, and replacement of any of the General and Limited Common Elements including, without limitation, private streets, improvements and Recreational Facilities located on General or Limited Common Elements;
- 2) payment of the Common Expenses;
- 3) implementation and enforcement of proper maintenance of Units, if necessary, subject to reimbursement by the Owner(s) of such Units;
- 4) establishment of capital replacement reserves; and
- 5) 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, its recreational facilities and use in accordance with the Bylaws, 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, in whole or in part, 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 described above, the Association may levy, from time to time, on a particular Unit rather than on all Units or types of Units, 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 Declaration, 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 by Owners shall commence as to each Unit on the first day of the month following the conveyance of that 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 subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, 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.

The first Assessments levied against any additions to the Condominium not now subject to Assessment, at a time other than the beginning of any Assessment period, shall be prorated. The due date of any special Assessment or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

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, at that time, prepare a roster of the Unit Owners and Assessments applicable thereto 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) thereupon 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 such interest thereon and costs of collection, become a continuing lien on the Unit(s), which shall bind the Owners of such Unit(s), and 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, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the 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 cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other charges described herein.

Notwithstanding anything in this Master Deed to the contrary, Units subject to a FHA, HUD, or VA-guaranteed loan will not be subject to delinquent Assessments in excess of six (6) months in any case in which the Association has not brought enforcement action against the current Owner of said Unit.

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 thereby created 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. The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

- a) all General and Limited Common Elements; and
- b) all properties exempted from taxation by the laws of the State of South Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)

K. Maximum Annual Assessment. Until December 31st of the year in which the first Unit is conveyed to a Unit Owner other than Declarant, the maximum annual assessment shall be Eight Hundred Forty and no/100 (\$840.00) Dollars for a Two (2) Bedroom Unit and Nine Hundred and no/100 (\$900.00) Dollars for a Three (3) Bedroom Unit payable in advance in monthly installments of no more than Seventy and no/100 (\$70) Dollars for a Two (2) Bedroom Unit and Seventy Five and no/100 (\$75) Dollars for a Three (3) Bedroom Unit. From and after January 1 of the year immediately following the conveyance of the first Unit to a Unit Owner other than Declarant, 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. The limitations in the increase in the annual Assessments herein shall not apply to any change in the maximum amount of the Assessments undertaken as an incident to (1) a merger or consolidation in which the Association or Condominium is authorized by law to participate, (2) as an incident to any additions to the Condominium or submission of additional property, or (3) in connection with the addition of Recreational Facilities for the Condominium.

In addition to the above assessments, from and after January 1 of the year immediately following the conveyance of the first Unit to a Unit Owner other than Declarant, an annual assessment of One Hundred Fifty and no/100 (\$150.00) Dollars shall be applied to each Unit Owner to cover the costs of insurance. The insurance assessment may be increased each year by not more than ten percent (10%) of the insurance assessment for the previous year unless 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 vote to do so. Likewise, a one time Initial Reserve Payment of One Hundred Thirty and no/100 (\$130.00) Dollars shall be paid by each Unit Owner upon the initial conveyance of a Unit to the Unit Owner.

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 by the Association 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, Developer 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 Developer, the Developer 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 that the interest in General Common Elements appurtenant to that which each Unit Owner's Unit bears to the total of all interest in General Common Elements appurtenant to all Units. The Common Surplus shall be held by the Association in the manner prescribed in, and 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 and, if so, when. Nothing in this Article shall require periodic distributions of Common Surplus. Except for distribution of any insurance indemnity herein provided, or upon termination of the Condominium, any distribution of Common Surplus which may be made from time to time 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 of the Association to impose Assessments against Unit Owners and the right of such Directors 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 and the adjoining office park.

B. Easement for Encroachment and Support. Each Unit and the Condominium Property included in 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 the maintenance of same, as long as they stand, 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 the maintenance thereof 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.

Perpetual Nonexclusive Easement in General Common Elements for Benefit of Office Park

The Declarant plans to construct an office park on a portion of the lot upon which the Condominium Property sits. As such, the Declarant hereby reserves a perpetual nonexclusive easement across, over, and under the General Common Elements in favor of all of the future owners of the office park units for their use and the use of their clients, personnel, guests, and invitees for storm water drainage, utilities, and for ingress and egress across the access road from East North Street to the office park. In exchange for said easement, the property owners association for the office park shall pay a monthly maintenance fee of Five and no/100 Dollars (\$5.00) per Lot to the Association for upkeep and maintenance of the access road from East North Street and of the storm water drainage system, which maintenance fee shall never be increased by the Association unless it first obtains written consent from the property owners association for the office park. Except for the monthly maintenance fee described in this Article, the property owners association for the office park shall have no other financial obligation or responsibility to the Association for the upkeep and maintenance of the access road, storm water drainage system or any other General Common Element and the Association shall be solely responsible for maintenance and repair of the access road, storm water drainage system and the General Common Elements.

ARTICLE XI.

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 McKenna Condominium 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, a copies of which is attached hereto as Exhibit D. The Unit Owner shall automatically become a member of said corporation upon his/her or its acquisition of an ownership interest in title to any Unit and its Allocated Interest in the General Common Elements, 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, by virtue of such lien, mortgage or other encumbrance, to membership in said Association or to any of the rights or privileges of such membership except as set forth in Article XXI hereof. 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 Board of Directors of said 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 made in connection herewith 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:

1) **Class I.** The Class I Members shall be all Unit Owners, other than the Declarant as long as Class II membership exists. Any Class I Member shall be entitled to one (1) vote for each Unit which it owns. In the case of multiple ownership of any Unit, however, those multiple Owners shall be treated collectively as one Owner.

2) Class II. The Class II Member shall be the Declarant, who shall be entitled to two (2) votes for each Unit owned by it within the Condominium. The Class II membership shall cease and be converted to Class I membership on the happening of the first to occur of the following events:

- a. One hundred twenty (120) days after the Declarant has sold and closed the sale of seventy-five percent (75%) of the Units which are planned for the Condominium, or
- b. January 1, 2009.

If the Class II membership has been terminated or has expired and subsequently additional properties owned by the Declarant become subject to this Master Deed prior to the date stated in subsection (ii) above, the Class II membership shall immediately be reinstated as of the date such additional properties become subject to this Master Deed and shall not terminate except in accordance with subsection (i) and (ii) above. Following the termination of Class II membership, the Declarant shall become a Class I member.

D. Board of Directors. 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 (as hereinafter defined), a Majority of the Directors shall be Members of the Association.

1) Declarant Control Period. As used herein, the term "Declarant Control Period" shall mean that period from the filing of the Articles of Incorporation of the Association until such time as the first of the following events occurs:

- (a) Class II Membership ceases to exist and is converted to Class I Membership as provided in the Master Deed; or
- (b) Declarant surrenders the authority to appoint and remove members of the Board of Directors and Officers of the Association by an express written exercise of such option, executed by the Declarant and delivered to the Association or any of the Directors on its behalf.

If Class II membership has been terminated or has expired and subsequently Class II membership is reinstated as provided for in the Master Deed, the Declarant Control Period shall also be reinstated and shall terminate again upon the happening of the first to occur of the foregoing events.

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 Members 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 and fractional voting is not permitted. In the event that any Director resigns, 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 contained in this Article, 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.

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 (as hereinafter defined), and those appointed to fill a resignation, 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 the 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.

E. Authority of the Board of Directors. The Association, acting through its Board of Directors, shall have the following powers:

- 1) To make, levy and collect assessments against Unit Owners and Units to defray the common expenses of the Condominium; provided the Declarant's obligations for periodic assessments are subject to the provisions of Article VII hereof;
- 2) To maintain, repair, replace, operate and manage the General and Limited Common Elements wherever the same is required to be done and accomplished by the Association and to approve any expenditure made or to be made for said purposes;
- 3) To contract for the management of the Condominium and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Master Deed to have approval of the Board of Directors or the membership of the Association;
- 4) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Units and the appurtenances thereto, and to assess the same against the Unit Owners and their respective Units subject to such liens;
- 5) To purchase insurance for the protection of the Unit Owners and the Association against casualty and liability in accordance with Article XV of this Master Deed;
- 6) To pay all costs of power, water, sewer and other utility services rendered to the Condominium Property and not directly billed to the Unit Owners; and
- 7) To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium Property.

ARTICLE XII. 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, either in its entirety or in a part belonging to other Unit Owners, every Unit Owner being expressly responsible for the damages and liability which his failure to do so may engender. Each Unit Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans 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 for which a Unit Owner is obligated to maintain, replace or repair at his own expense 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, either in its entirety or in a part belonging to other Unit Owners, 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 XIII. Right of Entry into Units

A. Emergencies In case of any emergency originating in or threatening any Unit, regardless of whether the Unit Owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right 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.

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. Such rights shall be in accordance with and not inconsistent with those outlined in S.C. Code § 27-31-280.

ARTICLE XIV. 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 (including the right to plant and establish upon, over and across the General or Limited Common Elements such easements as are necessary or desirable for providing service or utilities to the Units and 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 XV.
Insurance

A. Authority to Purchase. Insurance policies upon the Condominium Property shall be purchased by the Association in the name of the managing agent or Board of Directors of the Association, 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 mortgagee endorsements or to the holders of first mortgages on the Units or any of them.

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 cover fixtures, installations or additions, or equal replacements thereof, comprising a part of the building within each individual Unit in accordance with the original Condominium plans and specifications. In determining the amount of coverage, the Board of Directors shall annually set the standard allowance for such items as carpeting, bathroom and kitchen cabinets, wall covering, vinyl floor covering, ceramic tile, kitchen appliances, bookshelves, etc., which were included in the original Condominium plans and specifications. 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 (whether located within or without the Unit), 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 and to any Institutional Lender who has given the notice required under Article XXI of this Master Deed.

(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 to be assessed and collected from all of the Unit Owners in proportion to each Unit's share of the Allocated Interests, unless otherwise specifically allocated by the Board of Directors in its sole discretion.

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 XVI 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 XVI.

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), 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 XIX 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 Greenville 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 for which the Association has the responsibility for maintenance and repair, 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 XVII. Condemnation

A. Units. In the event a Unit or a portion thereof is acquired by eminent domain, the condemnation award thereof 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 XVIII.

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 XIX.

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 thereto, or agree, in either case 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 Greenville 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, on behalf of the Unit Owners, 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, as their interests may appear, 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 thereof prior to destruction cannot be made, the interest of each Unit Owner shall be the interest appurtenant to his Unit immediately before termination.

ARTICLE XX.
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 the Unit Owner of any other Units 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 sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. 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 One Hundred Fifty Dollars (\$150.00) 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 in an amount not to exceed Five Hundred Dollars (\$500.00) 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. As set forth in the By-Laws, a hearing for the accused Unit Owner must be held before an adjudicatory panel appointed by the Association, which panel shall accord to the party charged with the violation: (i) notice of the charge; (ii) opportunity to be heard and to present evidence; and (iii) a notice of the decision. 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 hereof.

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 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.

G. All rights, remedies and privileges granted to the Association or the Unit Owners, pursuant to all terms, provisions, covenants or conditions of the Master Deed or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

H. The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Master Deed or other above mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

I. The failure of an Institutional Lender(s) to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Master Deed or other above mentioned documents, shall not constitute a waiver of the right of said party to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE XXI.
Institutional Lenders - Mortgagees

A. **Institutional Lender Defined.** "Institutional Lender(s)" shall mean and refer to banks, savings and loan associations, insurance companies, other firms or entities customarily affording loans secured by first liens on residences, the Veterans' Administration, the Federal Housing Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and eligible insurers and governmental guarantors. In addition to any other rights set forth in this Master Deed, so long as any Institutional Lender(s) shall hold any first mortgage upon any Unit, or shall be the owner of any Unit, such Institutional Lender(s) shall have the following rights:

B. **Rights of Institutional Lenders.** The following provisions, in addition to provisions set forth elsewhere in this Master Deed, shall be applicable to the holders of first mortgages upon the Units (each a "PUD Unit" for purposes of this Article Thirteen) subject to this Master Deed and any amendments thereto:

1) **Planned Unit Development.** This Master Deed, the Bylaws, the Articles of Incorporation, and other Constituent Documents (collectively, the "PUD Constituent Documents") create a Planned Unit Development, hereinafter referred to as "PUD".

2) **Mortgagee Rights.** All first mortgagees of Units have:

a) the right to inspect Association documents and records on the same terms as the Unit Owners as outlined in the Bylaws;

b) the right to receive notice of all Material Amendments and/or Extraordinary Actions;

c) the right to receive notice of any property loss, condemnation or eminent domain proceeding affecting the General or Limited Common Elements resulting in losses greater than ten percent (10%) of the Budget or any improvement insured by the Association in which the first mortgagee has an interest;

d) the right to receive written notification from the Association of any default in the performance by a Unit Owner of any obligation under the PUD Constituent Documents which is not cured within sixty (60) days;

e) the right to receive notice of any proposal to terminate the Master Deed or dissolve the Association or Condominium at least thirty (30) days before any such action is taken;

f) the right of a majority of the first mortgagees to demand professional management of the Association;

g) the right of a majority of the first mortgagees to demand an audit of the Association's financial records;

and
h) the right to receive notice of any termination, lapse, or material modification of any insurance policy held by the Association.

3) **Effect of "right of first refusal".** Any "right of first refusal" contained in the PUD Constituent Documents shall not impair the rights of a first mortgagee to:

- a) foreclose or take title to a PUD Unit pursuant to the remedies provided in the mortgage;
- b) accept a deed (or assignment) in lieu of foreclosure in the event of default by a mortgagor; or
- c) sell or lease a PUD Unit acquired by the mortgagee.

4) **Liability for Assessment.** Any first mortgagee who obtains title to a PUD Unit pursuant to the remedies provided in the mortgage or foreclosure of the mortgage will not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the mortgagee.

5) Limitations on Association. Unless at least sixty-seven percent (67%) of the first mortgagees (based upon one vote or each first mortgage owned) or Unit Owners (other than Declarant) of the Units in the PUD have given their prior written approval, the Association shall not be entitled to:

- a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the General or Limited Common Elements for the benefit of the PUD Units (the granting of easements for public utilities or for other public purposes consistent with the intended use of such General or Limited Common Elements shall not be deemed a transfer within the meaning of this clause);
- b) change the method of determining the obligations, assessments, dues or other charges which may be levied against a Unit Owner;
- c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of PUD Units, the exterior maintenance of PUD Units, the maintenance of the General or Limited Common Elements, or the upkeep of lawns and plantings in the General or Limited Common Elements;
- d) fail to maintain fire and extended coverage on insurable Common Elements on a current replacement cost basis in an amount not less than one hundred (100%) percent of the insurable value (based on current replacement cost); or
- e) use hazard insurance proceeds for losses to any General or Limited Common Elements for other than the repair, replacement or reconstruction of such Common Element.

6) Delinquent Taxes, Insurance Premiums and other Charges. First mortgagees of PUD Units may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any General or Limited Common Elements and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such General or Limited Common Elements and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association. Entitlement to such reimbursement is reflected in an agreement in favor of all first mortgagees of PUD Units duly executed by the Association.

7) Insurance and Condemnation Proceeds. No provision of the PUD Constituent Documents gives a Unit Owner, or any other party, priority over any rights of the first mortgagee of a PUD Unit pursuant to its mortgage in the case of a distribution to such Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of General or Limited Common Elements.

8) Notice of Default. A first mortgagee is entitled to written notification from the Association of any default in the performance by a Unit Owner of any obligation under the PUD Constituent Documents which is not cured within sixty (60) days.

9) Management Agreement. Any agreement for professional management of the Association, or any other contract providing for services of the Declarant may not exceed three (3) years. Any such agreement must provide for termination by either party without cause and without payment of a termination fee on ninety (90) days or less written notice.

10) Failure to Pay Assessments. Failure to pay assessments shall not constitute a default under a HUD, FHA, or VA insured or guaranteed mortgages.

11) Duty to Collect Assessments. Mortgagees shall not be required to collect assessments.

C. Notice of Institutional Lenders to Association. Whenever any Institutional Lender(s) desires the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, identifying the Unit or Units upon which any such Institutional Lender(s) holds any mortgage(s), or identifying any Units owned by them, together with sufficient pertinent facts to identify any mortgage(s) which may be held by it, and which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender(s).

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ARTICLE XXII.
VA and HUD Approval

In the event that any Unit Owner hereafter finances its Unit through a loan guaranteed or insured by the VA, the FHA, or HUD, or Units within the Condominium are approved by the VA, the FHA, or HUD as being eligible for such loans, then, until all Class II Membership ceases to exist and be converted to Class I Membership, the approval of the VA, the FHA, or the HUD shall be obtained prior to: (i) the annexation of additional property subject to this Master Deed, other than the potential additions to the Condominium of the remaining Land previously identified; (ii) dedication of additional General or Limited Common Elements other than General or Limited Common Elements designated on existing plats of the Condominium or designated on existing plats of the remaining Land eligible to be added to the Condominium; (iii) Material Amendment of this Master Deed; (iv) any Extraordinary Action; and (v) any mergers or consolidations. Declarant shall provide a copy of all Material Amendments and any other amendments of this Master Deed to VA, HUD, and FHA as long as there is Class II Membership.

ARTICLE XXIII.
Amendment to Master Deed and Extraordinary Actions

A. Owner Initiated. Any amendment to this Master Deed or Extraordinary Action may be proposed upon a majority vote of the Unit Owners, with only one Owner per Unit voting, whether meeting as Unit Owners or by instrument in writing signed by them.

1) Notice for Meetings to address Material Amendment and Extraordinary Action: Any proposed Material Amendment to this Master Deed or proposal for Extraordinary Action shall be transmitted in writing to all current Unit Owners, and there shall be called a special meeting for a date not sooner than twenty-five (25) days nor later than sixty (60) days from date of notice. It shall be required that each Unit Owner be given written notice of such special meeting, stating the time and place, containing a copy of the proxy that can be cast in lieu of attendance, and reciting the proposed amendment or action in reasonably detailed form, which notice, if mailed, shall be mailed not less than twenty-five (25) days nor more than sixty (60) days before the date set for such special meeting. Such notices made in compliance with the provisions of Article XXIV hereof 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, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Unit Owner.

2) Notice for Meetings to address other amendment: Any other 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 seven (7) days nor later than 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, containing a copy of the proxy that can be cast in lieu of attendance, and reciting the proposed amendment or action in reasonably detailed form, which notice, if mailed, shall be mailed not less than seven (7) days nor more than sixty (60) days before the date set for such special meeting. Such notices made in compliance with the provisions of Article XXIV hereof 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, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Unit Owner.

3) Material Amendment or Extraordinary Action. 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, including approval by a majority of the Unit Owners excluding the Declarant, and voting at a meeting in which a Quorum is present.

4) Other Amendments. For any other amendment to the Master Deeds 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, and voting at a meeting in which a Quorum is present, or in writing by a majority of the total authorized votes of all the Unit Owners.

5) 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 thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting.

6) Documentation of Approval. If approved, a Material Amendment of this Master Deed, Extraordinary Action or other amendment shall be properly transcribed and certified by two (2) officers 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 Greenville 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.

7) Limitation on Owner-initiated amendments. Without the prior written consent of the Declarant, when Declarant is a Class II Member, there shall not be allowed any Owner-initiated amendments to this Master Deed for a period of five years from the effective date hereof, and in addition, no Owner-initiated amendments may be made for any reason to Article V or Section VII (K). The above limitations shall in no way limit or diminish Declarant's rights to make amendments to any part of the Master Deed under the powers reserved in subsection (E) below.

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) Maintenance obligations;
- (e) Allocation of rights to General and Limited Common Elements;
- (f) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of the Condominium;
- (g) Reduction of insurance requirements;
- (h) Restoration or repair of General or Limited Common Elements;
- (i) The addition, annexation or withdrawal of land to or from the Condominium Property;
- (j) Voting rights;
- (k) Restrictions affecting leasing or sale of a Unit; or
- (l) Any provision which is for the express benefit of mortgagees.

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) Expanding the Association to include land not previously described as 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: (i) granting easements which are not inconsistent with or which do not interfere with the intended General or Limited Common Elements use; (ii) dedicating the General or Limited Common Elements as required by public authority or conveyance to the Association; or (iii) limited boundary line adjustments made in accordance with the provisions of this Master Deed.
- (d) Using insurance proceeds for purposes other than construction or repair of the insured improvements; or
- (e) Making capital expenditures, other than for repair or replacement of existing Recreational Facilities and 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.

C. Exceptions. The following Material Amendments and Extraordinary Actions shall require approval by Unit Owners entitled to cast at least sixty-seven percent (67%) of the authorized votes of the Association, excluding the Declarant:

- 1) Termination of the Master Deed or other termination of the planned unit development;
- 2) Dissolution of the Association; and
- 3) Conveyance or Encumbrance of any of the General or Limited Common Elements.

D. Class Specific Provisions. Any Material Amendment which changes the rights of a specific class of Members must also be approved by Members of such affected class entitled to cast at least fifty-one percent (51%) of the votes of all such Members present, in person or by proxy, in a meeting at which a Quorum is present, or approved by a writing signed by at least fifty-one percent (51%) of all of the Members of such affected class entitled to vote.

E. Declarant's Right to Unilaterally Amend.

1) Declarant, or its successor or assigns, shall be allowed to unilaterally make any amendments to this Master Deed necessary, in the Declarant's opinion: for compliance with laws or regulations relating to FHA, Fannie Mae, Freddie Mac, HUD, VA, the Federal National Mortgage Association or the Office of Interstate Land Sales; necessary to establish the nonprofit qualifications of the Association; to correct any discovered typographical error contained herein; to clarify any ambiguity contained herein; to comply with governmental directives; to maintain the tax exempt status of the Association; or to add or delete any incidental provisions deemed in the sole discretion of Declarant to be in the best interest of the Condominium and the Unit Owners therein. This right may be exercised, and shall be effective only upon the recordation of a "Corrected Master Deed" in the Office of the Register of Deeds of Greenville County, which Corrected Master Deed shall specifically reference this document, and the provision impacted.

2) The Declarant may also amend this Master Deed by filing an amendment in the Greenville County Register of Deeds, executed by only the Declarant, if at the time of the recording of the amendment the Declarant is still the sole owner of property (excluding streets and rights-of-way) in the Condominium. Such amendment need not be certified by the Association.

F. 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 Greenville 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.

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

H. Restriction of Amendments. Except to the extent expressly permitted or required by the Act or by other provisions of this Master Deed, no amendment to this Master Deed may create or increase special Declarant rights, increase the number of Units, or change the boundaries of any Unit, the interest appurtenant to a Unit, or the uses to which any Unit is restricted, without the unanimous consent of all of the Unit Owners and all of the Institutional Lenders. 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 being first had and obtained.

ARTICLE XXIV. 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 Greenville 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 to a Unit is held by more than one, shall constitute notice to all Owners of that Unit.

ARTICLE XXV.
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 hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XXVI.
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 XXVII.
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 XXVIII.
Arbitration

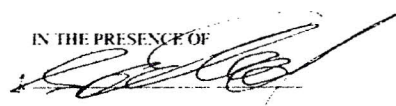
Any controversy, claim, or dispute of whatever nature arising out of or in any way relating to any aspect of this Master Deed, any of the covenants, conditions, easements, or restrictions contained herein or the Association's Articles of Incorporation or Bylaws shall be submitted to binding arbitration in Greenville, South Carolina, in accordance with the applicable rules of the American Arbitration Association. 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 thereof. Notice of demand for arbitration shall be filed in writing with the other party, and with the American Arbitration Association. The demand for arbitration shall be made within a reasonable time after the claim, dispute or other matter in question has arisen, and in no event shall it be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitation. Prior to the arbitration hearing, the arbitrator appointed shall conduct a mediation conference. The Arbitrator shall also, prior to the arbitration hearing, and at the request of any party, order the production of relevant documents, identification of any witnesses and any other information which would be subject to discovery under the South Carolina Rules of Civil Procedure, which shall be provided at least thirty (30) days prior to the arbitration hearing.

IN WITNESS WHEREOF, PIERCE HOMES OF CAROLINA, LLC, has caused these presents to be executed in its name by its Manager this 24th day of April 2002.

PIERCE HOMES OF CAROLINA, LLC

By: 
Ronald B. Verghole, its Manager

IN THE PRESENCE OF


Kim Keable

BOOK 1993 PAGE 53

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

ACKNOWLEDGEMENT

I, a Notary Public in and for the County and State aforesaid, certify that **Ronald B. Vergnolle, as Manager of Pierce Homes of Carolina, LLC**, personally appeared before me this day and acknowledged the execution of the foregoing Master Deed on behalf of Pierce Homes of Carolina, LLC.

WITNESS my hand and official stamp or seal this 24th day of April 2002.

Kimberly W. Kiable (SEAL)
NOTARY PUBLIC for South Carolina
My Commission Expires: 11-2-2008

CONSENT AND SUBORDINATION

CENTRAL CAROLINA BANK., as holder of Promissory Notes secured by a Mortgage in the principal amount of \$3,500,000.00 on a portion of the property described in this Master Deed of Condominium, said Mortgage being recorded in Book 3650, Page 1208, in the Office of the Register of Deeds for Greenville County, South Carolina, and consents in the execution hereof for the purpose of subjecting the aforesaid Mortgage to the terms and provisions of this Master Deed of Condominium.

Central Carolina Bank

By: _____

Title: _____

STATE OF _____)
COUNTY OF _____)

ACKNOWLEDGEMENT

I, a Notary Public in and for the County and State aforesaid, certify that _____, as _____ of Central Carolina Bank, personally appeared before me this day and acknowledged the execution of the foregoing Consent and Subordination on behalf of Central Carolina Bank.

WITNESS my hand and official stamp or seal this ____ day of April 2002.

____ (SEAL)
NOTARY PUBLIC for South Carolina
My Commission Expires _____

BOOK 1993 PAGE 54

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

ACKNOWLEDGEMENT

I, a Notary Public in and for the County and State aforesaid, certify that Ronald B. Vergnolle, as Manager of Pierce Homes of Carolina, LLC, personally appeared before me this day and acknowledged the execution of the foregoing Master Deed on behalf of Pierce Homes of Carolina, LLC.

WITNESS my hand and official stamp or seal this ____ day of April 2002.

_____(SEAL)
NOTARY PUBLIC for South Carolina
My Commission Expires: _____

CONSENT AND SUBORDINATION

CENTRAL CAROLINA BANK, as holder of Promissory Notes secured by a Mortgage in the principal amount of \$3,500,000.00 on a portion of the property described in this Master Deed of Condominium, said Mortgage being recorded in Book 3650, Page 1208, in the Office of the Register of Deeds for Greenville County, South Carolina, and consents in the execution hereof for the purpose of subjecting the aforesaid Mortgage to the terms and provisions of this Master Deed of Condominium.

Central Carolina Bank

By: _____

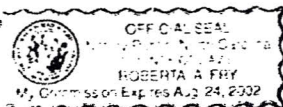
Title: SR Vice Pres

STATE OF North Carolina)
COUNTY OF Forsyth)

ACKNOWLEDGEMENT

I, a Notary Public in and for the County and State aforesaid, certify that Frank H. Bahnson, as Senior Vice President of Central Carolina Bank, personally appeared before me this day and acknowledged the execution of the foregoing Consent and Subordination on behalf of Central Carolina Bank.

WITNESS my hand and official stamp or seal this 26 day of April 2002.



Roberta A. Fry (SEAL)
NOTARY PUBLIC for North Carolina
My Commission Expires: Aug 24, 2002