

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

THE NORTHWESTERN MUTUAL LIFE)
INSURANCE COMPANY)

TO)

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

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

ARTICLE I. ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME.

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

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

Beaufort County Tax Map Reference
Map 0015 Parcel 1007 Enclosure 198

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

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

ARTICLE II. CONDOMINIUM PROPERTY.

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

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

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

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

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

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

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

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

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

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

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

3.2 The Limited Common Elements shall include the following:

There are no limited common elements.

ARTICLE III. DEFINITIONS.

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

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

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

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

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

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

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

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

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

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

ARTICLE V. COTTAGES: OWNERSHIP AND USE.

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

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

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

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

ARTICLE VI. COTTAGES: LOCATION AND DESCRIPTION.

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

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

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

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

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

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

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

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

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

ARTICLE VII. COMMON ELEMENTS; OWNERSHIP AND USE.

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

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

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

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

ARTICLE VIII. COMMON EXPENSES.

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

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

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

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

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

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

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

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

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

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