

ARTICLE VII

Architectural Control

Section 7.1 Approval Required for Changes. To preserve the original architectural appearance of the Project, after the purchase of a Unit from the Developer, its successors or assigns, no exterior construction of any nature whatsoever, except as specified in the Regime Documents, will be commenced or maintained upon any Building, including without limitation, the Limited Common Area, nor will there be any change, modification or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces or facades, nor will any Owner paint any gate, fence or roof, nor will any Owner change the design or color of the exterior lights, nor will any Owner install, erect or attach to any part of the exterior any addition or change until after the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same will have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures by the Board of Directors. The aforesaid approval will be in addition and antecedent to any such approval required under The Highlands of Legend Oaks Master Deed, By-Laws or Articles of Incorporation.

ARTICLE VIII

Maintenance

Section 8.1 Responsibility of Association. Except as specifically provided to the contrary herein, the Association will maintain the Common Area in first class condition in accordance with proper maintenance procedures applicable thereto and will enforce all warranties with respect to the Common Area. In addition, the Association will repair or replace all parts of the Common Area as necessary. Except as otherwise provided herein, the cost of such will be charged to the Owners as a Common Expense.

Section 8.2 Access to Units. The Association will have the irrevocable right, to be exercised by the Board of Directors or its agent, to have reasonable access to each Unit from time to time as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Area accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to other Units.

Section 8.3 Responsibility of Owner. In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in this Article VIII is caused through the willful or negligent act of an Owner or the lessee of an Owner, their families, invitees or guests, or the Owner's pets, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs will be added to and become a part of the Assessment to which such Owner and his Unit are subject. Each Owner will maintain, repair or replace at his own expense all portions of his Unit which may become in need thereof, including the heating and air-conditioning system for such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-load bearing walls, carpeting, drapes, windows,

screens and other items within the Unit. Further, each Owner will, at his own expense, maintain, repair and replace, when necessary, that portion of the heating and air-conditioning system exclusively servicing his Unit which is located outside his Unit. Each Owner will, at his own expense, keep the Limited Common Area to which his Unit has exclusive access and to which he has exclusive use clean and neat, and will conduct maintenance and repair thereto as necessary. If the Owner does not make those repairs required to be made by him within thirty (30) days from the date of receipt of written demand from the Association, the same may be repaired by the Association and the cost thereof will be assessed against the Owner and Unit owned by such Owner.

ARTICLE IX

Unit Restrictions

Section 9.1 Rules and Regulations. The Board may from time to time adopt or amend rules and regulations governing and restricting the use and maintenance of Common Areas, both General and Limited Common Areas provided, however, that copies of the rules and the regulations shall be furnished each Owner prior to the time the same shall become effective. No amendments or changes to the rules and regulations shall be made that may be in conflict with any clauses or provisions of this Master Deed or the By-Laws. Nothing in this Article or otherwise herein set forth shall be construed from prohibiting the Developer from use of any Unit which Developer owns or leases for promotion, marketing, or display purposes as model Units, or from leasing any Unit or Units which Developer owns.

Section 9.2 Owners Responsibility. The rules and regulations contained hereinafter shall be in effect until added to or amended by the Board of Directors and/or the Association and shall apply to and be binding upon any Owner and tenants, lessees or guests. The Owner, tenants, lessees and guests shall obey the rules and regulations at all times and shall use their best efforts to see that they are observed in full by their families, guests, invitees, servants and persons over whom they may exercise control and supervision.

Section 9.3 Residential Use. Except Units in the Condominium designated as Garage Units, all Units shall be used for private residential purposes exclusively, except such temporary non-residential uses as may be permitted by the Board of Directors from time to time. Furthermore, no Unit may be occupied by more than the permitted number of heads of households and their family pursuant to county and state zoning regulation and law. No improper, offensive or unlawful use shall be made of the Property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of such Property shall be the same as the responsibility for the maintenance and repair of the Property concerned.

Section 9.4 Obstruction. The entrances, passages, corridors, stairways, and parking areas and other Common Areas or Limited Common Areas of the Project shall not be obstructed, encumbered or used for any purpose other than ingress and egress to and from the Project and/or

Units and other purposes for which they are intended and no carriages, bicycles, mopeds, wagons, carts, chairs, benches, tables, toys or other objects, or things regardless of the nature thereof shall be left or stored therein.

Section 9.5 Persons. No person shall play or loiter in the hallways, corridors, stairways or public areas of a similar nature in the Project.

Section 9.6 Storage. Except for storage allowed in Garage Units, all other personal property of an Owner shall be stored in their respective Residential Unit. No structures of a temporary character, trailers, tents, shacks, barns or other outbuildings shall be erected by any Owner or occupant on any portion of the Common Area.

Section 9.7 Articles. No garbage cans, supplies, bottles, or other articles shall be placed in the corridors, on the balconies, decks, patios, stairways, any Common Area or Limited Common Area of the Project, nor shall lines, cloths, or clothing, be exposed on any part of the windows, doors or balconies, decks, patios, or be exposed on any part of the Common Areas or Limited Common Areas unless written permission is obtained from the Association.

Section 9.8 Debris. Common Areas or Limited Common Areas shall be kept free of rubbish, debris, garbage or unsightly material.

Section 9.9 Safety. Owners shall take reasonable precautions not to permit anything whatsoever to fall from his or her Unit nor shall he or she sweep or throw from the Unit or other part of the Project any dirt or substance into the corridors, halls, balconies, decks, patios or other similar areas in the Condominium.

Section 9.10 Trash. Refuse, rubbish and garbage shall be disposed of in a manner provided for and not placed outside in the corridors, hallways, balconies, decks, patios or stairways, etc. at any time or for any reason.

Section 9.11 Windows. The Owners of any Unit shall, at his or her own expense, clean repair and maintain both interior and exterior surfaces of all windows. Drapes or shades covering the windows in individual Units shall be completely lined with white lining, except those drapes or shades used in the model units for such time as they are used as model units.

Section 9.12 Employees of the Association. Employees of the Association (if any) shall not be sent out of the Project by Owners at any time for any purpose other than at the direction of the Board of Directors. Neither shall employees of the Association come in and service or repair or replace items that are the responsibility of the Owner of a Unit while working for the Association.

Section 9.13 Fire Equipment. Fire prevention and fire fighting equipment, if any, throughout the Project shall not be tampered with.

Section 9.14 Parking. The parking spaces, and facilities shall be used exclusively for parking of automobiles except upon written consent of the Board of Directors and then only in areas designated by the Board. Vehicles shall be parked only in appropriate marked spaces or designated area in which parking may or may not be assigned. Vehicles shall be subject to such reasonable rules and regulations as the Board of Directors may adopt. The Association may designate certain on-street parking areas for visitors or guests subject to reasonable rules. Except as herein provided, no trailers, tractors, campers, wagons or trucks that exceed three-quarter ton or other commercial type motor vehicles shall be parked within the Project except vehicles while loading and unloading at any designated loading area. No repair work on motor vehicles shall be allowed in the parking spaces except emergency repairs. Only legally registered and operating vehicles are permitted on the grounds of the Project. Automobiles or other allowed motor vehicles shall not be washed in the parking spaces or upon the grounds of the Project.

Section 9.15 Noises. No Owner, his family, servants, employees, agents, visitors, guests, invitees, licensees, tenants or lessees shall make or permit any disturbing noises in the Common Area or Limited Common Area or his or her Unit. Nor shall any such person do or permit to be done anything that will interfere with the rights, comfort or convenience of the remaining Unit Owners or occupants. No Owner or occupant shall play any musical instrument, phonograph, radio, television, or sound amplifier in such a manner or volume so as to disturb or annoy any other Unit Owner or occupant. Wired stereo systems on the porch of any Unit is prohibited.

Section 9.16 Pets. Pets shall be kept or maintained on or about the Project only if the Owner is granted a conditional license to maintain one (1) pet by the Association. Such a license will be granted subject to the following conditions and reservation:

- a. Acceptable Pets: Unless the Board of Directors grants a waiver of this condition, the only pets to be permitted on the Project property shall be dogs which are under thirty (30) pounds when fully grown and cats, small birds and fish.
- b. It shall be the responsibility of the Owner to pay for any and all cost involved in restoring to the original new condition any damage caused to the Project property by a pet.
- c. An Owner shall be financially responsible for any personal injury or personal property damage caused to any Owner, tenant, guest, employee of the Association, or to any member of the public as a result of the Owner's maintenance of a pet.
- d. Pets must be carried in arms or on a leash when taken outside of a Unit.
- e. Pets shall not be permitted in the public rooms under any circumstances. Pets must not be curbed near the buildings, walkways, shrubbery, gardens, planting areas or public space. Each Owner shall be responsible for cleaning up or removing from the Property any pet waste.
- f. Guests, tenants and visitors of an Owner shall not be permitted to bring any pets onto the Project property other than those allowed in Section 9.16a.

g. The Board of Directors may, upon their sole determination, revoke or terminate the above conditional license if a pet is either vicious or is annoying other Unit Owners or occupants or is otherwise a nuisance.

Section 9.17 Advertising. No ads, signs, posters, or advertisement of any kind shall be posted on the walls, windows or doors in the interior or exterior of a Unit or the Common Area or Limited Common Area of the Project. Under no circumstances will signs offering the Unit for rent or sale be posted on the interior or exterior of a Unit or the Common Area or Limited Common Area except in a form and in such location as provided by the Association. The provisions of this subsection shall not be applicable to the Developer or institutional holder of any first mortgage which comes into possession of any Unit by reason of any remedies provided by law or such mortgage or as a result of a foreclosure.

Section 9.18. Leasing of Units. Units may be rented according to the following provisions:

- a. Copies of all leases shall be deposited with the Association.
- b. Tenants shall abide by the Association's rules and regulations and failure to do so shall result in the immediate eviction of the offending tenant or tenants.
- c. The lease for any Unit within the Project shall contain provisions to the effect that the rights of the tenant to use and occupy the Unit shall be subject to and subordinate in all respects to the provisions of this Master Deed and the By-Laws and to other reasonable rules and regulations imposed by the Association.

Section 9.19 Air Conditioning Units. No Owner shall install or cause to be installed window units or wall air conditioning units. Only condenser units tied into an approved system, and approved in writing by the Board of Directors of the Association may be placed on the balconies, decks or patios.

Section 9.20 Hazard. Nothing shall be done or maintained in any Unit or upon any Common Area or Limited Common Area which will increase the rate of insurance on any Unit or the Common Areas or Limited Common Areas, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any Unit which would be in violation of any law. Barbecuing is absolutely prohibited upon the Common Areas or Limited Common Areas, balconies, decks, patios or in any Units provided, however, that barbecuing is permitted in the areas designated for same as shown on **Exhibit B**.

Section 9.21 Commercial Activities. No Unit or Common Area or Limited Common Area shall be used for commercial activities of any charter. This subsection shall not apply to the use of the Common Area or Limited Common Area and of a Unit owned by the Developer for display, marketing, promotional or sales purposes or as "model" Condominium Units.

Section 9.22 Wiring. No radio, television, or CB installation or other wiring shall be installed on the exterior of the Building. Any installation or wiring made without consent is liable to be removed without notice and at the cost of the Owner for whom such wiring was installed.

Section 9.23 Exterior Walls and Balconies. No Owner shall paint, modify, attach to, or improve the exterior walls or balconies of his Unit except with the previous written consent of the Board of Directors of the Association. No bicycles or trash containers may be stored on the balconies or patios of Units. Lawn furniture and barbecue grills may be stored on balconies or patios of Units if such items are not taller than 36" high and cannot be visibly viewed from other Units or other portions of the Property. A hot tub may only be installed with written permission of the Developer or Association and such hot tub may be installed or operated only within the screen porch of said Unit.

Section 9.24 Awnings. No blinds, shades, glass, jalousies, ironwork, screen, awning, panels or covering shall be affixed or attached to the outside of the building or the exterior windows, doors, balconies, decks, patios or interior doors leading onto the corridors without the previous written consent of the Board of Directors of the Association.

Section 9.25 Time Sharing. Subject to applicable law, no time sharing or vacation time sharing plans are permitted to be entered into by any Owner or their agents, tenants, guests or invitees. Further, subject to applicable law, no Owner may sell his or her Unit on a time share plan (even though the purchaser received an undivided fee simple deed) or lease his or her Unit on a vacation time share leasing plan which otherwise means arranging, planning or similar device whereby membership agreement, lease, rental agreement, licenses, use agreement, security, or other means whereby a tenant and/or purchaser receives a right to use accommodations or a Unit or facilities or any of the above, but does not receive an undivided fee simple interest in the property for a specific period of time during any given year.

Section 9.26 Right of Access to a Unit. The Board of Directors or its designated agent may retain a key to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair, replacement of any of the Common Areas therein or accessibility therefrom, or making emergency repairs therein necessary to prevent damage to the Common Areas, Limited Common Areas or other Units within the Condominium. No Unit Owner shall alter any lock or install new locks on any door of the premises without providing the Board of Directors a key.

Section 9.27 Use of Common Areas. Each Owner, tenant, or occupant of a Unit may use the Common Areas for the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Owners, tenants or occupants.

Any violations of any of these preceding restrictions shall be sufficient to bring judicial action against the violator. Action can be filed by the Board of Directors on behalf of the Owners and the

Board shall have the powers and duties as are set forth in this Master Deed and the Charter and Bylaw attached hereto.

ARTICLE X

Easements

Section 10.1 Encroachments. If any portion of the Common Area encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area as a result of settling or shifting of a Building or variances from the Plans, an easement will exist for the encroachment and for the maintenance of the same so long as the Building stands. If any Building, any Unit, and/or any adjoining part of the Common Area will be partially or totally destroyed as a result of fire or other casualty or a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area due to such rebuilding, will be permitted, and valid easements for such encroachments and the maintenance thereof will exist so long as the subject Building will stand.

Section 10.2 Easement for Air Space. The Owner of each Unit will have an exclusive easement for the use of the air space occupied by said Unit as it exists at any particular time and as said Unit may be altered or reconstructed from time to time pursuant to this Master Deed.

Section 10.3 Utilities, etc. There is hereby granted a blanket easement upon, across, over and under all the Project for ingress, egress, installation, replacing, repairing and maintaining a master television antenna or CATV system and all utilities, including, but not limited to water, gas, sewers, telephones and electricity. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the Project and to affix and maintain utility wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Units. In addition, the Board of Directors will be entitled to grant additional permits, licenses and easements over the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Project.

Section 10.4 Easement for Construction. Notwithstanding anything herein to the contrary, Developer and persons designated by the Developer will have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress to all portions of the Project; to use portions of the Common Areas and any Units owned by the Developer for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project; and to maintain and correct drainage of surface, roof or storm water.

Section 10.5 Easement for Sales Purposes. Developer and persons designated by the Developer will have an easement to maintain one or more sales offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Areas while the Developer is selling Units in the Project or any contemplated expansion thereof.

Developer reserves the right to place models, management offices and sales offices in any Units owned by Developer and on any portion of the Common Area in such number, of such size and in such locations as Developer deems appropriate. So long as Developer will be selling Units in the Project or any contemplated expansion thereof, Developer will have the right to restrict the use of a reasonable number of parking spaces, for purposes including, but not limited to, the providing of spaces for use by prospective Unit purchasers, Developer's employees and others engaged in sales, maintenance, construction or management activities.

Section 10.6 No View Easements. No view easements, express or implied, will be granted to any Owner in connection with the conveyance of a Unit to such Owner. In accepting a deed to any Unit, the grantee will be deemed to have acknowledged and agreed that the Regime constitutes an expandable project and that such Owner is acquiring no view easements with respect to his Unit.

Section 10.7 Other. There is hereby granted to the Association, its directors, officers, agents and employees and to any manager employed by the Association and to all policemen, firemen, ambulance personnel, and all similar emergency personnel, an easement to enter upon the Project or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 10.7 will be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

ARTICLE XI

Assigned Value and Voting Rights

Section 11.1 Units, Assigned Values, and Percentage Interests. The Schedule of Percentage Interests contained in **Exhibit "D"** attached hereto shows the Assigned Value of each Unit as of the date of this Master Deed and the Percentage Interest appurtenant to such Unit for all purposes, and the aggregate Assigned Values of Units in Buildings of all phases which may be added to the Regime pursuant to Article XII. The aggregate Assigned Values of Units in a Building to be added to the Regime in a future phase may be changed by the Developer at the time Developer submits said Building and its Units to this Master Deed, provided that following such submission the total Assigned Values of all Units in the Project, if all phases are constructed and submitted, will not be greater or less than said total contained in **Exhibit "D."**

Section 11.2 Voting Rights. Members and the Developer will be entitled to a vote in the Association and for all other purposes herein as set forth herein and in accordance with the provisions of the Association's Articles of Incorporation attached hereto as **Exhibit "E"** and the By-Laws of the Association attached as **Exhibit "F,"** and as the same may be hereafter amended. Each Owner shall be entitled to cast one (1) weighted vote for each Unit in which such Owner holds the interest required for membership, which vote shall be appurtenant to such Unit. Each vote shall be weighted in accordance with the percentage of undivided interest in the Common Areas attributable to each Unit as shown on **Exhibit "D"** attached hereto and by reference incorporated herein. No votes may be split; each Owner must vote his or her entire weighted vote on each matter to be voted

on by the Owners. The total votes for the entire Condominium shall equal one hundred per cent (100%) at all times.

(a) Voting by Multiple Owners. When any Unit is owned in the name of two or more persons, other than husband and wife, or entities, whether fiduciaries, or in any manner of joint or common ownership, the vote for such Unit will be exercised as such Co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such Co-Owner, or his duly appointed proxy, as will be designated in a writing by all Co-Owners, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meeting until revoked by the Co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

Article XII

The Development Plan For The Project

Section 12.1 Phase I. The Regime as initially constituted (sometimes referred to herein as "Phase 1") includes Residential Unit Numbers 101-108 and Garage Unit Numbers A1-A4 and B1-B4, as depicted on Exhibit "B," which contains Eight (8) Residential Units and Eight (8) Garage Units, and the Common Area (including parking areas), as more fully described on Exhibit "B" attached hereto.

Section 12.2 Reservation of Right to Expand. Anything to the contrary contained in this Master Deed notwithstanding, at any time during the Transition Period, the Developer will be entitled to expand the Regime to a total of Eighty eight (88) Units and Twenty (26) Garage Units as provided in this Article XII.

(b) Conversion of Common Area. The Developer will be entitled to expand the Regime by constructing additional Units on all or any portion of the Common Area and to submit said real property (or any portion thereof) and all improvements constructed thereon, to the Regime from time to time by filing one or more Amendments to this Master Deed (including amendments to the Exhibits, including Exhibit "D" to reflect any required change in the Percentage Interests pursuant thereto and Section 11.1). An Amendment will be executed solely by the Developer for itself and as attorney in-fact for all Owners. An Amendment will be effective upon recording such Amendment in the ROD Office for Dorchester County.

Section 12.3 Required Expansion. No Owner will have the right to require construction or addition to the Regime under any circumstances.

Section 12.4 Assignability of Rights. The Developer will be entitled to assign the rights reserved in this Article XII to any person or entity by an instrument recorded in the ROD Office for Dorchester County.

Section 12.5 Application of Master Deed. Upon the filing of the Amendment prescribed by Section 12.2 hereof, all definitions contained in this Master Deed will be deemed amended to the extent necessary to cause the additional real property and the improvements described in such Amendment to be treated as fully an integral part of the Regime as if said real property and improvements constituted a portion of the Project as of the effective date hereof.

Section 12.6 Annual Assessments for Additional Units and Working Capital Reserve. The Annual Assessment with respect to the Units added to the Regime pursuant to this Article XII will be equal to the then current Annual Assessment applicable to existing Units with equivalent Percentage Interests, pro rated on a per diem basis; provided, however, that as to any type of Unit being added to the Regime for which there is currently no Annual Assessment, the Annual Assessment will be proportionately increased or decreased based upon the Percentage Interest of such Units. Assessments regarding all of the additional Units will commence upon the recording of the Amendment prescribed by Section 12.2 hereof.

All obligations with respect to the Working Capital Assessment provided for in Section 4.9 will be applicable upon the transfer of the additional Units by the Developer.

Section 12.7 No Consent Required. Subject to the time limit set forth in Section 12.2 herein above, the Developer, its successors and assigns, will have the absolute right to expand the Regime in accordance with this Article XII and to file the Amendments prescribed in Section 12.2 hereof without any action or consent on the part of any Owner or Mortgage holder; provided, however, that to the extent any action on the part of any Owner is required by any third party to assure the expansion of the Regime as provided in this Article XII, each Owner, in accepting a deed to a Unit, agrees to undertake such actions and/or provide such consents as are reasonably requested, and expressly appoints the Developer his due and lawful attorney-in-fact, with full power of substitution, to execute all documents reasonably required to evidence the requisite action or consent.

Section 12.8 Other Developer Rights.

(a) The Developer shall have the right at any time to sell, transfer, lease or relet any Units including Garage Units which the Developer continues to own after this Master Deed has been recorded, without regard to any restrictions, if any, relating to the sale, transfer, lease or form of lease of Units contained herein and without the consent or approval of the Association, Board of Directors or other Unit Owners.

(b) The Developer shall have the rights (i) to use or grant use of a portion of a Unit, Garage Unit or Common Area as a sales , rental or management office for the purpose of aiding in the sale or rental of Units; (ii) to use portions of the Property for parking for prospective purchasers or lessees of Units and such other parties as the Developer determines; (iii) to erect and display signs, billboards and placards and store and keep the same on the Property; and (iv) to distribute audio and visual promotional material upon the Common Areas.

(c) In order to provide the Project with, among other things, adequate and uniform water services, sewage disposal service, utility services and television reception, the Developer reserves the exclusive right to contract for the provision of such services. The Developer, as agent for the Association and its Members, has entered into arrangements, binding upon the Association and its Members with governmental authorities or private entities for furnishing such services. The charges therefore will be Common Expenses.

(d) Subject to the approval of the Association, the Developer reserves the right to enter into, on behalf of or as agent for the Association and its Members, agreements with such persons for the benefit of the Project, the Association, or its Members. The provisions of any such agreement shall bind the Association and its Members.

Section 12.9 Multiple Ownership. No Unit in the Regime will be used for or subject to any type of Vacation Time Sharing Plan or Vacation Multiple Ownership Plan as defined by the 1976 Code of Laws for the State of South Carolina, as amended, Section 27-32-10, et. seq., or any subsequent laws of this State dealing with that or similar type of ownership by a Unit Owner without the prior written consent of the Developer.

ARTICLE XIII

Transition Provisions

Section 13.1 Appointment of Directors and Officers. At all times during the Transition Period, the Developer will have the sole and exclusive right to appoint the Board of Directors and officers of the Association, fill any vacancy of the Board or officers caused by the withdrawal of any director or officer appointed by the Developer and veto the removal of any director or officer appointed by the Developer. Upon the expiration of the Transition Period, the Developer will retain the right to elect at least one (1) director. This right will continue for as long as the Developer holds for sale in the ordinary course of business more than ten percent (10%) of the total number of Units included in the Regime as expanded pursuant to Article XII hereof.

Section 13.2 Special Meeting to Elect Board. Within sixty (60) days after the date on which Owners other than the Developer become entitled pursuant to Section 13.1 above to elect members of the Board of Directors of the Association, the Association will call, and give not less than ten (10) days and not more than thirty (30) days notice of a special meeting of the Members to elect the Board of Directors.

Section 13.3 Cooperation. The Association will cooperate with the Developer to the extent reasonably requested by the Developer during and after the Transition Period to promote the orderly development and marketing of the additional Units planned for the Project, and it is acknowledged by the Association that it is in the best interest of all Owners to expand the Regime to include all Units authorized by Article XII hereof.

Section 13.4 Controlling Provisions. In the event of any inconsistency between this Article XIII and the other provisions of the Regime Documents, this Article XIII will be controlling and binding on all parties having an interest in the Regime.

ARTICLE XIV

Alternative Dispute Resolution

Section 14.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Developer, Association, Owners, and any persons not otherwise subject to the Regime Documents who agree to submit to this Article 14 (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between and among themselves involving this Master Deed or the Regime, and to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances and disputes (including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Regime Documents or the Regime, including without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for "Exempt Claims" under Section 14.2, are subject to the procedures set forth in Section 14.3.

Section 14.2 Exempt Claims. The following Claims ("Exempt Claims") are exempt from the provisions of Section 14.3:

- (a) any suit by the Association or the Master Association against any Bound Party to enforce any Assessments or other charges hereunder; and
- (b) any suit by the Association or the Master Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association or Master Association until the matter may be resolved on the merits pursuant to Section 14.3 below; and
- (c) any suit involving a matter which is not an Exempt Claim under (a) or (b) above, but as to which matter the Bound Party against whom the Claim is made waives the mandatory provisions of Section 14.3 below.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 14.3, but there is no obligation to do so.

Section 14.3 Mandatory Procedures for Non-Exempt Claims. Any Bound Party having a Claim ("Claimant") against a Bound Party involving the Regime Documents or the Regime, or all or any combination of them ("Respondent"), other than an Exempt Claim under Section 14.2, will not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of the Claim until it has complied with the following procedures, and then only to enforce the results hereof.

(a) Notice. Within a reasonable time after the Claim in question has arisen, and in each event prior to the date when institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitation, Claimant will notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(i) the nature of the Claim, including applicable date, time, location, persons involved, Respondent's role in the Claim and the provisions of the Regime Documents or other authority out of which the Claim arises; and

(ii) what Claimant wants Respondent to do or not do to resolve the Claim;
and

(iii) that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss, in good faith, ways to resolve the Claim.

(b) Negotiation.

(i) Each Claimant and Respondent (the "Parties") will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation, but not later than 30 days following the Notice, unless otherwise agreed by the Parties.

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the President of The Highlands of Legend Oaks Property Owners Association, Inc. may appoint an attorney licensed to practice law in the State of South Carolina to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes his or her efforts will be beneficial to the Parties. Such an attorney will have been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments and will not have a conflict of interest with any of the Parties.

(c) Final and Binding Arbitration. If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiation"), a Claimant will have 30 days within which to submit the Claim to binding arbitration under the auspices and the Commercial Arbitration Rules of the American Arbitration Association; and in accordance with the substantive and procedural laws of the state of South Carolina, except as said rules, procedures and substantive laws are applied otherwise as follows:

(i) Unless the parties mutually set another date, within ten (10) days following Termination of Negotiation, Claimant and Respondent will jointly select one arbitrator, whose decision will be absolutely binding on all Parties; provided, however, if Claimant and Respondent are unable to jointly select one arbitrator within said ten (10) day period, or on or before any later day set by them by which to select an arbitrator, the arbitrator will be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be

conducted in Charleston, South Carolina before a neutral person who is a member of the Bar of the State of South Carolina, who has been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments, and who has no conflict of interest with any Party. The arbitrator may award any remedy or relief that a court of the State of South Carolina could order or grant, including, without limitation, specific performance of any obligation created under the Regime Documents, or the issuance of an injunction, as well as the imposition of sanctions for abuse or frustration of the arbitration process; provided, however, the arbitrator will have no authority to award punitive damages or any other damages not measured by the prevailing Party's actual damages, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Regime Documents.

(ii) In the event Claimant does not submit the Claim to binding arbitration as aforesaid, the Claim is deemed abandoned, and Respondent is released and discharged from any and all liability to Claimant arising out of the Claim; provided, nothing herein will release or discharge Respondent from any liability to a person not a Party to the foregoing proceedings, or the mandatory requirements of this Section 14.3 with respect to any subsequently arising new dispute or claim by the Claimant which is identical or similar to the Claim previously deemed abandoned under this Section 14.3(c)(ii).

This Section 14.3 is an agreement of the Bound Parties to arbitrate all Claims against Respondent, except Exempt Claims, and is specifically enforceable under South Carolina law. The arbitration award (the "Award") is final and binding on the Parties, and judgment upon the Award rendered by the arbitrator may be entered upon it in any court of competent jurisdiction.

Section 14.4 Allocation of Costs and Claims.

(a) Costs of Notice and Negotiation. Each Party will bear all of its own costs incurred prior to and during the proceedings described in Sections 14.3(a) and 14.3(b), including the fees of its attorney or other representative. Claimant and Respondent will share equally the costs and expenses of any attorney appointed by the Board pursuant to Section 14.3(b), whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the Board is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.

(b) Arbitration Costs. In the event the Claim proceeds to arbitration pursuant to Section 14.3(c), the "Prevailing Party," as hereinafter defined, will receive from the non-Prevailing Party, all of its costs and expenses, including reasonable expert and attorney's fees, incurred from commencement of selection of the arbitrator under Section 14.3(c) to the issuance of the Award. Furthermore, the non-Prevailing Party will pay all costs and expenses of the arbitration, including the costs and expenses of any attorney appointed by American Arbitration Association pursuant to Section 14.3(c), whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the American Arbitration Association is able to arrange with the Parties and the

arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.. The "Prevailing Party" will be determined as follows:

(i) Not less than five (5) days prior to the first meeting with the arbitrator, a Party or Parties may file and serve on the other Party(ies) an offer of settlement, and within three (3) days thereafter the Party(ies) served may respond by filing and serving such Party(ies) its own offer of settlement. An offer of settlement will state that it is made under this section and will specify the amount, exclusive of interest and costs, which the Party(ies) serving the settlement offer is/are willing to agree constitutes a settlement of the Claim.

(ii) An offer of settlement is considered rejected by the recipient unless an acceptance, in writing, is filed and served on the Party(ies) making the offer twenty-four (24) hours prior to the first meeting with the arbitrator.

(iii) If an offer of settlement is rejected, it may not be referred to for any purpose at arbitration, but may be considered solely for the purpose of awarding costs and expenses of arbitration under Section 14.3(c).

(iv) If Claimant makes no written offer of settlement, the amount of the Claim offered in arbitration is deemed to be Claimant's final offer of settlement under this Section 14.4(b).

(v) If Respondent makes no written offer of settlement, Respondent's offer of settlement under this Section 14.4(b) is deemed to be zero.

(vi) The Party(ies) whose offer, made or deemed made, is closer to the Award granted by the arbitrator is considered the "Prevailing Party" hereunder. If the difference between Claimant's and Respondent's offers and the Award is equal, neither Claimant nor Respondent is considered to be the Prevailing Party for purposes of determining the award of costs and expenses of arbitration.

Section 14.5 Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance with Section 14.3(b) and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party thereafter fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 14.3. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all the Parties pro rata) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney's fees and court costs.

Section 14.6 Litigation. No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by Members of the Association entitled to vote at a regular or special meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving the proceeding. This Section will not apply, however, to actions brought by the Association to enforce the provisions of

this Master Deed (including, without limitations, the foreclosure of liens); the imposition and collection of Assessments; proceedings involving challenges to ad valorem taxation; counterclaims brought by the Association in proceedings instituted against it; or actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members of the Association, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Article 14, if applicable.

Section 14.7 Miscellaneous Alternative Dispute Resolution Provisions.

(a) Conflicting Provisions. Any conflict or discrepancy between the terms and conditions set forth in this Article 14 and any term, condition or procedure of the American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, procedures and remedies set forth herein will control.

(b) TIME IS OF ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this Article 14 will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

ARTICLE X
General Provisions

Section 15.1 Adherence to Provisions of Master Deed, By-Laws and Rules and Regulations. Every Owner who rents his Unit must post inside his Unit a list of the Rules and Regulations of the Association. Any rental agency handling an Owner's rental must further agree to abide by the Rules and Regulations and will be responsible for informing persons renting through its agency of any breaches of the Rules and Regulations by said persons and for taking any and all necessary corrective action. Should a particular agency or person continue not to take corrective action against the renters it has contracted with, or refuse to cooperate with the Association in the enforcement of its Rules and Regulations or other provisions of the Regime Documents, the Association may require the Owner to cease using the services of that particular rental agency. Refusal to do so may result in fines against the Owner in an amount to be determined by the Board of Directors. Any fines will be added to and become a part of the Assessment against the Unit and Owner.

Section 15.2 Amendment. Amendments to this Master Deed, except as herein expressly provided to the contrary, will be proposed by the Board of Directors in accordance with the following procedure:

(a) Notice. Notice of the subject matter of the proposed amendment or amendments will be included in the notice of the meeting of the Association at which such proposed amendment or amendments are to be considered.

(b) Adoption. The Master Deed may be amended at any time and from time to time at a meeting of the Association called in accordance with the By-Laws and this Master Deed upon the vote of Members holding at least sixty-seven (67%) of the total vote in the Association; provided, however, that if the Association will vote to amend the By-Laws in any respect, such amendment will be set forth in an amendment to this Master Deed and will be valid only when approved by Members holding at least fifty-one (51%) of the total vote in the Association.

(c) Nondiscrimination. Irrespective of the foregoing, no amendment will (i) alter the Percentage Interest applicable to each Unit (except as permitted in accordance with Articles VI and XII and Sections 3.3 and 11.1 hereof); or (ii) discriminate against any Owner or against any Unit or class or group of Units, unless in each instance all Owners adversely affected thereby and their respective Eligible Mortgage Holders and Eligible Insurer/Guarantors expressly consent thereto in writing. Notwithstanding any Rule or Regulation or other restriction, the Board of Directors of the Association will make reasonable accommodations in its Rules and Regulations or other restrictions as may be necessary to afford a handicapped person equal opportunity to use and enjoy his Unit and the Common Area.

(c) Necessary Amendments. Notwithstanding any other provisions of this Master Deed to the contrary, if any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provisions of the Regime Documents that are defective, missing or inconsistent with any other provisions thereof, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other secondary Mortgage market lenders, guarantors or insurers with respect to condominium projects, then at any time and from time to time a majority of the Board may effect an appropriate corrective amendment so long as written objection to such amendment is not received from Members representing at least fifty-one percent (51%) of the total votes of the Association within twenty (20) days after written notice of the proposed amendment is given to all Members.

(d) Recording. A copy of each amendment provided for in this Section 15.2 will be certified by the Association as having been duly adopted and will be effective when recorded.

Section 15.3 Termination. The Regime may be terminated and the Project removed from the provisions of the Act in the following manner:

(a) Agreement. All of the Owners may remove the Project from the provisions of the Act by an instrument to that effect, duly recorded, subject to Sections 12.1 and 12.2 of this Master Deed.

(b) Destruction. In the event it is determined in the manner provided in Section 5.6 that the Project will not be repaired or reconstructed after casualty, the Regime will be terminated and the Regime Documents revoked. The determination not to repair or reconstruct after casualty will be evidenced by a certificate of the Association certifying as to the facts effecting the termination.

Section 15.9 Powers of Attorney. By acceptance of a deed or other conveyance of an interest in a Unit, all Members do hereby grant, and if further required, do agree to vote in a manner to provide to, and to ratify and confirm retention by, Developer of Developer's rights under this Master Deed, including, without limitation, the right to amend this Master Deed in accordance with the provisions hereof. In connection with this voting agreement, each member appoints Developer as proxy for such member with full power of substitution to vote for the member on all such matters on which the member may be entitled to vote, and with respect to which there is a reservation or designation of voting rights in Developer under this Master Deed, and with all powers which the member would possess if personally present at any meeting of members. Such appointment will be, upon acceptance of a deed or other conveyance by the member and without the necessity of further action by the Developer or the member, a power coupled with an interest and will be irrevocable. Such appointment will be effective as of the date on which a deed or other conveyance of an interest to the Member is recorded in the Dorchester County ROD office. This irrevocable proxy will automatically terminate thirty (30) days after the conveyance in the ordinary course of business by the Developer to the persons other than the Developer of ninety percent (90%) of the maximum number of Units to be contained in all phases of the Project. The within voting agreement and proxy are in addition to, and not in substitution of, all rights of Developer herein provided, which will run with the land.

Section 15.10 Unit Deeds. In accepting a deed to any Unit, the grantee will be deemed to have accepted and agreed to all terms and conditions contained in this Master Deed and the Exhibits, as amended, and further agrees to execute any and all documents reasonably requested by the Developer or the Association from time to time to expressly evidence the foregoing.

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