THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM GEORGETOWN COUNTY
Court Of Common Pleas

Larry B. Hyman, Jr., Circuit Court Judge

RECEIVED
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SC Court of Appeals

Case No: 2009-CP-22-01655

Richard A. Fisher, Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust dated March 13, 2001; Marianne Kochanski, and Jim H. Markley, III, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Own Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright, H. Allen Wright, Joyce Y. Wright and Carolyn L. Wright; Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC, a South Carolina Limited Liability Company; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Enrico S. Piraino and Giusto Piraino; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Brenda E. Fisher and Joseph R. Canning and Kathleen B. Canning; James D. Reynolds, Jr.; Fuller Family, LLC; Richard T. White and Rory L. White; Propst and Dawson, LLC; Litchfield Quarters, LLC, and Larry O. Snider and Paula D. Snider; William C. Hammond, Jr., Living Trust and the Shawn S. Hammond Living Trust; GAB IV, LLC, a Virginia Limited Liability Company; Robert C. McBride and Susan R. McBride, Trustees of the Robert C. McBride Family Trust u/d/t July 24, 2008, and Susan R. McBride and Robert C. McBride, Trustees of the Susan R. McBride Family Trust u/d/t/ July 24, 2008; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC; Harry L. Belk and Jan C. Belk; Dennis E. Barrett and Wilma J. Barrett; First Family Properties, Inc., Cynthia L. Jones, Sandra D. Huggins and Margaret S. Dover, Thomas Franklin Huggins, Frank S. Krouse and Barbara T. Krouse, Judith W. Mill, William Mill and Susan Mill, Gene R. Riley and Patricia C. Riley, Harold LeMaster and Patti LeMaster; Joseph P. Heaton and Frances H. Heaton; Robert N. Kelly; H. S. Keeter and Sandra C. Keeter; Brian R. Nisbet Trust Agreement dated November 16, 1998 and Mary M. Nisbet Trustee of the Mary M. Nisbet Trust Agreement dated November 16, 1998; Dorothy Jean Foster; Captains Quarters D-24 Association of Owners, Inc., Michael H. Sanders and Rebecca H. Sanders, Ruth Gray Wheliss, David B. Shivell and Nicki M. Shivell, Debra B. Leeke, Joseph Alan Capobianco and Lara Serro, Sharon Gibson Daniel, Gary C. Andes and Andrea W. Andes, Jay Hendler and Laura Hendler, Joy P. McConnell, Charles W. Fortner, Judith C. Woodson, Warren W. Riggs and Charles G. Martin, Riggs Ventures, LLC, and SGS Beach Partners, LLC; Morgan J. Mann and Angela M. Mann; Michael Cameron Foster, Sr. and Laura Lee Foster; Captains Quarters Unit D-31 Association of Multiple Ownerships, Inc., Evelyn Gail Earnest, Francis G. Thomson and Arleen S. Thomson, Robert W. Dalton, Red Oak Limited Partnership, William R. McKeown and Margaret A. McKeown, Norman K. Moon and Barbara W. Moon, David T. McGill and Carol G. McGill,

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v.

Shipyard Village Council of Co-Owners, Inc., ... Appellant.

Shipyard Village Council of Co-Owners, Inc., ... Third-Party Plaintiff,

v.

Cincinnati Insurance Company, Travelers Insurance Company, Companion Property & Casualty Insurance Company, Philadelphia Insurance Company, Zurich American Insurance Company, American Guarantee and Liability Ins. Co., St. Paul Fire and Marine Insurance Company, and Illinois National Insurance Company, ... Third-Party Defendants.

RECORD ON APPEAL
Volume I of V

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STATE OF SOUTH CAROLINA)
) IN THE COURT OF COMMON PLEAS
) FIFTEENTH JUDICIAL CIRCUIT
COUNTY OF GEORGETOWN) CIVIL ACTION NO. 2009-CP-22-01655

Richard Fisher, Platte B. Moring, Jr., Marianne Kochanski, and Jim H. Markley, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Owned Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright and Carolyn Lee Wright; Carmen J. and Ann D. Savoca, William J. Savoca and Donna Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC.; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Captains Quarters 32, LLC.; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Fisher-Canning, LLC.; James D. Reynolds; Fuller Family, LLC.; Richard T. and Rory L. White; Propst and Dawson, LLC.; Litchfield Quarters, LLC; William C. Hammond Trust and Shawn S. Hammond Trust; GAB IV, LLC.; Robert C. McBride Family Trust and Susan R. McBride Family Trust; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC.; Harry L. Belk and Jan C. Belk; Dennis E. Barrett and Wilma J. Barrett, JT WROS; First Family Properties, Inc.; Joseph P. Heaton and Frances H. Heaton; Robert N. Kelly; Sandra Keeter and Hoyt S. Keeter; Linda A. Mendicino; Captains Quarters D-24 Association of Owners, Inc.; Michael C. Foster and Laura L. Foster; Captains Quarters Unit D-31 Association of Multiple Ownerships, Inc.; Howard L. Pruitt, Jr. and Georgia M. Pruitt; Jean T. Blaylock; William C. Covington, Jr. and Donna C. Covington; Litchfield Captains Quarters, LLC.; James A. Schubert and Laraine C. Schubert; Daniel P. Duvall and Mary Lynn Duvall; Victor A. and Melinda L. Medina; Judy Hamer; Stewart South, LLC.; Quarter South, LLC.; Steven H. Frame and Kay B. Frame,

Plaintiffs,

ORDER GRANTING PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT ON THE ISSUES OF DUTY AND BREACH

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vs.)
)
Shipyard Village Council of Co-Owners, Inc.,)
)
Defendant.)

THIS MATTER came before the Court on May 21–22, 2012, upon the Rule 56 Motion for Partial Summary Judgment filed by the Plaintiffs against Shipyard Village Council of Co-owners, Inc., a non-profit corporation of the Shipyard Village Horizontal Property Regime. Plaintiffs sought an Order for Partial Summary Judgment on the issues of duty and breach against the Defendant on its cause of actions for negligence, breach of contract, and breach of fiduciary duty. The Court heard oral argument on Tuesday, May 21–22, 2012, at which time the Plaintiffs were represented by attorneys, Howell V. Bellamy, Jr., and Howell V. Bellamy, III, and Defendant was represented by attorneys David J. Mills and Leigh P. Boan.

After oral argument and after thorough consideration of the record in this case, the pleadings to date, Plaintiffs' Motion for Partial Summary Judgment and exhibits placed into the record, and for the reasons explained below, I hereby reduce my previous ruling from the bench and Form 4 Order into a written Order Granting Plaintiffs' Motion for Partial Summary Judgment on the issues of duty and breach.

STATEMENT OF THE FACTS

On **July 9, 1982**, the phased condominium development known as Shipyard Village Horizontal Property Regime ("Shipyard Village HPR") was established pursuant to the recording of the Master Deed in the Office of Register of Deeds of Georgetown County, in Deed Book 201 at Page 880. (Plaintiffs' Evidence Number 1: Master Deed, includes Bylaws attached as

Exhibit C.) The Defendant, Shipyard Village Council of Co-Owners, Inc. ("Shipyard Village," "Association," or "SVCOC"), was incorporated for the purpose of administrating the affairs of the regime property in accordance with SVCOC's Bylaws in July 7, 1982. Specifically, SVCOC's stated purpose "is to provide for the acquisition, construction, management, maintenance, and care of the common elements" under its articles of incorporation. (Plaintiffs' Evidence Number 31: Master Deed, includes articles of incorporation filed on July 7, 1982.) Shipyard Village HPR is a two (2) phase condominium regime consisting of four (4) buildings as follows:

a. **Building A of Phase I** contains forty (40) Units, and was submitted to condominium ownership on or before July 9, 1982.

b. **Building B of Phase I** contains forty (40) Units, and was submitted to condominium ownership on or before July 9, 1982.

c. **Building "Captains Quarters C" of Phase II** contains thirty (30) Units, and was submitted to condominium ownership on or before August 5, 1998.

d. **Building "Captains Quarters D" of Phase II** contains thirty (30) Units, and was submitted to condominium ownership on or before October 16, 1998.

All eighty (80) Units in Buildings A and B of Phase I of the Shipyard Village HPR were approved for Final Certificate of Occupancy on May 13, 1982, by the Georgetown County Building Department. Further, Phase I's Units, including Buildings A and B, are at least sixteen (16) years older in age than the sixty (60) Units of Buildings C and D of Phase II. (Plaintiffs' Evidence Number 31: Master Deed, includes the First and Second Amendments to the Master Deed.)

HISTORY OF THE WINDOWS AND SLIDING GLASS DOORS LEAKING WATER INTO BUILDINGS A AND B

The evidence in the record is uncontroverted regarding Defendant's knowledge of the Co-owners' windows and sliding glass doors leaking water into Buildings A and B, and the Co-owners' failure to maintain and repair their units as required by the Master Deed and Bylaws based on the following:

The **June 15, 1999** Board of Director's ("the Board") Organizational Meeting Minutes discussed and confirmed who was responsible for waterproofing the balcony thresholds and window frames of the units pursuant to the Master Deed. The Minutes provided in pertinent part:

> The Board agreed to omit the thresholds and window frames from the [painting and waterproofing] bid [for Buildings A and B], and if the individual owner wants done, it would be their expense; therefore, optional to the owners. Mr. Bond asked where in the by-laws does it state that the owners are responsible for their thresholds and window frames. Mr. Cody reviewed Article III, Section 3.6 – the boundaries of unit in paragraph C. The notice is to state that the owners are responsible for any leaks caused by leaking windows.
>
> **MOVED**; To notify all the owners and inform them that they are responsible for their threshold and window frame on their unit.

(Plaintiffs' Evidence Number 34: SVCOC Meeting Minutes from 1994 to 2005, includes Page 2 of the Minutes from the Organizational Meeting of the Board of Directors dated June 15, 1999.)

The **August 11, 1999** letter from Susan Pendergrass, Property Manager of Waccamaw Management Company to the A and B Co-owners explained that: "***Per the Shipyard Village Council of Co-Owners, Inc. Master Deed, the waterproofing of the balcony thresholds***

and windows are the responsibility of the unit owners." (Plaintiffs' Evidence Number 24: Deposition of Dr. Leon Jennings, includes Plaintiffs' Exhibit Number 4: Letter to A and B Co-owners from Susan Pendergrass, Property Manager of Waccamaw Management Company dated August 11, 1999.)

The **September 27, 2002** Board Special Meeting Minutes indicated that at the Board's request, McGee Consulting Association ("MCA") had investigated and performed testing on the windows of Buildings A and B. The Minutes, specifically, stated in pertinent part that:

> McGee Consulting investigated and performed testing on buildings A and B windows. Mr. Gleissner then displayed a slide illustration of their findings. The slides have been filed with the official records of the Association.
>
> It was reported after Hurricane Hugo some of the windows in said buildings were replaced. The windows utilized appear to be residential versus commercial and we prefabricated versus custom made. Due to the windows being prefabricated, the windows were smaller than the opening, therefore, installer installed wood framing in order to fill the gaps.
>
> The replacement windows were not as "thick" as the original windows which is evident in the pictures. **Water testing was performed utilizing a hose on some of the windows, and the testing confirmed positive water intrusion. The water testing also confirmed that the water channels down both sides of the windows, which starts at the top floor windows and works its way to the ground. The water intrusion has caused some of the wood framing to deteriorate due to wood-rot.**

Furthermore, the Minutes provided that the SVCOC's attorney, Ralph McCullough, told the Board "*there were safety issues with respect to the durability of the windows,*" and recommended pursuing legal action against the responsible parties. (Plaintiffs' Evidence

Number 34: SVCOC Meeting Minutes from 1994 to 2005, includes Page 3 of the Special Meeting Minutes of the Board of Directors dated September 27, 2002.)

The **October 25, 2002** Board Meeting Minutes discussed a problem with water flowing into Unit A-41 caused by Unit A-5's leaking sliding glass door. The Minutes, specifically, stated in pertinent part:

> The Board was apprised on a leak originating from the balcony sliding glass door area in [Unit] A-51 into [Unit] A-41. The leak has been ongoing, and the owner of A51 has made repairs to correct this problem, however, [Unit] A-41 continues to have water intrusion. Mr. Warner generated two (2) letters in September to the owner of [Unit] A-51 requesting they find a solution to this continued problem. Mr. Warner received a telephone call from the owner of [Unit] A-51 who committed to repairing this area. The owner of [Unit] A-41 would like a letter from the Board stating that they are not aware of any structural defects that would cause water intrusion from [Unit] A-51.

(Plaintiffs' Evidence Number 34: SVCOC Meeting Minutes from 1994 to 2005, includes Pages 3 and 4 of the Regular Meeting Minutes of the Board of Directors dated October 25, 2002.)

The subsequent Board Meeting Minutes do not reflect that a letter was ever sent to the owner of Unit A-41 from the Board stating that structural defects in the common elements had caused the water intrusion from Unit A-51 into his Unit.

On **October 31, 2002**, on behalf of the Board, Mrs. Kelli Diehl ("Diehl") of K A. Diehl & Associates, Inc., ("KAD") wrote a letter to attorney Robert J. Moran which referenced the window leak problems in Unit B-15. Mrs. Diehl's letter, specifically, stated in pertinent part:

> I am in receipt of my copy of your letter to Dr. C. Leon Jennings, President of Shipyard Village. You informed me in our phone

conversation that this letter was in reference to window leak problems at unit B15.

Please note that the Shipyard Village Council of Co-Owners Master Deed clearly states that windows are the responsibility of the owner, not the association. See section 3.6 in the Master Deed. ***Therefore, I am wondering how you are contending that the leaks are "caused by some failure in a common element of the buildings, the responsibility of which falls upon the regime council."***

The Board is hoping to provide some direction to those owners who have window leak problems; but the responsibility to address any window issues clearly lies with the unit owner.

(Plaintiffs' Evidence Number 30: Deposition of Dr. Leon Jennings, includes Plaintiffs' Exhibit Number 5: Letter to Bob Moran from Mrs. Diehl dated October 31, 2002.)

The **March 28, 2003**,on behalf of the Board, Mrs. Diehl wrote a letter to Carol Murray of Unit A-28 regarding her leaking sliding glass door. Mrs. Diehl's letter, specifically, stated in pertinent part:

Dear Ms. Murray:

It has been determined that during a hard rain, ***water flows under the threshold of your sliding glass door and leaks onto the unit below***. The sliding doors are the owner's responsibility to maintain and thus, we are requesting that you take action to correct this problem.

(Plaintiffs' Evidence Number 30: Deposition of Dr. Leon Jennings, includes Plaintiffs' Exhibit Number 5: Letter to Carol Murray from Mrs. Diehl, on behalf of the Board dated March 28, 2003.)

The March 28, 2003 e-mail from Board President Dr. Leon Jennings ("Dr. Jennings") to Board Member Bob Shaffer regarding window leaks and "new SVY information." His e-mail stated in pertinent part:

> Hi Bob:
>
> You are correct that the owners are responsible for window repairs due to age, leaks, breakage, etc., and that is covered in the Master Deed. ***The real kicker is whether McGee, David Diehl and our attorneys are correct in saying that the leakage many units have experienced is due to improper windows incorrectly sized and installed. That may make it an Association liability issue and force us to take action*** – or at least, have the owners make the decision. Which certainly put us in a difficult position. Incidentally, the Master Deed specifically states that the owners are responsible for the window frames, so one could argue either way.

(Plaintiffs' Evidence Number 26: Deposition of Gary Curtis Bradham, includes Plaintiffs' Exhibit Number 4: E-mail from Dr. Leon Jennings dated March 28, 2003.)

Additionally, Dr. Jenning's signed letter (undated) to the Co-owners confirmed that the Board had knowledge of the serious problems associated with the leaking windows in Buildings A and B, and, also, their lack of stability as a potential danger to the Co-owners. For example, his letter to the Co-owners provided in pertinent part:

> Dear Co-Owners:
>
> Recently, our Property manager, K. A. Diehl & Associates ("KAD"), sent a survey to each owner attempting to discover any problems within the units. A number of owners reported window problems, including leaks, broken vapor seals and cracked or foggy panes. In an effort to determine if any financial assistance for the repairs was available to the owners, Shipyard Village Council of Co-Owners, Inc. (The "Association") employed a forensic engineer, McGee Consulting Association (MCA"), and Finkel & Altman, L.L.C. (The "Finkel Firm") to investigate, inspect and test the windows in the A and B Shipyard buildings. **During this investigation, the stability**

> of the windows came into question and the Association authorized the Finkel Firm to provide a warning of potential danger to the Co-Owners. Following the investigation, it was suggested that we consider a law suit against the developer and the contractors who improperly and negligently installed the windows.
>
> After prolonged discussions, additional investigation and consultation, the Board of Directors of the Association (the "Board") does not endorse another law suit on behalf of the Association for the following reasons:
>
> I. Section 3.6 of the Master Deed clearly states that windows, including panes and frames, are part of the unit and therefore the responsibility of the owner, not the Association. **Thus, we believe that it would be difficult for the Association to maintain a law suit relating to items that are the responsibility of the individual owners.** Nothing in this decision would preclude an individual or group of individuals from initiating a suit if they so desire.

Next, his letter to the Co-owners, also, pointed out that each unit owner must obtain written authorization from the Board before repairing or replacing their windows when he stated:

> ***While the Master Deed makes the windows the responsibility of the individual owners, please remember that each unit owner must obtain written authorization for "any addition, improvement, structural modification or alteration" to a unit.*** This requirement would include repair of the window frames. The Association needs to make sure that the appearance of the units remains consistent. No alteration, modification, painting or repair of the Common Elements is to be undertaken by an individual Co-Owner.

(Defendant's Evidence - Number 5: Deposition of Michael Parades, includes Plaintiffs' Exhibit Number 1:Letter to Co-owners from Board.)

The **February 17, 2006** Board Meeting Minutes discussed at length the recommendation from the engineer (Mr. Donald Manning, P.E.) for Unit B-28 that all windows for Buildings A and B be replaced. Mr. Manning confirms that Building B is "sick and about to become cancerous." He further stated that the inside intrusion of moisture is "severe and that some

Owners are in denial of this ever-increasing problem." Mr. Manning recommended to the Board a team approach to successfully remedying the moisture intrusion issues with Buildings A and B. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 2 of the Regular Meeting Minutes of Board of Directors.)

A proposal from Pro-Tec indicated that approximately One Million Two Hundred Thousand and No/100 ($1,200,000.00) Dollars per building, or Two Million Four Hundred Thousand and No/100 ($2,400,000.00) Dollars total,would be required to replace the windows in Buildings A and B, and was discussed at the March 14, 2006 Board meeting. The March 2006 Minutes, further, stated that Board was going put an amendment to the Master Deed up for vote and that it would essentially make the windows and sliding glass doors the responsibility of the SVCOC and not the Co-owners. Further reference was made to balcony stucco "leaching" and cracking balcony "frontages." (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 3 of the Regular Meeting Minutes of the Board of Directors dated March 14, 2006.)

The **April 15, 2006** Annual Members' Meeting Minutes stated that the initial vote on the Third Amendment/Window Amendment failed to pass by the affirmative vote of the Co- owners. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 5 of the Twenty-Fourth (24th) Annual Members' Meeting Minutes dated April 15, 2006.)

The **July 6, 2006** letter to the Co-owners from the Board alleges that the proposed Third Amendment/Window Amendment making windows the responsibility of the association had passed pursuant to a proxy vote mailed out to the Co-owners. (Plaintiffs' Evidence - Number 33:

Shipyard Village Meeting Minutes from 2005 to 2010, includes Page 1 of Letter to the Co-owners from the Board dated July 6 , 2006.)

The **July 28, 2006** Board Meeting Minutes, further, provided that consideration for reimbursement of windows already replaced by Co-owners would be given but that "stains and water damage" on the interior of the unit would be a Unit owner's responsibility. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 1 of the Regular Meeting Minutes of the Board of Directors dated July 28, 2006.)

The **January 26, 2007** Board Meeting Minutes started with a discussion of Kenneth G. Schneider, Jr., AIA ("Schneider") of Schneider and Associates' findings of an "engineer joint" located directly under the sliding glass door between adjoining hollow core slabs of the balcony and unit. Additional discussion of reimbursement for a Co-owner's window replacement is noted. The March 2007 Minutes discussed the Board's dissatisfaction with Schneider who was later replaced by a mechanical engineer named Eddie Stokes, P.E. ("Stokes") and his firm of MEC Engineering Services, Inc. ("MEC Engineering"). (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 1 of the Regular Meeting Minutes of the Board of Directors dated January 26, 2007.)

The **April 28, 2007** Board Meeting Minutes stated that ***"many sliding glass doors have water penetration problems."*** Additional discussions of the exterior coating application to Buildings A and B is discussed but warranty issues exist unless all windows are replaced. It is reported that the reserve account had approximately One Million Three Hundred Ninety-One Thousand and No/100 ($1,391,000.00) Dollars, the majority of that money being proceeds from the Buildings C and D lawsuit settlement. (Plaintiffs' Evidence Number 33: SYCOC Meeting

Minutes from 2005 to 2010, includes Page 2 of the Regular Meeting Minutes of the Board of Directors dated April 28, 2007.)

A **September 26, 2007** letter to Co-owners from the Board regarding actions taken to remedy water intrusion into Buildings A and B provided in pertinent part:

> The Board wishes to remind you that even though the Association assumed responsibility of door and window replacement in July 2006 the problems in A and B buildings are currently experiencing didn't just happen last year – they have been developing over the time when the Owners were responsible for their doors and windows. Those buildings were built well over twenty years ago. Studies have shown that repairs made in the past years did not really address the water intrusion issue, but were more cosmetic in nature.

(Plaintiffs' Evidence Number 23: Deposition of Jack Clark Eblin, D.D.S., includes Plaintiffs' Exhibit Number 6: Letter to Shipyard Village Owners from the Board of Directors dated September 26, 2007, regarding actions taken to remedy water problems with windows and doors.)

The Board's **September 26, 2007** letter, also, addressed, "*Water Problems Associated with the Recent Rains,*" leaking into the interior of some of the A and B units provided in pertinent part:

> The Board has been made aware of acute water leaks into the interior of some of the A and B units during recent rains. **The question has been raised as to who is responsible for the interiors of the units.** Please refer to Article II, Section 5(c) of the amended Master Deed, a copy of which is attached.
>
> This document explains that only the sliding glass doors and the windows are the responsibility of the association. **The rest of the unit is the responsibility of the owner and/or the maintenance company hired by the owner, and not the on-site management staff.** The Board hopes this clarifies the matter.

A **September 18, 2007**, e-mail to the Board from Mrs. Diehl regarding window leaks in Buildings A and B stated in pertinent part, "***many of these units were leaking previously and because windows were the owners's responsibility, the issue was thrown back at the owners who most ended up doing nothing....***" Her e-mail, also, stated that she ***"tried to bring this up after I was here for a while and got my hand slapped by Bobby Warner and some board members because this was an Owner responsibility."*** Finally, her e-mail indicated that ***"Bobby Warner only did cosmetic stucco repairs buildings for 20 + years and kept pushing back to the Owners — who clearly could not handle [it] and needed help."*** (Defendant's Evidence Number 5: Deposition of Michael Parades, includes Plaintiffs' Exhibit Number 2: e-mail to Board Members from Kellie Diehl dated September 18, 2007.)

The **January 25, 2008** e-mail from Dr. Jack Eblin to the Board, Ms. Gallagher and Mr. Eddie Stokes, P.E. stated that: "***Water intrusion began when A and B were built – the HOA took responsibility one and half years ago.***" Dr. Eblin's acknowledgment confirms the Board has not undertaken timely and proper maintenance, and repair of the Buildings A and B as they are required to do. (Plaintiffs' Evidence Number 23: Deposition of Jack Clark Eblin, D.D.S., includes Plaintiffs' Exhibit Number 5: e-mail to Ms. Fletcher from Jack C. Eblin dated January 25, 2008.)

The **April 19, 2008** Annual Members' Meeting Minutes, the Board reported to the Unit owners that extensive repairs were needed to fix Buildings A and B. The Board stated that the costs of the repairs and reconstruction would be in the range of Twelve Million and No/100 ($12,000,000.00) Dollars to Thirteen Million and No/100 ($13,000,000.00) Dollars, based on a construction budget prepared by MEC Engineering. Although investigation and testing of

Buildings A and B has been ongoing since 2006, this was the first time the estimated cost of repairs and reconstruction was shared with Co-owners. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 4 of the Twenty-Sixth (26th) Annual Members' Meeting Minutes.)

On **July 28, 2008**, the Board hired Sutton-Kennerly & Associates, Inc. ("SKA") to review the repair project engineering reports, bid specifications, drawings and proposals, and provide a report to the Board with its findings and recommendations. Later the Board hired SKA to prepare the final design for the repairs and reconstruction of Buildings A and B after it fired MEC Engineering for poor performance. SKA prepared a construction budget which estimated to complete the repairs (including design and construction administration) to Buildings A and B would cost in the range of Ten Million Nine Hundred Forty-Four Thousand Four Hundred Sixty-Eight and No/100 ($10,944,468.00) Dollars. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 2 of the Regular Meeting Minutes of the Board of Directors dated August 12, 2008.)

At the **March 21, 2009** Special Members' Meeting, the Board called for a re-vote on the 2006 Windows/Sliding Glass Door Amendments because the validity of the amendments were being legally challenged by Unit owners. After the third re-vote was taken and the votes were tallied, Board President Don Johnston announced that both Windows/Sliding Glass Door Amendments had failed to pass by the required the two-thirds (2/3) majority vote. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 5 of the Special Members' Meeting Minutes of the Board of Directors dated March 21, 2009.)

The **April 4, 2009** Annual Members' Meeting Minutes clearly and unambiguously show that the Board failed to present the annual budget as part of the order of business at the Annual meeting of Co-owners as required by Section 1.12 of the Bylaws. For example Section 1.12 provides for the presentation of the budget as part of the order of business at the Annual Meeting. Because the Board did not submit the proposed budget, the Co-owners did not have an opportunity to discuss and amend the annual budget pursuant to § 5.3 of the Bylaws which provides "[t]he Budget, as adopted by the Board, may be amended upon the motion and affirmative vote of Co-owners holding two-thirds (2/3) of the Percentage Interest in the Common Elements." (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Pages 1–5 of the Twenty-Seventh (27th) Annual Members' Meeting Minutes dated April 4, 2009.)

On **July 8, 2009** a letter from Ms. Vicki Gallagher ("Gallagher") of KAD was sent to the Co-owners regarding the Board's call for a Special Members' Meeting on Saturday, August 1, 2009, to vote on a special assessment in the amount of Ten Million Nine Hundred Ninety-Four Thousand Four Hundred Sixty-Eight and No/100 ($10,994,468.00) Dollars to fund the extensive repairs and reconstruction needed for Buildings A and B. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes a letter from Ms. Gallagher to the Unit Owners dated July 8, 2009.) Ms. Gallagher's letter to the Unit owners, further, provided in pertinent part:

> If the Special Assessment does not pass the cost of the repairs will be added to the 2010 and 2011 Operating fund.

The Special Assessment per unit is based on the percentage of interest assigned to the unit as dictated in the Association's governing documents.

Special Assessment Unit Assessment Calculation with 80 units sharing windows/doors expense (Building A and B owners only):

A & B Units	$ 88,398
C & D – 3 Bdr	$ 64,888
C & D – 4 Bdr	$ 68,471

The payment amount of the special assessment will be dependant on the outcome of the lawsuit filed against the Association with respect to the windows and sliding glass doors 2006 amendment. The calculations above assume that the expense of the windows and sliding glass doors will be borne by the homeowners in building A & B. **Currently the Association has moved forward with a Summary Judgment as a means for resolving the civil action filed by C & D owners. Consequently, the results of the judgment may have an impact on the windows/doors cost allocation to A, B, C, and D owners. If the ruling comes back that all unit owners are responsible for the expense for the windows/doors, the assessment will be adjusted accordingly.**

(Emphasis added.) (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes a letter from Ms. Gallagher to the Co-owners regarding the Board's call for a Special Members' Meeting on Saturday, August 1, 2009, to vote on a special assessment based SKA's proposed reconstruction budget dated July 8, 2009.)

The **November 13, 2009** Board Special Meeting Minutes discussed information regarding the 2010 operational budget for Shipyard Village. Minutes provided the 2010 operating Budget is being increased to over Six Million and No/100 ($6,000,000.00) Dollars to fund approximately one-half (1/2) of the repairs and reconstruction of Buildings A and B after the special assessment was voted down by the Co-owners on August 1, 2009. (But the Board's amended 2010 operational budget for the Association was never submitted, as required by the

affirmative Bylaws, to the Co-owners for their review and amendment.) The Board's actions were discussed in a November 2009 Memorandum mailed to the Unit Owners. The balance of the repairs and reconstruction will be funded in the 2011 operating budget via the assessment. (Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes Page 1 of the Special Meeting Minutes of Board of Directors dated November 13, 2009.)

STANDARD FOR REVIEW

Summary judgment is proper when it is clear there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Rule 56(c), SCRCP. Summary judgment should be granted when plain, palpable, and undisputable facts exist on which reasonable minds cannot differ. Trico Surveying, Inc. v. Godley Auction Co., 314 S.C. 542, 431 S.E.2d 565 (1993). In determining whether any triable issues of fact exist, the evidence and all inferences which can be reasonably drawn from the evidence must be viewed in the light most favorable to the nonmoving party. Koester v. Carolina Rental Ctr., 313 S.C. 490, 443 S.E.2d 392 (1994). In order to resist a motion for summary judgment, the nonmoving party must come forward with specific facts showing genuine issues necessitating trial. Baughman v. American Tel. and Tel. Co., 306 S.C. 101, 410 S.E.2d 537 (1991). Once a party moving for summary judgment carries the initial burden of showing an absence of evidentiary support for the nonmoving party's case, the nonmoving party may not simply rest on mere allegations or denials contained in the pleadings. 306 S.C. at 115-116, 410 S.E.2d at 545-546.

"It is not sufficient that one create an inference that is not reasonable or an issue of fact that is not genuine. The judge is not required to single out some one morsel of evidence and attach to it great significance when patently the evidence is introduced solely in a vain attempt to create an

issue of fact that is not genuine [or material]." Priest v. Brown, 302 S.C.405, 396 S.E.2d 638 (Ct. App. 1990) (internal citations omitted).

Conclusory allegations or denials, without more, are insufficient to preclude the granting of the summary judgment motion. Id.; see also Ross v. Communications Satellite Corp., 759 F.2d 355, 364 (4th Cir. 1985). "The purpose of summary judgment is to obviate delay where there is no material issue of fact involved." Manley v. Manley, 291 S.C. 325, 353 S.E.2d 312, 314 (Ct. App. 1987) (citation omitted).

LEGAL ANALYSIS

A. Business Judgment Rule is not applicable to the Defendant's unauthorized conduct resulting from its violations of the Master Deed and Bylaws.

Defendant cites the business judgment rule as an absolute bar to Plaintiffs' claims for negligence/gross negligence, breach of contract, and breach of fiduciary duty. In analyzing this defense, this Court considered two relevant issues: First, does the business judgment rule apply to the conduct of the Defendant in this case, or is the conduct of the Defendant to be judged by other standards, laws, and rules and regulations, and, Second, even if the Plaintiffs are required to surmount the business judgment rule, is there any evidence of the Defendant's lack of due care, lack of good faith, dishonesty, or incompetence that would preclude the rule's application to the case.

Addressing the first issue, the business judgment rule is a general corporate law standard created by the common law which discusses the discretionary decision making standard of the governing board of a corporation in the absence of any other controlling documents or other standards. Conversely, in this case, the standards of the Defendant's governing board are

controlled by three specific documents, and not the general corporate standard of the business judgment rule. Three documents are: (1) the South Carolina Horizontal Property Act, S.C. Code Ann. § 27-31-10, *et seq*. (hereinafter "the Act"); (2) the Master Deed of Shipyard Village Horizontal Property Regime recorded on July 9, 1982; and, (3) the Bylaws for the Shipyard Village Council of Co-Owners, Inc. of the same date. For example, in the case of Murphy v. Yacht Cove Homeowners Ass'n, 289 S.C. 367, 345 S.E.2d 709 (1986), the Supreme Court of South Carolina held "***that a member of a condominium association, established pursuant to the Horizontal Property Act, may bring an action in contract or tort against the association[,]***" for failure to discharge its duties under the Master Deed and Bylaws. 289 S.C. at 369, 345 S.E.2d at 710.

A review of Plaintiffs' claims against the Defendant here fall in the categories of negligent maintenance, failure to inspect, failure to assess, failure to repair, and failure to discharge duties, as well as breach of fiduciary duty. All of these claims arise directly from alleged breaches of affirmative duties of due care, not discretionary, as set forth in the Defendant's Master Deed and Bylaws.

Examining these documents, I find that the Defendant's Board is affirmatively required to maintain, and repair the regime's property. There is no option or discretion. For example, the Article V, § 5.6 of the Master Deed requires the "***the maintenance, repair, replacement, management, operation and use of the Common Elements and Limited Common Elements SHALL be the responsibility of the [Defendant's] Board[,]***" and, specifically, Article VI, § 6.1 of the Bylaws provides in pertinent part, "*. . . the Board of Directors SHALL provide for the maintenance, repair and replacement of the Common Elements.*"(*emphasis added.*)

Additionally, Article VII, § 7.3 of the Bylaws provides, "*[t]he Board of Directors SHALL enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations.*"

"Each Co-owner must comply with the Bylaws and with the administrative rules and regulation set forth in the Master deed." Ortega v. Kingfisher Homeowners Ass'n, Inc., 314 S.C. 180, 442 S.E.2d 202 (Ct. App. 1994) (citing S.C. Code Ann. § 27-31-170 (1991)). The clear and unambiguous language of both the Master Deed for Shipyard Village HPR, and S.C. Code Ann. § 27-31-170 (1991) provide that the Master Deed and Bylaws shall be strictly enforced.[1]

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[1] **Article XVI, Miscellaneous, and § 16.1, Compliance, of the Master Deed** provides:

> Each Co-owner ***SHALL*** **comply strictly** with the By-laws and with the administrative rules and regulations ... and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to the Unit of such Co-owner. Failure to **comply with any of the same** ***SHALL*** be grounds for an action to recover ... damages or injunctive relief, or both, maintainable by the Manager or the Board of Directors on behalf of the Council, or in a proper case, **by an aggrieved Co-owner**. (*emphasis added.*)

S.C. Code Ann. § 27-31-170 (1991) provides:

> Each Co-owner **SHALL comply strictly** with the bylaws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in the master deed or lease or in the deed or lease to his apartment. **Failure to comply with any of the same shall be grounds for a civil action to recover sums due for damages or injunctive relief, or both, maintainable by the administrator or the board of administration, or other form of administration specified in the bylaws, on behalf of the council of co-owners, or in a proper case, by an aggrieved co-owner.** (*Emphasis added.*)

Here, what is established pursuant to the Shipyard Village HPR's operative documents governing the conduct of the Defendant's governing Board is nothing less than the absolute requirement to strictly enforce the provisions of the governing documents and to do so in a timely and fiduciary capacity. See Kneale v. Bonds, 317 S.C. 262, 452 S.E. 2d 840 (Ct. App. 1994) (South Carolina Court of Appeals stated that South Carolina Horizontal Property Act provides that Master Deeds should be strictly enforced). For example, the Plaintiffs' claims focus on non-discretionary duties imposed upon SVCOC's Board by its Master Deed and Bylaws. Therefore, because the duty to maintain and repair the regime property is mandatory and fell upon the SVCOC's governing Board pursuant to its Bylaws, it is not discretionary, and, therefore, not subject to the Business Judgment Rule. See also TNS Mills, Inc. v. South Carolina Dep't of Revenue, 331 S.C. 611, 503 S.E.2d 471 (1998) (Ordinarily, the use of the word "shall" in a statutory provision indicates the provision is mandatory).

Addressing the second issue, the evidence in the record before the Court at the hearing on May 21–22, 2012, clearly established that the Defendant's governing board, past and present, had acted without authority, without good faith, and inaction by failing to discharge its affirmative duties under its Master Deed and Bylaws. Examples of the SVCOC's unauthorized conduct: lack of due or reasonable care, lack of good faith, inaction, and *ultra vires* acts regarding its invalid assessment are based on following:

1. SVCOC's illegal adoption of the Third Amendment/2006 Window Amendment was an *ultra vires* act, which violated Article I, §§ 1.3 and 1.5 of the Bylaws, and, thus, placed the Defendant's conduct outside the scope and protection of the business judgment rule.

Furthermore, at the hearing on May 21–22, 2012, the Defendant admitted on the record that "*when the Board received Jeff King's letter [dated June 9, 2008] and they are faced with, 'What do we do, this amendment is not valid,' that is what they're considering....*" (Tr. of Motion Hr'g dated May 21-22, 2012, p. 30, lines 1–14.) However, the Defendant's governing Board continued to assert the validity of the 2006 Window Amendment (knowing the amendment was invalid) even after receiving attorney Jeff King's letter which provided in pertinent part:

> The amendment to the Master Deed of Shipyard Village Horizontal Property Regime dated September 26, 2006, and recorded in Deed Book 235, Page 005, records of Georgetown County, South Carolina ("2006 Amendment") was not properly approved and is not binding on the Regime or the Owners. The amendment purported to rewrite the definition of Units within the Regime to exclude "the window glasses, screens, frames and casings which are part of the window openings of the Unit" and to designate these items as Limited Common Elements. However, the amendment failed to pass at the only meeting that was held to vote on the matter, the April 15, 2006, annual meeting. Thereafter, the Board and management agent solicited proxies from various members to "re-vote" on the amendment.
>
> ...
>
> No such procedure is authorized in the governing documents or corporate law. The Bylaws, Section 1.4, provide that Owners may vote in person or by proxy at any meetings of the Association, and Section 1.3 provides that votes may only be cast at meetings. The only procedure for taking action without a meeting is set forth in Section 1.5, which states that "Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners entitle to vote, or, in the case of Units owned by two or more Co-owners, by the designated voting member." (*Emphasis added.*) All Co-owners did not consent in writing to adopt the 2006 Amendment, and no meeting was held at which a vote could have been taken. **The end result is that the 2006 Amendment was not properly adopted, leaving**

> **the window glasses, screens, frames, casings and sliding glass doors as part of each Unit, not common elements, and therefore replacement or repair is the responsibility of each individual owner.**

(Plaintiffs' Evidence Number 26: Deposition of Gary Curtis Bradham, includes Plaintiffs' Exhibit Number 13: Letter to Board Members from attorney Jeff King dated June 9, 2008.)

Specifically, evidence of the Defendant's lack of good faith is documented in its July 8, 2009 letter from Ms. Gallagher to the Co-owners regarding the future enforce ability of the 2006 Window Amendment which provided in pertinent part:

> [T]the Association has moved forward with a Summary Judgment [on the window amendment] as a means for resolving the civil action filed by C & D owners. Consequently, the results of the judgment may have an impact on the windows/doors cost allocation to A, B, C, and D owners. If the ruling comes back that all unit owners are responsible for the expense for the windows/doors, the assessment will be adjusted accordingly.

(Plaintiffs' Evidence Number 33: SVCOC Meeting Minutes from 2005 to 2010, includes a letter from Ms. Gallagher to the Unit Owners dated July 8, 2009).

Accordingly, I find the Defendant is precluded from asserting the business judgment rule in this case based on its lack of good faith in continuing to enforcing the 2006 Window Amendment in this lawsuit when it admittedly knew the amendment was invalid and enforceable in June 2008. See Dockside Ass'n, Inc. v. Detyens, 291 S.C. 214, 217, 352 S.E.2d 714, 716 (Ct. App. 1987), aff'd, 294 S.C. 86, 362 S.E.2d 874 (1987) (Under the business judgment rule, a court will not review the business judgment of a corporate governing board ***unless it acts without authority, with corrupt motives, and in bad faith***).

2. Defendant's knowingly failed to place its adopted annual budgets on the annual agenda for presentation to the Co-owners at their Annual Members' Meetings in 2009 and 2010, respectively, and, therefore, acted without authority and violated the affirmative requirements of §§ 1.12, 5.2, and 5.3 of the Bylaws. As such, I find that the Defendant's failure to discharge its duties under these sections denied the Unit Owners their right to discuss, and an opportunity to amend the regime's annual operating budgets for 2009 and 2010. For example, Article V, § 5.3 of the Bylaws provides "***The Budget, as adopted by the Board may be amended upon the motion and affirmative vote of' Co-owners two-thirds (2/3) of the Percentage Interest in the Common Elements.***" (*Emphasis added.*) Furthermore, at the hearing on May 21–22, 2012 the Defendant admitted on the record that, "**[w]e believe the assessment as rendered by the Board ... is an 'ultra vires act' that should be afforded [protection] under the business judgment rule....**" (Tr. of Motion Hr'g dated May 21–22, 2012, p. 93, lines 2–17.) However, the Defendant's assertion of protection under the business judgment rule is without merit and contrary to the law of this state. See Baumann v. Long Cove Club Owners Ass'n, Inc., 380 S.C. 131, 138, 668 S.E.2d 420, 424 (Ct. App. 2008) (A corporation can only exercise the powers granted to it by law, its charter or articles of incorporation, and any Bylaws made pursuant thereto.) (citing Lovering v. Seabrook Island Prop. Owners Ass'n, 289 S.C. 77, 82, 344 S.E.2d 862, 865 (Ct. App. 1986), aff'd as modified on other grounds, 291 S.C. 201, 352 S.E.2d 707 (1987), overruled on other grounds by S. C. Code Ann. § 33-31-302); "Acts beyond the scope of a corporation's powers as defined by law or its charter are ultra vires." Lovering, 289 S.C. at 82, 344 S.E.2d at 865; see also Kuznik v. Bees Ferry Assocs., 342 S.C. 579, 605, 538 S.E.2d

15, 28 (Ct. App. 2000) (The business judgment rule only applies to *intra vires* acts, not *ultra vires* ones).

Accordingly, I find that the business judgment rule does not protect the Defendant's *ultra vires* conduct from judicial review based on its invalid assessment under Master Deed and Bylaws evidenced by the following admission of the Defendant:

> **MISS BOAN**: The Board discussed what will we do with this assessment, **how do we treat this A and B in light of the fact the assessment is invalid and the windows and doors are now the responsibility of A and B unit owners**, how do we assess for that, knowing that, and the Board, knowing that and knowing what the other --
>
> **THE COURT**: Wait a minute, I'm not sure I understand. Could you repeat that right there, I was listening but I just got sort of, I stumbled when you were doing that.
>
> **MISS BOAN: The Board, in trying to decide how would we do the assessment, that the amendment is invalid --**
>
> **THE COURT**: All right.

(Tr. of Motion Hr'g dated May 21–22, 2012, p. 114, lines 11–25.)

B. Defendant's governing documents impose affirmative duties on its Board to enforce, investigate, and correct known violations of the Act, the Master Deed and the Bylaws.

In order for liability to attach based on a theory of negligence, the parties must have a relationship recognized by law as providing the foundation for a duty to prevent an injury. See Murphy v. Yacht Cove Homeowners Ass'n, supra., 289 S.C. at 368, 345 S. E. 2d at 710 (*a member of a condominium association, established pursuant to the Horizontal Property Act,*

has a contractual relationship with the Association's Board under the governing documents). An affirmative legal duty may be created by statute, a contractual relationship, status, property interest, or some other special circumstance. McCullough v. Goodrich & Pennington Mortg. Fund, Inc., 373 S.C. 43, 47–49, 644 S.E.2d 43, 46– 47 (2007). Both S.C. Code Ann. § 27-31-170 (1991) and Article XVI, § 16.1 of the Master Deed authorize "an aggrieved unit owner" to bring an action for damages or injunctive relief for failure to comply with the condominium's bylaws. See also Agassiz West Condominium Ass'n v. Solum, 527 N.W.2d 244 (1995), the Supreme Court of North Dakota interpreted the language of Section 47-04.1-08, ND. C. C., which is identical to the language contained in S.C. Code Ann. § 27-31-170 (1991), to authorize "an aggrieved unit owner" the right to bring an action for damages or injunctive relief against the Association for its failure to comply with the condominium's Bylaws.

At the hearing on Plaintiffs' Motion for Partial Summary Judgment, the Defendant's attorneys admitted on the record: (1) ***that the Defendant has an affirmative duty to maintain, replace, and repair the common elements of Buildings A and B*** (Tr. of Motion Hr'g dated May 21–22, 2012, p. 76, lines 4–11); (2) ***that the Defendant and Co- owners are bound by the Master Deed and Bylaws*** (Tr. of Motion Hr'g dated May 21–22, 2012, p. 76, lines 22–23); (3) ***that the Defendant has a duty to require a defaulting Co-owner to comply with provisions of the master deed*** (Tr. of Motion Hr'g dated May 21–22, 2012, p. 77, lines 16–19; p. 78, lines 7–12); and (4) ***that the Defendant has a duty to individual assess a Co-owner if his or her unit damages a common element*** (Tr. of Motion Hr'g dated May 21–22, 2012, p. 32, lines 5–10).

However, the Defendant refused to admit that it had a duty to investigate to determine if the leaking windows and sliding glass systems were the source of the water intrusion into Buildings A and B that was causing damage to the common elements even though the affirmative language of regime's governing documents clearly provides otherwise under §§ 9.4, 12.1, and 16.2 of the Master Deed, and §§ 6.3, 6.4, and 7.4 of the Bylaws. (Tr. of Motion Hr'g dated May 21–22, 2012, p. 96, lines 20–25; p. 97, lines 1–14). These relevant sections provide as follows:

1. **The Master Deed.**

Article IX, § 9.4 of the Master Deed, Covenant to Comply with Restrictions and Obligations, provides in pertinent part:

> Each Co-owner by acceptance of a deed or lease to a Unit ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns this Master Deed, the Regime Bylaws and the decisions, resolutions and regulations of the Council, Board of Directors or their representatives, as lawfully amended from time to time.
>
> The violation of any rule or regulation adopted by the Board or the breach of any covenant or provision herein contained, **SHALL**, in addition to any other rights provided for in the Act, this Master Deed and the Bylaws, give the Board the right: (a) to enter upon the Unit, or any portion of the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Co-owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, ...

Article XII, § 12.1 of the Master Deed, Reconstruction and Repair, provides in pertinent part:

> ... any such deficiency resulting from damage to the Regime Property as a result of the neglect, ... by any Co-owner ... **SHALL** be charged to such Co-owner as an individual assessment. (*Emphasis added.*)

Article VIX, § 16.2 of the Master Deed, Compliance, provides in pertinent part:

> Each Co-owner **SHALL** comply strictly with the By-laws and with the administrative rules and regulations adopted pursuant thereto, ... Failure to comply with any of the same **SHALL** be grounds for an action to recover ... damages or injunctive relief, or both, maintainable by the Manager, or the Board of Directors on behalf of the Council, ... (*Emphasis added.*)

2. The Bylaws.

Article VI, § 6.3 of the Bylaws, Default by Co-owner, provides in pertinent part:

> In the event that any Co-owner fails to perform the maintenance required by him by these Bylaws or by any lawful Regulation, **and such failure creates or permits a condition which is hazardous to life, health, or property, or which unreasonably interferes with the right of another Co-owner,** ... the Board of Directors **SHALL,** ... cause such maintenance to be performed and charge all reasonable expenses of so doing to such Co-owner by an Individual Assessment." (*Emphasis added.*)

Article VI, § 6.4 of the Bylaws, Expenses, provides in pertinent part:

> The expenses of all maintenance, repair, and replacement provided by the Manager or the Board of Directors, ... shall be Common Expenses, **except that when such expenses ... are necessitated by (1) the failure of a Co-owner to perform the maintenance required by these Bylaws or by any lawful Regulation or**

> (2) the willful act, neglect, or abuse of a Co-owner, they SHALL be charged to such Co-owner as an Individual Assessment. (*Emphasis added.*)

Article VII, § 7.3 of the Bylaws, Enforcement, provides in pertinent part:

> The Board of Directors **SHALL** enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations. (*Emphasis added.*)

Here, based on the clear and unambiguous language of §§ 9.4, 12.1, and 16.2 of the Master Deed, and §§ 6.3, 6.4, and 7.3 of the Bylaws, when read together as a whole, I find as matter of law that these sections impose affirmative obligations on the Defendant's governing Board, including, but not limited to:

1. a duty enforce the terms of the Act, the Master Deed and these Bylaws by taking prompt and appropriate action to correct any violations; and, additionally,

2. a duty to investigate, when presented with evidence which would show or reasonably show that an individual Unit Owner's neglect in maintaining his or her Unit has resulted in damage to the common elements that an investigation is required by the Bylaws. That is, the homeowners association through its Board, upon receiving such information, would be required to initiate some investigation to determine whether or not it would be appropriate to individually assess the defaulting Unit Owner for the damage.

The Plaintiffs, also, cite the case of Queen's Grant Villas Horizontal Property Regimes I-V v. Daniel International Corp., 286 S.C. 555, 335 S.E.2d 365 (1985) as additional authority for the proposition of law that a condominium association has a "***duty to pursue a recovery for any alleged construction defects in the common elements which it maintains***," Queen's Grant Villas, 286 S.C. at 556, 335 S.E.2d at 366 (*emphasis added*), and that if it fails to do so the

individual owners have a cause of action against the association for its negligence. This necessarily implies that the Defendant has an affirmative duty to investigate and possibly pursue a recovery when presented with evidence that the source of the water intrusion damage to Buildings A and B was caused by the defaulting Co-owners's neglectful maintenance of their units. Id. For example, at the Motion Hearing on May 21–22, 2012, the Defendant admitted that it had a duty to investigate and pursue a recovery from the defaulting Co-owners based on its positive response to my question as follows:

> **THE COURT**: We're not in trial yet. I just want to put this one question to you, Miss Boan. If you're on the Board and you've got a problem and you've got people giving you two or three causes for the problem, okay, there is one of them you can get some money for, and that is why you attribute it to these homeowners, these unit owners not maintaining their building, under the bylaws they are supposed to pay for it, shouldn't you, and the other two everybody is going to have to share, **don't you have a duty to these other members to go back and at least check on the theory of whether or not the individual owners of the A and B units, where you had leak problems, should have paid?**
>
> **MISS BOAN: I think, Your Honor, to answer your question, yes,** I think you do look into it and I think this Board did. I think this Board considered it and that is how - -

(Tr. of Motion Hr'g dated May 21–22, 2012, p. 69, lines 6–23.)

C. Defendant breached a duty to investigate the substantial evidence in the record which reasonably showed that unit owners had neglected the maintenance of their leaking windows and sliding glass doors which allegedly caused damage to the common elements of Buildings A and B.

Plaintiffs, next, argue that the Defendant breached a duty to investigate the water intrusion damage to the common elements of Buildings A and B which they attribute to the failure of the

A and B Co-owners to maintain and repair their leaking windows and sliding glass doors. Accordingly, I find that the Defendant breached a duty of care when it failed to investigate and possibly pursue a recovery from the defaulting Co-owners's neglectful maintenance and repair of their units based on the following reasons:

First, the evidence in the record is uncontroverted that Co-owners of Buildings A and B were solely responsible for the maintenance and repair of their window and sliding glass door systems pursuant to §§ 3.6 and 4.3 of the Master Deed, and § 6.1 of the Bylaws. Additionally, the Co-owners were, further, charged with the responsibility of caulking and waterproofing their sliding glass door thresholds and window frames pursuant to these specific sections by the Defendant.

Second, the Defendant's governing Board, past and present, had actual notice that the Co-owners' windows and sliding glass doors had been leaking water into Buildings A and B since 1983 evidenced by SVCOC's Meeting Minutes from 1983 to 2010. Furthermore, certain past and present Board Members had personal knowledge that the windows and sliding glass doors were leaking water into the buildings evidenced by:

1. Pictures of interior water intrusion damage taken from the Video of Unit A-31 owned by current Board President Robert Postiglone, which is Plaintiffs' Evidence Number 47.

2. Pictures of interior water intrusion damage taken from the Video of Unit B-54 owned by past Board President Leon C. Jennings, M.D., which is Plaintiffs' Evidence Number 71.

3. Pictures of interior water intrusion damage taken from the Video of Unit B-27 owned by current Board Member Doris Bray, which is Plaintiffs' Evidence Number 60.

4. Pictures of interior water intrusion damage taken from the Video of Unit A-51 owned by current Board Member Jim C. Poag, which is Plaintiffs' Evidence Number 68.

Third, the Defendant's consultants and/or experts had already determined that the Co-owners' leaking windows and sliding glass doors were causing damage to the common elements of Buildings A and B contrary to the Defendant's reported denials of causation from the windows to this Court. For example, on July 25, 2006, Mr. Schneider, AIA, performed an inspection of Buildings A and B at the request of the Defendant. His inspection found damage to the common elements caused in part from the Co-owners' leaking windows and sliding glass doors based on:

> **Numerous windows/sliding doors are leaking rain water into interior areas of the Buildings. Water is migrating from the upper story down through the intermediate stories to ground level, causing water damage to the floor/ceiling assemblies, the exterior finishes, and interiors of the outside units of buildings A and B. Damage appears to occur more severely on the corner "stacks."** The water infiltration appears to be the result of the combination of corrosion of the frame of the window/ sliding door assemblies, the age of the window/door assemblies, the breaching of the continuity from "sill" assembly (screws penetrating), **separation of caulking from the "sill" and separation of caulking from the expansion joint between the exterior floor/ceiling assemblies and the interior floor ceiling assemblies.** (Defendant's Evidence Number 4: Deposition of Robert Gallagher, includes Defendant's Exhibit Number 1: Affidavit of Robert Gallagher with attachments, including Kenneth G. Schneider's letter to the Board dated July 25, 2006.)

Also, Defendant's consultant, HICAPS, Inc. ("HICAPS"),[2] made a PowerPoint presentation to its Board on July 19, 2008, and its experts identified and explained the water intrusion problems associated with the Building A and B Co-owners' window and sliding glass door systems. HICAPS' investigation found:

1. "*The window systems are the main source of water intrusion.*" (HICAPS' Report dated July 19, 2008, at p. 21.)

2. "*The leaks have allowed water to enter the walls which is causing the wood framing to rot.*" (HICAPS' Report dated July 19, 2008, at p. 21.)

3. "*It also has allowed water to get into the concrete which is causing the corrosion.*" (HICAPS' Report dated July 19, 2008, at p. 21.)

4. "*Moisture is entering the slider [glass door] unit and showing up at the bottom. The water is entering the concrete and leaking into the unit below.*"(HICAPS' Report dated July 19, 2008, at p. 22.); Defendant's Evidence Number 4: Deposition of Robert Gallagher, includes, Defendant's Exhibit Number 1: Affidavit of Robert Gallagher with attachments, which includes HICAPS' PowerPoint presentation to the Board on July 19, 2008.)

Fourth, the Defendant, next, failed to present any evidence at the Motion Hearing on May 21–22, 2012 disputing the fact that its Board never asked SKA or any other qualified expert to break out what damages were attributed to the leaking windows and sliding glass doors that

[2] HICAPS is a full-service Construction Management Company. HICAPS' Construction Management Team has specialized experts including engineers, contractors, architects, and information technology experts.

may have gotten into the common elements[3]. For example, Board President Don Johnston ("Johnston") and Board Members Doris Bray ("Bray") and Jim Poag ("Poag"), who were on the Board when SKA's proposed repair assessment was adopted by them as part of the annual operating budgets for 2010 and 2011, testified at their depositions as to the following:

> **Q.** Okay. That's fair. In any case, at the point -- Sutton-Kennerly was not asked or requested, in their assessment of all the damages, to break out what damages, if any, they attributed to the leaks around the windows and doors that may have gotten into the common elements, as to whether unit owners in A and B should be responsible for that collateral damage.
>
> **A.** **That's correct.**
>
> **Q.** They were never asked to do that?
>
> **A.** **That's correct.**

(Deposition of Don Johnston dated April 23, 2012, p. 49, lines 12–21.)

> **Q.** Did the board -- let me back up for a second. When the board got Sutton-Kennerly's estimated cost of repair for Buildings A and B in the amount of $11 million, did the board undertake to do any investigation to find out to what extent the A and B unit owners had been negligent regarding the maintenance repair of their units?

---

[3] Defendant acknowledged on the record that it never asked SKA or any other qualified expert to break out what damages were attributed to the leaking windows and sliding glass doors when it, finally, admitted that, ***"[i]t is undisputed that the Defendant's Board did not ask any expert to break out the damages attributable to the alleged failure of a Co-owners to maintain their windows and sliding glass doors[,]"*** in its response to Plaintiffs Rule 59(e) Motion. (Defendant's Response to Plaintiffs' Motion in Opposition to Defendant Shipyard Village Council of Co-Owners, Inc.'s Notice of Motion and Motion to Reconsider, Alter or Amend the Court's Order Pursuant to Rules 52 and 59, SCRCP, filed on July 17, 2012, at Page 6, second sentence from the beginning of Paragraph 3.)

A. No.

Q. Can you explain why? No. Was it -- was it -- was it -- did the board -- why didn't they undertake that responsibility to do that?

A. **Why should we have?**

(Deposition of Doris R. Bray dated May 17, 2012, p. 53, line 20 – p. 54, line 7.)

Q. When you came on the board, obviously the Master Deed provided that A and B and C and D, all were responsible for the maintenance and upkeep of the windows and doors?

A. **Correct.**

Q. And the amendments that -- then finally it was voted down, in March 21 of '09, the amendment failed, did it not?

A. **Yes.**

Q. . . .

All right, Sir. Did you, as a member of the board, or the board collectively, instruct any of your experts to make a determination of how much of the repair costs to Buildings A and B should be assessed against the unit owners in A and B.

(Deposition of Jim C. Poag dated April 18, 2012, p. 30, lines 10–18; and p. 30, lines 23–25.)

A. **Separately? No, not until later when we talk about the windows and the doors.**

Q. Okay. So was there ever any attempt or any calculations done besides ---

A. **The total package.**

Q. -- besides paying for the windows and doors -- and obviously, according to our records, after we brought the lawsuit challenging the amendment, the board voted to have A and B pay for the hard costs of the windows; is that correct? You reassessed ---

A. **That's when -- but to go back to your question, that's when we did ask Sutton-Kennerly to break that out for that purpose.**

Q. All right. Just the hard costs for the windows and doors?

A. **Just the windows and the doors.**

Q. Why did you not ask Sutton-Kennerly to investigate what damage, besides replacing the windows, should be attributable to the A and B unit owners for the collateral damage that came for leakage around the windows that went into the common elements, did you ask them to extensively go in and look at what that should be and what would be a fair assessment?

A. **Not to my knowledge, because that was part of the common elements.**

(Deposition of Jim C. Poag dated April 18, 2012, p. 31, line 1 – p. 32, line 4.)

Q. And is it my understanding that the board does not intend -- and you tell me yes or no if I'm wrong -- does not intend to make an effort to determine how much unit owners of A and B should be assessed for any damages they caused to the

common elements as a result of their failure to maintain the windows and doors?

A. **Repeat that, if you don't mind.**

Q. Does the board intend -- knowing where we are today, does the board intend to go back and reconsider whether or not they should additionally assess A and B? I know you've given credit for the windows, a general credit, but for the collateral damage that's done as a result of water coming -- the windows not being sealed and maintained and going into the common elements, does the board intend to reassess how much more A and B should be assessed?

A. **No, sir.**

Q. All right. Do you think that's necessary?

A. **You mean to reassess?**

Q. To determine how much more they should pay.

A. **No.**

(Deposition of Jim C. Poag dated April 18, 2012, p. 44, line 18 – p. 45, line 15.)

Q. Well, I'm a little surprised you don't understand it, because this lawsuit is about A and B, the windows and doors, prior to the attempt to amend the Master Deed, were the responsibility of A and B, C and D.

A. **That's correct.**

Q. All right. And if they fail to maintain the windows and doors and, as a result of that, other collateral damage occurred, it would be the responsibility of that unit owner, would it not?

A. **I guess it would.**

(Deposition of Jim C. Poag dated April 18, 2012, p. 59, line 12 – p. 59, line 22.)

Further, during the Motion Hearing on May 21–22, 2012, I specifically inquired from Defense counsel, "did SKA [sic] ever tell the [Board], *'We have found evidence that leakage from the common elements has damaged the windows[,]*'" and Miss Boan responded, "*[t]hat is what Larry Elkin will say to Your Honor.*" (Tr. of Motion Hr'g dated May 21–22, 2012, p. 116, lines 6–11.) However, the record reflects that Lawrence Elkin, P.E. was asked the same question by Plaintiffs' counsel at his deposition taken on August 10, 2011, and he responded in the negative:

Q. So you're not going to offer an opinion the water basically migrated through the - - as far as through the cracks and stucco and damaged the window?

A. **If that's possible. But I didn't test it.**

Accordingly, Lawrence Elkin, P.E.'s negative response (to the same question asked by this Court of Defendant's counsel) confirms that the Defendant's inaction and failure to investigate the Co-owners' lack of maintenance to their units and resulting damage has nothing to do with conflicting information allegedly received from Defendant's consultants, but instead only evidences the Defendant's true intent to just ignore the problem and not deal fairly with the Plaintiffs and the other harmed Co-owners as required by the affirmative Bylaws.

Consequently, the record is clear, in the instant case, that the Defendant breached a "duty to investigate" in conjunction with its affirmative duties under the Regime's Master Deed and

Bylaws. Furthermore, in every instance, where this Court found that Defendant breached a duty under the Master Deed and Bylaws, this Court expressly or implicitly found a failure by Defendant to use due or reasonable care. Specifically, this Court found, either expressly or implicitly, a failure to use due or reasonable care by the Defendant when it found: (1) a failure to enforce the terms of the Act, the Master Deed and the Bylaws; and (2) a failure to investigate and, possibly, pursue a recovery when presented with evidence which reasonably showed the neglect of one or more individual Co-owners in the maintenance and repair of their units which resulted in damage to the common elements. Murphy v. Yacht Cove Homeowners Ass'n, supra; Queen's Grant Villas, supra; see Shinn v. Thrust IV, Inc. 56 Wash. App. 827, 836, 786 P.2d 285, 290– 291 (Wash. App. 1990) (Failure to exercise due care or reasonable care would preclude application of the business judgment rule).

CONCLUSION

For the reasons stated herein, taking the evidence in a light most favorable to the Defendant as the non-moving party, this Court hereby GRANTS Plaintiffs' Motion for Partial Summary Judgment as a matter of law on the following issues:

1. That the Defendant had an affirmative duty enforce the terms of the Act, the Master Deed, and these Bylaws by taking prompt and appropriate action to correct any known violations;

2. That the Defendant had a duty to investigate when presented with evidence which would show or reasonably show that an individual Unit Owner's neglect in maintaining his or her Unit has resulted in damage to the common elements that an investigation is required by the Bylaws. That is, the homeowners association through its Board, upon receiving such information, would be required to initiate

some investigation to determine whether or not it would be appropriate to individually assess the defaulting Unit Owner for the damage;

3. That the Defendant breached its duty to investigate under the affirmative Bylaws when it failed to determine: (a) first, whether or not the water intrusion damage to the common elements of Buildings A and B was the fault of a particular Unit Owner or a particular group of Unit Owners; and, (b) second, whether or not other non-defaulting Unit Owners were entitled to a rebate by individual assessment from the A and B Unit Owners who had caused the problem; and, additionally

4. Now, whether or not there was any damage caused by leaking windows or doors is a matter for the jury to decide in this case, but I do find that as a matter of law, taking the evidence in a light most favorable to the Defendant as the non-moving party, that there was a duty to enforce the affirmative Bylaws, and that duty to enforce included a duty to investigate and that the Defendant breached that duty as a matter of law.

5. Further, I find that the Defendant is precluded from asserting protection under the Business Judgment Rule based on its *ultra vires* conduct, and failure to exercise due care or reasonable care in discharging its required duties under the Bylaws.

AND IT IS SO ORDERED

Larry B. Hyman. Jr., Presiding Judge
Fifteenth Judicial Circuit

Conway, South Carolina

Dated: 11-14, 2012

FORM 4

STATE OF SOUTH CAROLINA

COUNTY OF GEORGETOWN

IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NUMBER 2009CP2201655

Richard A. Fisher	Harry L. Belk	Shipyard Village Council of Co Owners Inc	Cincinnati Insurance Company
	Jan C. Belk		
Platte B. Moring Jr Living Trust	Dennis E. Barrett		Travelers Insurance Company
	Wilma J. Barrett		
Jim H. Markley III	First Family Properties Inc		Companion Insurance Company
Robert A. Wright	Cynthia L. Jones		Philadelphia Insurance Company
Platte B. Moring Jr Tr	Sandra D. Huggins		
Marianne Kochanski	Margaret S. Dover		Zurich Insurance Company
Shipyard Village Horizontal Property Regime	Thomas Franklin Huggins		American Guarantee Insurance Company
	Frank S. Krouse		
Mary Beth C. Wright	Barbara T. Krouse		St. Paul Fire and Marine Insurance Company
H. Allen Wright	Judith W. Mill		
Joyce Y. Wright	William Mill		Illinois National Insurance Company
Carolyn L. Wright	Susan Mill		
Carmen J. Savoca	Gene R. Riley		
Ann D. Savoca	Patricia C. Riley		
William John Savoca	Harold LeMaster		
Donna S. Strom	Patti LeMaster		
James T. Hunter	Joseph P. Heaton		
Mary D. Hunter	Frances H. Heaton		
Dwain C. Andrews	Robert N. Kelly		

FILED
GEORGETOWN COUNTY, S.C.
2012 NOV 15 PM 1:17
ALMA Y. WHITE
CLERK OF COURT

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

WWS LLC

Donald L. Henson

Sandra L. Henson

Allen M. Funk

Norman J. Rish

Mary T. Rish

Angela M. Markley

Walter C. Worsham

Carolyn W. Worsham

Enrico S. Piraino

Giusto Piraino

Otis T. Harrison

Rose C. Harrison

James E. Newman Jr

Brenda E. Fisher

Joseph R. Canning

Kathleen B. Canning

James D. Reynolds Jr

Fuller Family LLC

Richard T. White

Rory L. White

Propst and Dawson LLC

Litchfield Quarters LLC

Larry O. Snider

Paula D. Snider

William C. Hammond Jr Living Trust

H.S. Keeter

Sandra C. Keeter

Brian R. Nisbet Trust Agreement

Mary M. Nisbet Tr

Mary M. Nisbet Trust Agreement

Dorothy Jean Foster

Captains Quarters D-24 Association of Owners Inc

Michael H. Sanders

Rebecca H. Sanders

Ruth Gray Wheliss

David B. Shivell

Nicki M. Shivell

Debra B. Leeke

Joseph Alan Capobianco

Lara Serro

Sharon Gibson Daniel

Gary C. Andes

Andrea W. Andes

Jay Hendler

Laura Hendler

Joy P. McConnell

Charles W. Fortner

Judith C. Woodson

Warren W. Riggs

Shawn S. Hammond Living Trust

GAB IV LLC

Robert C. McBride

Susan R. McBride Tr

Robert C. McBride Family Trust

Susan R. McBride

Robert C. McBride Tr

Susan R. McBride Family Trust

Evelyn J. Valuska

Barbara W. Beymer

Montrose Associates LLC

William R. McKeown

Norman K. Moon

David T. McGill

Rick L. Bledsoe

Geoffrey A. Wienke

Donald Ross III

Dennis J. Straw

Resort Investments of Litchfield LLC

Jean T. Blaylock

Donna C. Covington

James A. Schubert

Laraine C. Schubert

Mary Lynn Duvall

Charles G. Martin

Riggs Ventures LLC

Morgan J. Mann

Angela M. Mann

Michael Cameron Foster Sr

Laura Lee Foster

Captains Quarters Unit D-31 Association of Multiple Ownerships Inc

Evelyn Gail Earnest

Francis G. Thomson

Arleen S. Thomson

Robert W. Dalton

Red Oak Limited Partnership

Margaret A. McKeown

Barbara Moon

Carol G. McGill

Susan H. Bledsoe

Pamela L. Wienke

Nancy Kay Ross

Roxanne B. Straw

Georgia M. Pruitt

Howard M. Pruitt Jr

William C. Covington Jr

Litchfield Captains Quarters LLC

Daniel P. Duvall

PLAINTIFF(S)	DEFENDANT(S)
Melinda Leigh Medina	Victor A. Medina
Judy P. Hamer	Camilla J. Wilson
Boyce F. Miller	Stewart South LLC
Carole L. Miller	Quarter South LLC
Raymond A. Shingler	Steven H. Frame
Louise O. Shingler	Kay B. Frame
Paul Larry Barnette	Shipyard Village Council of Co-Owners Inc
Carol Jane Barnette	
James R. Walker	
Erika T. Walker	
Kathy W. Underwood	
Andrew J. Wingo Jr	
Susan A. Wingo	
Melanie S. Franklin	
Lois E. Cooley Tr	
Lois E. Cooley Living Trust	
B. Lee Smith	
Margaret H. Smith	
Jason A. Underwood	

Submitted by:	Attorney for: ☐ Plaintiff ☐ Defendant ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ **JURY VERDICT.** This action came before the court for a trial by Jury. The issues have been tried and a verdict rendered.

☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a

decision rendered.

☐ ACTION DISMISSED (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit);
☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

☐ ACTION STRICKEN (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy;
☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____

☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):

☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

Motion to Dismiss by Attorney Dowling Withdrawn.

Motion for Reconsideration Denied.

ORDER INFORMATION

This order ☐ ends ☑ does not end the case. Additional Information for the Clerk:

INFORMATION FOR THE PUBLIC INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. **Note: Title abstractors and researchers should refer to the official court order for judgment details.**

Circuit Court Judge	Judge Code	Date
	2152	11/15/2012

For Clerk of Court Office Use Only

This judgment was entered on 15 day of November 2012, and a copy mailed first class or placed in the appropriate attorney's box on 16 day of November 2012, to attorneys of record or to parties (when appearing pro se) as follows:

Howell Vaught Bellamy III PO BOX 357 1000 29th Ave North Myrtle Beach, SC 29578

Howell V Bellamy Jr Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578

Jeffrey Wayne King Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578

Kimberley Elizabeth Campbell Patrick & Stathos LLC P.O. Box 15669 Surfside Beach, SC 29587

David J. Mills McNair Law Firm, PA P.O. Box 1469 Pawleys Island, SC 29585

Leigh Taylor Powers Boan McNair Law Firm, PA P.O. Drawer 1469 Pawleys Island, SC 29585

Andrew S. Hallo PO Box 747 Charleston, SC 29402

George J. Kefalos 46A State St Charleston SC 29401

Bradley L. Landford PO Box 8057 Columbia SC 29202

Kenneth M. Barfield PO Drawer H Charleston SC 29402

Peter H. Dworjanyn PO Box 12487 Columbia SC 29211

Matthew G. Gerrald PO Box 8448 Columbia SC 29202

Curtis W. Dowling PO Box 8448 Columbia SC 29202

John H. Tiller 134 Meeting St 3rd Floor Charleston SC 29401

Audra M. Byrd PO Box 2116 Myrtle Beach SC 29578

R. Wayne Byrd PO Box 2116 Myrtle Beach SC 29578

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Jennifer Lawrence, Deputy for

Alma Y. White - Clerk of Court

Court Reporter: *Henry Young*

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GEORGETOWN
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NO. 2009-CP-22-152

Richard Fisher, *et al.*
PLAINTIFF(S)

Shipyard Village Council of Co-Owners, Inc.
DEFENDANT(S)

CHECK ONE:

☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☑ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ **ACTION DISMISSED** (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other

☐ **ACTION STRICKEN** (*CHECK REASON*): ☐ Rule 40(j), SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other

FILED
2009 OCT 21 P 3:00
CLERK OF COURT
GEORGETOWN, S.C.

☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT** (*CHECK APPLICABLE BOX*): ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other
NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order. (Formal order to follow)
☑ Statement of Judgment by the Court:

Plaintiffs' Motion for Summary Judgment is denied.
Defendant's Motion for Summary Judgment is denied.

Dated at Georgetown, South Carolina, this 19th day of October, 2009.

Benjamin H. Culbertson
PRESIDING JUDGE

This judgment was entered on the 21st day of October, 2009, and a copy mailed first class this 21st day of October, 2009 to attorneys of record or to parties (when appearing pro se) as follows:

Howell V. Bellamy, III
Jeff King
ATTORNEY(S) FOR THE PLAINTIFF(S)

Kimberly Elizabeth Campbell
ATTORNEY(S) FOR THE DEFENDANT(S)

CLERK OF COURT

SCCA SCRCP Form 4 Revised 06/2008

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GEORGETOWN
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2009CP2201655

Richard A Fisher	Platte B Moring Jr	Shipyard Village Council of Co Owners Inc
Marianne Kochanski	Jim H Markley III	
Shipyard Village Property Regime	Robert A Wright	
Mary Beth C Wright	H Allen Wright	
Joyce Y Wright		
PLAINTIFF(S)		DEFENDANT(S)

Submitted by:	Attorney for: ☐ Plaintiff ☐ Defendant ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ **JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☐ **DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ **ACTION DISMISSED** (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

☐ **ACTION STRICKEN** (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____

☐ **DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

Motion to Amend Complaint by Attorney Bellamy III Granted.

Motion to Amend Scheduling Order by Attorney Bellamy III Granted; Adjust Trial Date to on or after May 28, 2012.

Plaintiff's Motion for Summary Judgment Against Defendant Shipyard Villiage Council of Co-Owners, Inc. by Attorney Bellamy Partially Granted; Attorney Bellamy to prepare Order.
Plaintiff's Motion for Temporary Injunction by Attorney Bellamy Withdrawn.
Plaintiff's Motion to Compel by Attorney Bellamy Resolved; Consent Order to follow.

FILED
GEORGETOWN COUNTY, S.C.
2011 DEC -9 PM 4:26
ALMA Y. WHITE
CLERK OF COURT

ORDER INFORMATION

This order ☐ ends ☐ does not end the case.

Additional Information for the Clerk:

CPFORM4M
SCCA SCRCP Form 4C (Revised 10/2011)

INFORMATION FOR THE PUBLIC INDEX Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.		
Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)
If applicable, describe the property, including tax map information and address, referenced in the order:		

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. **Note: Title abstractors and researchers should refer to the official court order for judgment details.**

Circuit Court Judge	**2152** **Judge Code**	12/9/2011 **Date**

For Clerk of Court Office Use Only

This judgment was entered on **December 9, 2011**, and a copy mailed first class or placed in the appropriate attorney's box on **December 12th, 2011**, to attorneys of record or to parties (when appearing pro se) as follows:

Howell Vaught Bellamy III PO BOX 357 1000 29th Ave North Myrtle Beach, SC 29578
Howell V Bellamy Jr Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578
Jeffrey Wayne King Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578

ATTORNEY(S) FOR THE PLAINTIFF(S)

Kimberley Elizabeth Campbell Patrick & Stathos LLC P.O. Box 15669 Surfside Beach, SC 29587
David J. Mills McNair Law Firm, PA P.O. Box 1469 Pawleys Island, SC 29585
Leigh Taylor Powers Boan McNair Law Firm, PA P.O. Drawer 1469 Pawleys Island, SC 29585

ATTORNEY(S) FOR THE DEFENDANT(S)

Jennifer Lawrence, Deputy
Alma Y. White - Clerk of Court

Court Reporter *Kay H. Richardson*

FORM 4

STATE OF SOUTH CAROLINA
COUNTY OF GEORGETOWN
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE
CASE NUMBER 2009CP2201655

Richard A Fisher	Platte B Moring Jr	Shipyard Village Council of Co Owners Inc
Marianne Kochanski	Jim H Markley III	
Shipyard Village Property Regime	Robert A Wright	
Mary Beth C Wright	H Allen Wright	
Joyce Y Wright		
PLAINTIFF(S)		DEFENDANT(S)

Submitted by: Attorney for: ☐ Plaintiff ☐ Defendant ☐ Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

☐ JURY VERDICT. This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.

☐ DECISION BY THE COURT. This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.

☐ ACTION DISMISSED (*CHECK REASON*): ☐ Rule 12(b), SCRCP; ☐ Rule 41(a), SCRCP (Vol. Nonsuit); ☐ Rule 43(k), SCRCP (Settled); ☐ Other: _____

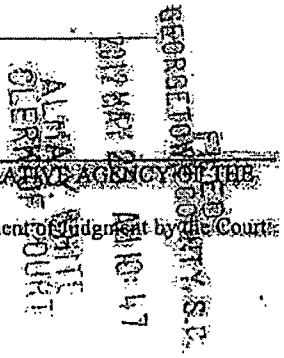
☐ ACTION STRICKEN (*CHECK REASON*): ☐ Rule 40(j) SCRCP; ☐ Bankruptcy; ☐ Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; ☐ Other: _____

☐ DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX): ☐ Affirmed; ☐ Reversed; ☐ Remanded; ☐ Other:

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: ☐ See attached order; (formal order to follow) ☐ Statement of Judgment by the Court:

Partial Summary Judgment Granted/Case Stayed by filing of Appeal



ORDER INFORMATION

This order ☐ ends ☑ does not end the case. Additional Information for the Clerk:

INFORMATION FOR THE PUBLIC INDEX

Complete this section below when the judgment affects title to real or personal property or in any amount should be enrolled. If there is no judgment or information to indicate, N/A, if one of the boxes is below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled (List amount(s) below)

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Circuit Court Judge | 2152 Judge Code | 5/23/2012 Date

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

For Clerk of Court Office Use Only

This judgment was entered on 23rd day of May 2012, and a copy mailed first class or placed in the appropriate attorney's box on 23rd day of May 2012, to attorneys of record or to parties (when appearing pro se) as follows:

Howell Vaught Bellamy III PO BOX 357 1000 29th Ave North Myrtle Beach, SC 29578
Howell V Bellamy Jr Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578
Jeffrey Wayne King Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578

ATTORNEY(S) FOR THE PLAINTIFF(S)

Kimberley Elizabeth Campbell Patrick & Stathos LLC P.O. Box 15669 Surfside Beach, SC 29587
David J. Mills McNair Law Firm, PA P.O. Box 1469 Pawleys Island, SC 29585
Leigh Taylor Powers Boan McNair Law Firm, PA P.O. Drawer 1469 Pawleys Island, SC 29585

ATTORNEY(S) FOR THE DEFENDANT(S)

Linda Dean, Deputy

Alma Y. White - Clerk of Court

Court Reporter ***Henry Young***

CPFORM4M
SCCA SCRCP Form 4C (Revised 12/2011)

STATE OF SOUTH CAROLINA
COUNTY OF GEORGETOWN

IN THE ☒ COURT OF COMMON PLEAS
☐ FAMILY COURT

Richard Fisher, et al.,
☒ Plaintiffs

v.

Shipyard Village Council of Co-Owners, Inc.,
☐ Defendants
check box above indicating submitting party

CASE NO.
2009-CP-26-01655

MOTION INFORMATION FORM
AND COVER SHEET

name, S.C. Bar no. and address of plaintiff's attorney	name, S.C. Bar no. and address of Defendant's attorney
Howell V. Bellamy, III, Esquire Bellamy Rutenberg Copeland Epps Gravely & Bowers, PA Post Office Box 357 Myrtle Beach, SC 29578 telephone: (843) 448-2400 fax: e-mail: other:	David J. Mills Leigh Powers Boan McNair Law Firm, P.A. Post Office Box 1469 Pawleys Island, SC 29585 telephone: (843) 546-6102 fax: (843) 546-0096 e-mail: dmills@mcnair.net other:

☐ MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III)
☒ FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III)

SECTION I: Hearing Information

Nature of Motion: Consent Order to Consolidate
Estimated Time Needed: Court Reporter Needed: YES / NO (circle one)

SECTION II: Motion Type

☒ Written motion attached
☐ Form Motion –
I hereby move for relief or action by the court as set forth in the attached proposed order.

Signature of Attorney for Defendant

5/24/10
Date submitted

FILED
GEORGETOWN COUNTY, S.C.
2010 MAY 24 PM 4:47
CLERK OF COURT

SECTION III: Motion Fee

☒ PAID – AMOUNT $25.00
☐ EXEMPT: (check reason)
- ☐ Rule to Show Cause in Child or Spousal Support
- ☐ Domestic Abuse or Abuse and Neglect
- ☐ Indigent Status ☐ State Agency v. Indigent Party
- ☐ Sexually Violent Predator Act ☐ Post-Conviction Relief
- ☐ Motion for Stay in Bankruptcy
- ☐ Motion for Publication ☐ Motion for Execution (Rule 69, SCRCP)
- ☐ Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions
  Name of Court Reporter:
- ☐ Other:

JUDGE'S SECTION

☐ Motion Fee to be paid upon filing of the attached order.
☐ Other:

JUDGE

CODE: Date:

CLERK'S VERIFICATION

Collected by: L Dawson
(print name)

☐ MOTION FEE COLLECTED: 250
☐ CONTESTED – AMOUNT DUE:

DATE FILED
3/24/2010

SCCA/233 (1/20003)

STATE OF SOUTH CAROLINA)
)
COUNTY OF GEORGETOWN)

IN THE COURT OF COMMON PLEAS
FOR THE FIFTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO.: 2009-CP-22-0152

Richard Fisher, Platte B. Moring, Jr., Marianne G. Kochanski, and Jim H. Markley, on Behalf of All Persons Similarly Situated Who Owned Units in Buildings C&D of the Shipyard Village Property Regime,

Plaintiffs,

vs.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

CONSENT ORDER TO CONSOLIDATE

Richard A. Fisher, Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust dated March 13, 2001; Marianne Kochanski, and Jim H. Markley, III, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Own Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright, H. Allen Wright, Joyce Y. Wright and Carolyn L. Wright; Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC, a South Carolina Limited Liability Company; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Enrico S. Piraino and Giusto Piraino; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Brenda E.

CIVIL ACTION NO.: 2009-CP-22-01655

FILED
GEORGETOWN COUNTY, S.C.
2010 MAY 24 PM 12:28
ALHA T. WHITE
CLERK OF COURT

1
BHC

Fisher and Joseph R. Canning and)
Kathleen B. Canning; James D.)
Reynolds, Jr.; Fuller Family, LLC;)
Richard T. White and Rory L. White;)
Propst and Dawson, LLC; Litchfield)
Quarters, LLC, and Larry O. Snider and)
Paula D. Snider; William C. Hammond,)
Jr., Living Trust and the Shawn S.)
Hammond Living Trust; GAB IV, LLC, a)
Virginia Limited Liability Company;)
Robert C. McBride and Susan R.)
McBride, Trustees of the Robert C.)
McBride Family Trust u/d/t July 24, 2008)
and Susan R. McBride and Robert C.)
McBride, Trustees of the Susan R.)
McBride Family Trust u/d/t July 24,)
2008; Evelyn J. Valuska; Barbara W.)
Beymer; Montrose Associates, LLC;)
Harry L. Belk and Jan C. Belk; Dennis)
E. Barrett and Wilma J. Barrett; First)
Family Properties, Inc., Cynthia L.)
Jones, Sandra D. Huggins and)
Margaret S. Dover, Thomas Franklin)
Huggins, Frank S. Krouse and Barbara)
T. Krouse, Judith W. Mill, William Mill)
and Susan Mill, Gene R. Riley and)
Patricia C. Riley, Harold LeMaster and)
Patti LeMaster; Joseph P. Heaton and)
Frances H. Heaton; Robert N. Kelly;)
H.S. Keeter and Sandra C. Keeter;)
Linda A. Mendicino; Captains Quarters)
D-24 Association of Owners, Inc.,)
Michael H. Sanders and Rebecca H.)
Sanders, Ruth Gray Wheliss, David B.)
Shivell and Nicki M. Shivell, Debra B.)
Leeke, Joseph Alan Capobianco and)
Lara Serro, Sharon Gibson Daniel, Gary)
C. Andes and Andrea W. Andes, Jay)
Hendler and Laura Hendler, Joy P.)
McConnell, Charles W. Fortner, Judith)
C. Woodson, Warren W. Riggs and)
Charles G. Martin, Riggs Ventures, LLC)
and SGS Beach Partners, LLC; Morgan)
J. Mann and Angela M. Mann; Michael)
Cameron Foster, Sr. and Laura Lee)
Foster; Captains Quarters Unit D-31)

2

BKE

Association of Multiple Ownerships, Inc., Evelyn Gail Earnest, Francis G. Thomson and Arleen S. Thomson, Robert W. Dalton, Red Oak Limited Partnership, William R. McKeown and Margaret A. McKeown, Norman K. Moon and Barbara W. Moon, David T. McGill and Carol G. McGill, Rick L. Bledsoe and Susan H. Bledsoe, Geoffrey A. Wienke and Pamela L. Wienke, A. Donald Ross, III and Nancy Kay Ross, Dennis J. Straw and Roxanne B. Straw, and Resort Investments of Litchfield, LLC; Georgia M. Pruitt and Howard M. Pruitt, Jr.; Jean T. Blaylock; William C. Covington, Jr. and Donna C. Covington; Litchfield Captain's Quarters, LLC; James A. Schubert and Laraine C. Schubert; Daniel P. Duvall and Mary Lynn Duvall; Victor A. Medina and Melinda Leigh Medina; Judy P. Hamer; Boyce F. Miller and Carole L. Miller, Raymond A. Shingler and Louise O. Shingler, Paul Larry Barnette and Carol Jane Barnette, James R. Walker and Erika T. Walker, Kathy W. Underwood, Andrew J. Wingo, Jr. and Susan A. Wingo, Melanie S. Franklin, Lois E. Cooley, Trustee of the Lois E. Cooley Living Trust, B. Lee Smith and Margaret H. Smith, Jason A. Underwood and Camilla J. Wilson; Stewart South, LLC; Quarter South, LLC; Steven H. Frame and Kay B. Frame,

Plaintiffs,

vs.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

3

IT APPEARING upon motion of the undersigned attorneys, those attorneys being counsel for all parties in the above referenced civil actions, that the above referenced matters involve a single Horizontal Property Regime; involve overlapping questions of law and fact; involve similar parties; and are related to the same real property. As such, there are common questions of law and fact in both civil actions. Therefore, consolidation of the above referenced civil actions would promote judicial economy.

IT IS HEREBY ORDERED that the above actions be consolidated under Civil Action Number 2009-CP-22-01655 pursuant to Rule 42(a), South Carolina Rules of Civil Procedure, and

IT IS SO ORDERED.

Presiding Judge Fifteenth Judicial Circuit

Dated: May 24, 2010
Georgetown, South Carolina

WE SO MOVE:

David J. Mills
Leigh Powers Boan
MCNAIR LAW FIRM, P.A.
Post Office Box 1469
Pawleys Island, SC 29585
843-546-6102
Attorneys for Shipyard Village Council of Co-Owners, Inc.'

Dated: 5/20/10

WE SO CONSENT:

Howell V. Bellamy, III, Esquire
Jeffrey W. King, Esquire
Howell V. Bellamy, Jr., Esquire
Bellamy Gutenberg Copeland
Epps Gravely & Bowers, P.A.
1000 29th Avenue North

Attorneys for ~~Defendants~~ Plaintiffs

Dated: 5-21-2010

5

STATE OF SOUTH CAROLINA)
)
COUNTY OF GEORGETOWN)

IN THE COURT OF COMMON PLEAS
FOR THE FIFTEENTH JUDICIAL CIRCUIT

CIVIL ACTION NO.: 2009-CP-22-01655

Richard A. Fisher, Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust dated March 13, 2001; Marianne Kochanski, and Jim H. Markley, III, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Own Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright, H. Allen Wright, Joyce Y. Wright and Carolyn L. Wright; Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC, a South Carolina Limited Liability Company; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Enrico S. Piraino and Giusto Piraino; Otis T. Harris and Rose C. Harrison; James E. Newman, Jr.; Brenda E. Fisher and Joseph R. Canning and Kathleen B. Canning; James D. Reynolds, Jr.; Fuller Family, LLC; Richard T. White and Rory L. White; Propst and Dawson, LLC, and Larry O. Snider and Paula D. Snider; William C. Hammond, Jr., Living Trust and the Shawn S. Hammond Living Trust; GAB IV, LLC, a Virginia Limited Liability Company; Robert C. McBride and Susan R. McBride, Trustees of the Robert C. McBride Family Trust u/d/t July 24, 2008 and

FILED
GEORGETOWN COUNTY, S.C.
2012 NOV -1 AM 10:30
ALICIA Y. WHITE
CLERK OF COURT

ORDER OF SUBSTITUTION OF COUNSEL

Susan R. McBride and Robert C. McBride, Trustees of the Susan R. McBride Family Trust u/d/t July 24, 2008; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC; Harry L. Belk and Jan C. Belk; Dennis E. Barrett and Wilma J. Barrett; First Family Properties, Inc., Cynthia L. Jones, Sandra D. Huggins and Margaret S. Dover, Thomas Franklin Huggins, Frank S. Krouse and Barbara T. Krouse, Judith W. Mill, William Mill and Susan Mill, Gene R. Riley and Patricia C. Riley, Harold LeMaster and Pattie LeMaster, Joseph P. Heaton and Francis H. Heaton; Robert N. Kelly; H.S. Keeter and Sandra C. Keeter; Brian R. Nisbet Trust Agreement dated November 16, 1998 and Mary M. Nisbet, Trustee of the Mary M. Nisbet Trust Agreement dated November 16, 1998; Dorothy Jean Foster; Captains Quarters D-24 Association of Owners, Inc., Michael H. Sanders and Rebecca H. Sanders, Ruth Gray Wheliss, David B. Shivell and Nicki M. Shivell, Debra B. Leeke, Joseph Alan Capobianco and Lara Serro, Sharon Gibson Daniel, Gary C. Andes and Andrea W. Andes, Jay Hendler and Laura Hendler, Joy P. McConnell, Charles W. Fortner, Judith C. Woodson, Warren W. Riggs and Charles G. Martin, Riggs Ventures, LLC and SGS Beach Partners, LLC; Morgan J. Mann and Angela M. Mann; Michael Cameron Foster, Sr. and Laura Lee Foster; Captains Quarters Unit D-31 Association of Multiple Ownerships, Inc., Evelyn Gail Earnest, Francis G. Thomson and Arlene S. Thomson, Robert W. Dalton, Red Oak Limited Partnership, William R. McKeown and

Margaret A. McKeown, Norman K. Moon and Barbara W. Moon, David T. McGill and Carol G. McGill, Rick L. Bledsoe and Susan H. Bledsoe, Geoffrey A. Wienke and Pamela L. Wienke, A. Donald Ross, III and Nancy Kay Ross, Dennis J. Straw, and Resort Investments of Litchfield, LLC; Georgia M. Pruitt and Howard M. Pruitt, Jr.; Jean T. Blaylock; William C. Covington, Jr. and Donna C. Covington; Litchfield Captain's Quarters, LLC; James A. Schubert and Laraine C. Schubert; Daniel P. Duvall and Mary Lynn Duvall; Victor A. Medina and Melinda Leigh Medina; Judy P. Hamer; Boyce F. Miller and Carole L. Miller, Raymond A. Shingler and Louise O. Shingler, Paul Larry Barnette and Carol Jane Barnette, James R. Walker and Erika T. Walker, Kathy W. Underwood, Andrew J. Wingo, Jr. and Susan A. Wingo, Melanie S. Franklin, Lois E. Cooley, Trustee of the Lois E. Cooley Living Trust, B. Lee Smith and Margaret H. Smith, Jason A. Underwood and Camilla J. Wilson; Stewart South, LLC; Quarter South, LLC; Steven H. Frame and Kay B. Frame,	)
Plaintiffs,	)
vs.	)
Shipyard Village Council of Co-Owners, Inc.,	)
Defendant.	)

IT APPEARING THAT Defendant, Shipyard Village Council of Co-Owners, Inc. requests the substitution of its counsel in the above-captioned case, and David J. Mills and Leigh P. Boan,

the attorneys of record, as well as substitute counsel, R. Wayne Byrd and Audra M. Byrd, consent to the same, IT IS

ORDERED that David J. Mills and Leigh P. Boan of McNair Law Firm, P.A. be deleted as attorneys of record for Defendant, and that R. Wayne Byrd and Audra M. Byrd of Turner Padget Graham & Laney P.A. be substituted in their stead.

AND IT IS SO ORDERED.

THE HONORABLE LARRY B. HYMAN, JR.
FIFTEENTH JUDICIAL CIRCUIT

Dated this 1 day of Nov, 2012

I CONSENT:

Leigh P. Boan, Esquire

I CONSENT:

Audra M. Byrd, Esquire

Shipyard Village Council of Co-Owners, Inc.

By:

Its Board President

TPGL 4659924v1

STATE OF SOUTH CAROLINA)
)
COUNTY OF GEORGETOWN)

Richard A. Fisher et al,

Plaintiffs,

vs.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

IN THE COURT OF COMMON PLEAS
FOR THE FIFTEENTH JUDICIAL CIRCUIT

CIVIL ACTION NO.: 2009-CP-22-01655

CERTIFICATE OF SERVICE

FILED
GEORGETOWN COUNTY, S.C.
2012 NOV -1 AM 10:30
ALMA Y. WHITE
CLERK OF COURT

I hereby certify on that on this 10th day of September, 2012, the foregoing **ORDER OF SUBSTITUTION OF COUNSEL** has been served upon counsel of record by depositing a true and accurate copy of it in the United States mail, postage prepaid and properly addressed as follows:

Howell V. Bellamy, Jr., Esquire
Howell V. Bellamy, III, Esquire
The Bellamy Law Firm
Post Office Box 357
Myrtle Beach, SC 29578

Leigh P. Boan, Esquire
David J. Mills, Esquire
The McNair Law Firm, PA
Post Office Box 1469
Pawleys Island, SC 29585

Audra M. Byrd
Audra M. Byrd

STATE OF SOUTH CAROLINA)
)
COUNTY OF RICHARD FISHER, PLATTE B. MORING, JR., MARIANNE G. KOCHANSKI, AND JIM H. MARKLEY, ON BEHALF OF ALL PERSONS SITUATED WHO OWNED UNITS IN BUILDINGS C & D OF THE SHIPYARD VILLAGE PROPERTY REGIME)
)
Plaintiff(s))
)
vs.)
)
SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.)
Defendant(s))

IN THE COURT OF COMMON PLEAS

CIVIL ACTION COVERSHEET

~~2008~~ CP - 22-00152
2009

FILED
GEORGETOWN COUNTY, S.C.
2009 JAN 29 AM 11:53
CLERK OF COURT

(Please Print)
Submitted By: Howell V. Bellamy, III
Address: Bellamy Law Firm
1000 29th Ave. N.
Myrtle Beach, S. C. 29577

SC Bar #: 66575
Telephone #: 843-282-5393
Fax #: 843-448-3022
Other:
E-mail: lhearl@bellamylaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for the use of the Clerk of Court for the purpose of docketing. It must be filled out completely, signed, and dated. A copy of this cover sheet must be served on the defendant(s) along with the Summons and Complaint.

DOCKETING INFORMATION (*Check all that apply*)

***If Action is Judgment/Settlement do not complete*

☒ JURY TRIAL demanded in complaint. ☐ NON-JURY TRIAL demanded in complaint.
☐ This case is subject to ARBITRATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☒ This case is subject to MEDIATION pursuant to the Court Annexed Alternative Dispute Resolution Rules.
☐ This case is exempt from ADR. (Proof of ADR/Exemption Attached)

NATURE OF ACTION (*Check One Box Below*)

Contracts	Torts - Professional Malpractice	Torts – Personal Injury	Real Property
☒ Constructions (100)	☐ Dental Malpractice (200)	☐ Assault/Slander/Libel (300)	☐ Claim & Delivery (400)
☐ Debt Collection (110)	☐ Legal Malpractice (210)	☐ Conversion (310)	☐ Condemnation (410)
☐ Employment (120)	☐ Medical Malpractice (220)	☐ Motor Vehicle Accident (320)	☐ Foreclosure (420)
☐ General (130)	☐ Notice/ File Med Mal (230)	☐ Premises Liability (330)	☐ Mechanic's Lien (430)
☒ Breach of Contract (140)	☐ Other (299)	☐ Products Liability (340)	☐ Partition (440)
☐ Other (199)		☐ Personal Injury (350)	☐ Possession (450)

Special/Complex /Other

- ☐ Environmental (600)
- ☐ Automobile Arb. (610)
- ☐ Medical (620)
- ☐ Other (699)
- ☐ Pharmaceuticals (630)
- ☐ Unfair Trade Practices (640)
- ☐ Out-of State Depositions (650)
- ☐ Sexual Predator (510)
- ☐ Public Service Commission (990)
- ☐ Employment Security Comm (991)
- ☐ Other (999)

Submitting Party Signature: Howell V. Bellamy, III **Date:** 1-28-2009

Note: Frivolous civil proceedings may be subject to sanctions pursuant to SCRCP, Rule 11, and the South Carolina Frivolous Civil Proceedings Sanctions Act, S.C. Code Ann. §15-36-10 et. seq.

FOR MANDATED ADR COUNTIES ONLY

Allendale, Anderson, Beaufort, Colleton, Florence, Greenville, Hampton, Horry, Jasper, Lexington, Pickens (Family Court Only), and Richland

SUPREME COURT RULES REQUIRE THE SUBMISSION OF ALL CIVIL CASES TO AN ALTERNATIVE DISPUTE RESOLUTION PROCESS, UNLESS OTHERWISE EXEMPT.

You are required to take the following action(s):

1. The parties shall select a neutral and file a "Proof of ADR" form on or by the 210th day of the filing of this action. If the parties have not selected a neutral within 210 days, the Clerk of Court shall then appoint a primary and secondary mediator from the current roster on a rotating basis from among those mediators agreeing to accept cases in the county in which the action has been filed.

2. The initial ADR conference must be held within 300 days after the filing of the action.

3. Pre-suit medical malpractice mediations required by S.C. Code §15-79-125 shall be held not later than 120 days after all defendants are served with the "Notice of Intent to File Suit" or as the court directs. (Medical malpractice mediation is mandatory statewide.)

4. Cases are exempt from ADR only upon the following grounds:

    a. Special proceeding, or actions seeking extraordinary relief such as mandamus, habeas corpus, or prohibition;

    b. Requests for temporary relief;

    c. Appeals

    d. Post Conviction relief matters;

    e. Contempt of Court proceedings;

    f. Forfeiture proceedings brought by governmental entities;

    g. Mortgage foreclosures; and

    h. Cases that have been previously subjected to an ADR conference, unless otherwise required by Rule 3 or by statute.

5. In cases not subject to ADR, the Chief Judge for Administrative Purposes, upon the motion of the court or of any party, may order a case to mediation.

6. Motion of a party to be exempt from payment of neutral fees due to indigency should be filed with the Court within ten (10) days after the ADR conference has been concluded.

STATE OF SOUTH CAROLINA COUNTY OF HORRY Richard Fisher, Platte B. Moring, Jr. Marianne G. Kochanski, and Jim H. Markley, on Behalf of All Persons Situated Who Owned Units in Buildings C & D of the Shipyard Village Property Regime Plaintiffs, vs. Shipyard Village Council of Co-Owners, Inc. Defendant.	IN THE COURT OF COMMON PLEAS FIFTEENTH JUDICIAL CIRCUIT CIVIL ACTION No.: 2009-CP-22-00152 SUMMONS

FILED
GEORGETOWN COUNTY, S.C.
2009 JAN 29 AM 11:53
ALICIA C. WHITE
CLERK OF COURT

TO THE DEFENDANT(S) ABOVE NAMED:

YOU ARE HEREBY SUMMONED and required to answer the Complaint in this action, of which a copy is herewith served upon you, and to serve a copy of your answer to the said Complaint on the subscribers at their office at 1000 29TH Ave. N., Myrtle Beach, S.C. 29577 and to file your answer with the Clerk of Court for Horry County, all within thirty (30) days after the service hereof; exclusive of the day of such service; and if you fail to answer the Complaint within the time aforesaid, the Plaintiff in this action will apply to the Court for judgment by default for the relief demanded in the Complaint and a judgment will be rendered against you.

BELLAMY, RUTENBERG, COPELAND,
EPPS, GRAVELY & BOWERS, P.A.
Attorneys for the Plaintiffs

Howell V. Bellamy, III

Howell V. Bellamy, III
1000 29th Ave. N.
Myrtle Beach, S. C. 29577

Myrtle Beach, South Carolina
January 28, 2009

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FIFTEENTH JUDICIAL CIRCUIT
COUNTY OF GEORGETOWN)	CIVIL ACTION No.: 2009-CP-22-00152
)	
)	
Richard Fisher, Platte B. Moring, Jr.)	
Marianne G. Kochanski, and Jim H.)	
Markley, on Behalf of All Persons)	
Situated Who Owned Units in)	
Buildings C & D of the Shipyard)	
Village Property Regime)	
)	
Plaintiffs,)	
)	
vs.)	COMPLAINT
)	
Shipyard Village Council of Co-Owners,)	
Inc.)	
)	
Defendant.)	

FILED
GEORGETOWN COUNTY, S.C.
2009 JAN 29 AM 11:53
ALICE K. RHETT
CLERK OF COURT

The Plaintiffs, by and through their attorney, Howell V. Bellamy, III, complaining of the Defendant Shipyard Village Council of Co-owners, Inc., ("Council of Co-owners") would respectfully show unto this Honorable Court:

JURISDICTION AND VENUE

1. Plaintiff ***Richard Fisher ("Fisher")***, is the owner of fee simple title to ***Condominium Unit No. C-35***, in ***Condominium Building "C,"*** located at Litchfield by the Sea Beach House, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

2. Plaintiff ***Marianne G. Kochanski ("Kochanski ")***, is the owner of fee simple title to ***Condominium Unit No. D-45***, in ***Condominium Building "D,"*** located at Litchfield by the Sea Beach House, in the Town of Pawleys Island, County of Georgetown, State of

South Carolina.

3. Plaintiff ***Platt B. Moving ("Moving")***, is the owner of fee simple title to ***Condominium Unit No. C-46,*** in ***Condominium Building "C,"*** located at Lichfield by the Sea Beach House, in the Town of Parleys Island, County of Georgetown, State of South Carolina.

4. Plaintiff ***Jim H. Morkley ("Morley")***, is the owner of fee simple title to ***Condominium Unit No. C-25,*** in ***Condominium Building "C,"*** located at Lichfield by the Sea Beach House, in the Town of Parleys Island, County of Georgetown, State of South Carolina.

5. Defendant ***Shipyard Village Council of Co-owners, Inc. ("Council of Co-Owners")***, is now, and was at all times mentioned, an incorporated legal entity organized and existing under the Laws of the State of South Carolina pursuant to the South Carolina Horizontal Property Act under S. C. Code Ann. § 27-31-10 to 440 (1991 & supp. 2001); the Defendant is now, and was at all times mentioned, responsible for the management of the condominium project commonly known as Shipyard Village Horizontal Property Regime (Shipyard Village HPR").

6. The property which is the subject of this matter is located in Georgetown County, State of South Carolina, and is more particularly described as follows:

A. **Phase I of Shipyard Village containing Condo Buildings "A" and "B":**

ALL THAT PIECE, PARCEL OR TRACT OF LAND known as Phase I situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Lichfield Company, Inc. to Lichfield-by-the-Sea, joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled

Phases I, II, III, IV and Driveways of Shipyard Village a part of Lichfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at Page 25 as follows:

"Building A:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A;" thence with the line of Phase II S. 62–13 E. 101.6 feet to the point of beginning; thence S. 00–46 W. 172.8 feet to point; thence S. 81–40 E. 288.5 feet to a point on the Atlantic Ocean and the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31–35 E. 111 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 37–16 W. 260 feet to a point; thence N. 78–14 W. 44.2 feet to a point; thence S. 60–46 W. 147 feet to a point; thence with the line of "Driveway A" S. 27–07 W. 27 feet to the point of beginning.

"Building B:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway B;" thence N. 85–33 E. 81.2 feet to a point; thence S. 58–57 E. 175.9 feet to a point, the point of beginning; thence S. 00–46 W. 171.5 feet to a point; thence S. 81–59 E. 279.3 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31–35 E. 112 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 36–29 W. 282.5 feet to a point; thence S. 60–46 W. 174.3 feet to a point; thence along the line of "Driveway B" S. 27–57 W. 30 feet to a point, the point of beginning.

B. **Phase I of Shipyard Village containing Condo Buildings "C" and "D":**

ALL THAT PIECE, PARCEL OR TRACT OF LAND, situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a

tract conveyed by Fairlane/Lichfield Company, Inc. to Lichfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Lichfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25 as follows: Beginning on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A", South Dunes Drive being a private road leading from U.S. Highway #17 and running thence with the line of "Driveway A" S. 62–13 E. 101.6 feet to a point; thence with the line of Phase I (Building A) S. 00–46 W. 172.8 feet to a point; thence N. 83–39 W. 90 feet to a point; thence S. 30–46 W. 136.2 feet to a point in the line with Phase III; thence S. 34–49 E. 90 feet to a point; thence S. 60–46 W. 174.3 feet to a point; thence with the line of "Driveway B" N. 55–04 W. 148.6 feet to a point; thence N. 30–49 W. 140 feet to a point on the Southeastern side of South Dunes Drive; thence with the Southern side of South Dunes Drive the following: N. 35–45 E. 81.8 feet, N. 50–46 E. 165.1 feet, N. 59–44 E. 219.7 feet to a point, the point of beginning.

A *true copy of Deed is attached to this complaint, marked Exhibit "A," and incorporated by reference.*

7. Venue is proper in Georgetown County.

8. Based upon the foregoing, this Court has subject matter and personal jurisdiction over the above-named parties hereto.

BACKGROUND FACTS

9. The Declaration of Restrictive Covenants, Easements, Conditions and Limitations of Shipyard Village Property Regime (hereinafter "the Master Deed"), was recorded in the

records of Georgetown County on July 9, 1982, in Deed Book 201 at Page 880. A true copy of the Master Deed is attached to this complaint, marked **Exhibit *"A,"*** and incorporated by reference.

10. Shipyard Village HPR's Master Deed has been amended by filing the First Amendment in the Register of Deeds for Georgetown County in Deed Book 891 at Page 001 (said First Amendment was re-recorded in Deed Book 907 at Page 127 and re-recorded in Deed Book 942 at Page 001), and by filing the Second Amendment in the Register of Deeds for Georgetown County in Deed Book 910 at page 25 (said Second Amendment was re-recorded in Deed Book 942 at Page 46).

11. On April 15, 2006, at the Twenty Fourth Annual Members' Meeting of the Shipyard Village Council of Co-owners, at the Lichfield by the Sea Beach House, Parleys Island, South Carolina, Defendant Council of Co-owners, by and through its agents, employees, and representatives, held a vote in person and/or by proxy of the Unit Co-owners, which failed to pass the proposed amendment to Shipyard Village's Master Deed and Exhibits (making the unit windows the responsibility of Shipyard Village HPR instead of the Unit Co-owners).

A true copy of the minutes for the Annual Members' Meeting of the Shipyard Village Council of Co-Owners is attached to this complaint, marked Exhibit "B," and incorporated by reference.

12. On April 24, 2006, Defendant Council of Co-owners, by and through its agents, employees, and representatives, sent out letters to all Unit Co-owners informing them that the proposed amendment to Shipyard Village's Master Deed and Exhibits failed to pass.

13. Defendant's letter dated April 24, 2006, also, provided in pertinent part the following:

Please note that the amendment to the master deed did not pass [at the Twenty

Fourth Annual Members' Meeting of the Shipyard Village Council of Co-Owners on April 15, 2006]. There were 63.59% in favor of the amendment and 8.35% opposed. Unfortunately, 28-29% (approximately 38-39 units) did not vote on this matter which affects every owner. The Shipyard Village Master Deed cannot be amended unless 66.66% vote in favor of the amendment. You will note in the minutes of the meeting that a motion was made towards the end of the meeting to leave the vote on the amendment open for 30 days, in order to allow those owners who did not vote, to vote. In subsequent discussions with the attorney for Shipyard Village, the Board was advised that it is questionable whether the vote on the amendment can be "left open."

While the Board is confident that the majority of the owners are in favor of the amendment, the Board has decided not to follow any "questionable" procedures regarding this. Thus, the Board has decided to start the amendment process over. The Board believes this amendment is in the best interest of the owners and the community as a whole, and obviously, based on the first vote, so do a majority of the owners.

Enclosed please find a NEW PROXY CARD for the amendment vote. Please take a minute NOW to fill this out and drop it in the mail or fax it to the Management Office at 843-357-9890. The deadline for returning the proxy is May 26, 2006.

A true copy of a letter dated April 24, 2006 of the Shipyard Village Council of Co-Owners is attached to this complaint, marked Exhibit "C," and incorporated by reference.

14. On July 6, 2006, Defendant Council of Co-owners, by and through its agents, employees, and representatives, sent out letters to all Unit Co-owners that the proposed amendment to Shipyard Village's Master Deed and Exhibits had passed (making the windows of the units the responsibility of Shipyard Village HPR instead of the Unit co-owners), allegedly, by the affirmative vote of the Co-owners of two-Thirds (2/3) of the total interest in the Common Elements.

A true copy of a letter dated July 6, 2006, from the Shipyard Village Council of Co-Owners is attached to this complaint, marked Exhibit "D," and incorporated by reference.

15. On September 26, 2006, the amendment to Shipyard Village's Master Deed and Exhibits

was prepared and recorded by the Defendant Council of Co-owners, by and through its agents, employees, and representatives, in the Register of Deeds for Georgetown County in Deed Book 235 at Page 5.

16. Third Amendment to Shipyard Village's Master Deed and Exhibits for Shipyard Village HPR provides as follows:

> **NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS** that the Master Deed for Shipyard Village Horizontal Property Regime is amended as follows:
>
> The following language is hereby deleted from Article III, Section 3.6(c):
>
> > **(ii) the window glasses, screens, frames and casings which are part of the window openings of the Unit;**
>
> The following language is hereby deleted from Article II, Section 5(c) of the First and Second Amendments to the Master Deed:
>
> > **(iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit;**
>
> The following sentence is hereby added to the end of Article III, Section 3.7(b) of the Master Deed:
>
> > **The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings.**
>
> The First and Second Amendments to the Master Deed are hereby amended so that the final two sentences of Article III, Section 2 of those amendments read as follows:
>
> > **The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.**

A true copy of the Third Amendment to the Master Deed and Exhibits for Shipyard Village HRP is attached to this complaint, marked Exhibit "E," and incorporated by reference.

FOR A FIRST CAUSE OF ACTION
(Breach of the Master Deed's Covenants and Restrictions)

17. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

18. Plaintiffs assert the Defendant Council of Co-owners, by and through its agents, employees, and representatives, failed to comply with Section 14.1, Article XIV of the Master Deed, and Sections 1.3, 1.4, 1.7, 1.8, and 1.10 of the By-Laws of Shipyard Village Property Regime, and therefore adopted an invalid amendment to Shipyard Village's Master Deed.

19. Article XIV, Section 14.1, AMENDMENTS, of the Master Deed, provides:

> This Master Deed and all Exhibits incorporated by reference herein, including the By-Laws, may be amended from time to time by resolution adopted by the affirmative vote of the Co-owners of two-Thirds (2/3) of the total interest in the Common Elements subject to the following conditions: **No amendment by the Co-owners shall be in violation of the Act and no amendment shall alter the dimensions of a Unit or the Percentage Interest in the Common Elements appurtenant thereto without the consent of the Co-owners of such Unit.**

20. Article I, Section 1.1. COUNCIL OF CO-OWNERS, of the Bylaws, attached as ***Exhibit F*** to the Master Deed, provides in pertinent part as follows:

> **Section 1.3. VOTING.** A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article VII and ***Exhibit C and D*** of the Master Deed. Holders of fifty-one (51%) percent or more of the value of the Regime Property as a whole must vote affirmatively to adopt any matter before the council. **Votes can be cast only at meetings of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof.** When any Unit is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners in partnership or any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Council prior to the exercise of a vote by joint owners. All votes appurtenant to a single Unit must be cast

together and may not be split;

Section 1.4. PROXIES. **Each Co-owner entitled to vote may vote in person or by proxy at any meetings of the Council.** Each proxy shall be executed in writing by the Co-owner or by his duly authorized attorney-in-fact, dated as of its execution and shall be filed with the Secretary of the Council. **No proxy shall confer authority to vote at any meeting other than the next meeting,** or adjournment thereof, held after the date on which the proxy was executed;

Section 1.7. SPECIAL MEETINGS. Special meetings of the Council may be called at any time by the President of the Council or by a majority of the Board of Directors and shall be called upon the written request of Co-owners owning a majority of the value of the Regime Property. **Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-owners entitled to vote waive notice of any additional business.**

Section 1.8. NOTICE OF MEETINGS. Written notice of every annual or special meeting of the Council stating the time, dated and place of the meeting and, in the case of a special meeting, the business proposed to be transacted, shall be given to every Co-owner entitled to vote not fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Written notice given to the association or managing entity created pursuant to Vacation Time Sharing Plans shall constitute written notice hereunder to all of the Co-owners of Time Sharing Units within the Regime. **Failure to give proper notice of a meeting of the Co-owners shall not invalidate any action taken at such meeting unless (1) a Co-owner entitled to vote who is present but was not given proper notice objects at such meeting, in which case the matter to which such Co-owner objects shall not be taken up, or (2) a Co-owner entitled to vote who is not present and was not given proper notice within thirty (30) days following such meeting, in which case the action to which such Co-owner objects shall be void.**

21. Defendant Council of Co-owners, by and through its agents, employees, and representatives, breached and violated the provisions of Shipyard Village's Master Deed and Exhibits in one or more of the following particulars, to wit:

a. **In improperly voting on an amendment to Shipyard Village's Master Deed and Exhibits in violation of the Horizontal Property Act of South Carolina, chapter 31, Title 27, of the Code of Laws of South Carolina, 1976, as amended;**

b. **In improperly enacting an amendment to the Master Deed and Exhibits altering the dimensions of each Unit or its Percentage**

Interest in the Common Elements appurtenant thereto without obtaining the consent of the Co-owners of such Unit;

c. **In improperly voting on an amendment to the Master Deed and Exhibits without scheduling a special meeting of the Co-owners to cast their votes in person or by proxy, and thereby being in violation of Article I, Sections 1.3, and 1.4, of the By-laws;**

d. **In failing to provide proper and timely notice to all Unit Co-owners that a special meeting was going to be held at certain time, date, and place for the purpose of amending the Master Deed and Exhibits, and thereby being in violation of Article I, Sections 1.7, and 1.8, of the By-laws;**

e. **In failing to adopt the proposed amendment to the Master Deed and Exhibits (dated September 26, 2006, and recorded in the Register of Deeds for Georgetown County in Deed Book 235 at page 5) pursuant to Article XIV, section 14.1; and**

f. **In acting unreasonably in other such ways as may be revealed during the discovery and as shown at the trial of this action.**

22. On June 9, 2008, Plaintiffs Attorney notified Defendant Council of Co-Owners, by and through its agents, employees, and representatives, that the adoption of the Third Amendment to Shipyard Village's Master Deed and Exhibits is invalid. As such, Plaintiffs' Attorney requested the Defendant to rescind the Amendment to the Master Deed. However, Defendant Council of Co-Owners has ignored Plaintiffs' request to rescind the Third Amendment to the Master Deed.

*A copy of Plaintiff's notification letter is attached as **Exhibit "G,"** and incorporated by reference.*

23. Plaintiffs will suffer great and irreparable damage if the Defendant Council of Co-owners, by and through its agents, employees, and representatives, are permitted to violate the provisions of Shipyard Village's Master Deed by adopting a invalid Amendment in violation of its aforementioned Articles, Sections, Subsections, and Exhibits..

24. Plaintiffs have no adequate remedy at law.

25. Plaintiffs are informed and believe that they are entitled to an Order of the Court setting aside and/or voiding the provisions of the amendment to Shipyard Village's Master Deed and Exhibits as follows:

a. The following language is hereby added to Article III, Section 3.6(c):

> **(ii) the window glasses, screens, frames and casings which are part of the window openings of the Unit;**

b. The following language is hereby added to Article II, Section 5(c) of the First and Second Amendments to the Master Deed:

> **(iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit;**

c. The following sentence is hereby deleted from the end of Article III, Section 3.7(b) of the Master Deed:

> **The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings.**

d. The First and Second Amendments to the Master Deed are hereby amended so that the final two sentences of Article III, Section 2 of those amendments are deleted as follows:

> **The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.**

FOR A SECOND CAUSE OF ACTION
(Injunctive Relief)

26. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

27. The Plaintiffs have been injured as a direct and proximate result of the Defendant Council of Co-owners, by and through its agents, employees, and representatives' intentional violation of the provisions of Shipyard Village's Master Deed and Exhibits.

28. Injunctive relief is necessary to remedy the past violations of the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, and prevent future injury to the Plaintiffs.

29. Plaintiffs have no accurate remedy at law for the above-described acts and omissions of the Defendant Council of Co-owners, by and through its agents, employees, and representatives, and Plaintiffs will suffer irreparable harm unless they obtain injunctive relief ordering rescission of the amendment to Shipyard Village's Master Deed, recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5, in violation of its aforementioned Articles, Sections, subsections, and Exhibits.

30. Plaintiffs seek an Order of the Court compelling the rescission of the amendment to Shipyard Village's Master Deed, recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5, in violation of thereof, and enjoining any future acts or omissions by the Defendant Council of Co-owners, by and through its agents, employees, and representatives, not in accordance with Shipyard Village's Articles, Sections and subsections, and Exhibits.

31. Plaintiffs seek an Order of the Court granting them the following injunctive relief from the Defendant, its agents, employees, and representatives, as set forth below:

    a. A permanent injunction enjoining and restraining the Defendant Council of Co-owners, its agents, employees, and representatives, from committing any future acts or omissions not in accordance with the provisions of Shipyard Village's Master Deed ane Exhibits, and in violation thereof; and

b. A mandatory injunction compelling the Defendant Council of Co-owners, its agents, employees, and representatives, to rescind all amendments to Shipyard Village's Master Deed in violation of thereof. Further, the Plaintiffs are informed and believe that they are entitled to an award of actual damages in an amount to be proven at trial; and, also, to an award of punitive damages based upon the Defendant's intentional and willful violation of the provisions of Master Deed.

FOR A THIRD CAUSE OF ACTION
(Declaratory Judgment)

32. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

33. This is an action for a declaratory judgment pursuant to the Uniform Declaratory Judgment Act of South Carolina, as set forth in §15-53-10 of the South Carolina Code of Laws, 1976, as amended, et seq., for the purpose of determining the rights, status or other legal relations between the parties arising under the deed, statute, and municipal ordinance in actual controversy in this action.

34. Section 15-53-30 provides:

> Any person interested under a deed, will, written contract or other writings constituting a contract or whose rights, status or other legal relations are affected by a statute, municipal ordinance, contract or franchise ***may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract or franchise and obtain a declaration of rights, status or other legal relations thereunder.*** (Emphasis added)

35. A justiciable controversy exists between the parties regarding their rights, status, and other legal relations based upon questions of construction, interpretation, and validity of the amendment to Shipyard Village's Master Deed and Exhibits as described above.

36 Plaintiffs do not have an adequate remedy at law.

37. Plaintiffs are informed and believe that they are entitled to a decree from the Court ordering the following relief:

a. Declaring the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, breached and violated the aforementioned provisions of Shipyard Village's Master Deed and Exhibits;

b. Declaring the amendment dated September 26, 2006, to Article III, Section 2 and 3.7(b) of Shipyard Village's Master Deed, and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5, is void;

c. Declaring the amendment to Article III, Section 2 and 3.7(b) of Shipyard Village's Master Deed, and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5, is invalid as a matter of law;

d. Declaring that the Third Amendment to Shipyard Village's Master Deed, recorded September 26, 2006, in the Office of the Clerk of Court for Georgetown County in Deed Book 235, at Page 5, is invalid as a matter of law;

e. Declaring the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, failed to provide proper and timely notice to all Unit Co-owners of a special meeting to be held at a certain time, place, and date for the purpose of amending Shipyard Village's Master Deed and Exhibits, and thereby being in violation of Article I, Sections 1.7, and 1.8, of the By-laws; and

f. Declaring the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, failed to adopt the amendment to Shipyard Village's Master Deed and Exhibits (dated September 26, 2006, and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5) pursuant to Article XIV, Section 14.1.

WHEREFORE, having fully set forth its Complaint, the Plaintiffs pray for the following relief:

1. For an Order of the Court finding the Defendant Council of Co-owners, by and through its agents, employees, and representatives, breached and violated the aforementioned provisions of Shipyard Village's Master Deed and Exhibits;

2. As to the ***First Cause of Action***, the Plaintiffs request an Order of the Court setting aside and/or voiding the provisions of the amendment to Shipyard Village's Master Deed and Exhibits as follows:

a. The following language is hereby added to Article III, Section 3.6(c):

(ii) the window glasses, screens, frames and casings which are part of the window openings of the Unit;

b. The following language is hereby added to Article II, Section 5(c) of the First and Second Amendments to the Master Deed:

(iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit;

c. The following sentence is hereby deleted from the end of Article III, Section 3.7(b) of the Master Deed:

The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings;

d. The First and Second Amendments to the Master Deed are hereby amended so that the final two sentences of Article III, Section 2 of those amendments are deleted as follows:

The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.

3. As to the *Second Cause of Action*, the Plaintiffs request an Order of the Court granting the following injunctive relief:

a. **A permanent injunction enjoining and restraining the Defendant Council of Co-owners, its agents, employees, and representatives, from committing any future acts or omissions not in accordance with the provisions of Shipyard Village's Master Deed ane Exhibits, and in violation thereof; and**

b. **A mandatory injunction compelling the Defendant Council of Co-owners, its agents, employees, and representatives, to rescind all amendments to Shipyard Village's Master Deed in violation of thereof. Further, the Plaintiffs are informed and believe that they are entitled to an award of actual damages in an amount to be proven at trial; and, also, to an award of**

punitive damages based upon the Defendant's intentional and willful violation of the provisions of the Master Deed.

4. As to the *Second Cause of Action*, the Plaintiffs request a decree from the Court ordering the following relief:

   a. **Declaring the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, breached and violated the aforementioned provisions of Shipyard Village's Master Deed and Exhibits;**

   b. **Declaring the amendment dated September 26, 2006, to Article III, Section 2 and 3.7(b) of Shipyard Village's Master Deed, and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5, is void;**

   c. **Declaring the amendment to Article III, Section 2 and 3.7(b) of Shipyard Village's Master Deed, and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5, is invalid as a matter of law;**

   d. **Declaring that the Third Amendment to Shipyard Village's Master Deed, recorded September 26, 2006, in the Office of the Clerk of Court for Georgetown County in Deed Book 235, at Page 5, is invalid as a matter of law;**

   e. **Declaring the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, failed to provide proper and timely notice to all Unit Co-owners of a special meeting to be held at a certain time, place, and date for the purpose of amending Shipyard Village's Master Deed and Exhibits, and thereby being in violation of Article I, Sections 1.7, and 1.8, of the By-laws; and**

   f. **Declaring the Defendant Council of Co-Owners, by and through its agents, employees, and representatives, failed to adopt the amendment to Shipyard Village's Master Deed and Exhibits (dated September 26, 2006, and recorded in the Office of the Clerk of Court for Georgetown County in Deed Book 235 at Page 5) pursuant to Article XIV, Section 14.1 .**

5. For a jury trial on all issues so triable;

6. For attorneys fees, costs and expenses incurred in this action; and

7. For such other and further relief as the Court may deem proper.

BELLAMY, RUTENBERG, COPELAND, EPPS,
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(843) 282-5393
Attorneys for the Plaintiffs

Howell V. Bellamy, III

Howell V. Bellamy, III
Howell V. Bellamy, Jr..

January 28, 2009
Myrtle Beach, SC

MASTER DEED
OF
SHIPYARD VILLAGE
HORIZONTAL PROPERTY REGIME

This Master Deed of Shipyard Village Horizontal Property Regime reflects the updated complete Master Deed of Shipyard Village Horizontal Property Regime as of December 15, 1982.

MASTER DEED
OF
SHIPYARD VILLAGE
HORIZONTAL PROPERTY REGIME

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EXHIBITS
TO
MASTER DEED

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EXHIBIT B	Architectural Plans of Buildings and Units of Phase I [2]
EXHIBIT C	Determination of Percentage Interest in Common Elements upon Submission of all Phases to Condominium Ownership
EXHIBIT D	Percentage Interest in Common Elements of Phase I Units
EXHIBIT E	Bylaws of Shipyard Village Council of Co-owners
EXHIBIT F	Legal Description of Phase I Regime Property
EXHIBIT G	Legal Description of Land for Future Phases
EXHIBIT H	Legal Description of Pool Easement Area

1 Recorded in the Office of the Clerk of Court of Georgetown County in Plat Book 2, at Page 25.

2 Recorded in the Office of the Clerk of Court of Georgetown County in Miscellaneous Plat Book, Page 31

(d) To submit or not to submit any or all of the condominiums or Units in any Phase to any type of Vacation Time Sharing Plan. The Grantor does not grant easements to the property for view of the dunes, ocean, lakes and marshes, except such view of the dunes and ocean located directly along the ocean front of the Property. Each Co-owner acknowledges that Grantor shall construct additional Buildings which may limit the views from Buildings of Shipyard Village Horizontal Property Regime.

Section 1.5. Phase I Construction. Each of the Buildings and Units submitted herewith to condominium ownership in Phase I shall be constructed substantially in accordance with the survey plat and architectural plans set forth in Exhibits A and B, attached hereto and by reference specifically incorporated herein, which show the Buildings and the number and identity of the Units. The Grantor expressly reserves the right, during the course of construction, to revise, modify or change in whole or in part any of such Units or Buildings, provided, however, (i) Grantor shall adhere to the general plan of development described in Section 1.2 of this Article and (ii) Grantor shall not make any substantial alterations to any Unit sold or under a valid sales contract without having first obtained the express written consent of the Co-owner or prospective Co-owner.

ARTICLE II

DEFINITIONS

Section 2.1. Unless defined herein or unless the context requires otherwise, the words defined in Section 27-31-20 of the Code of Laws of South Carolina, 1976, when used in this Master Deed or any amendment hereto shall have the meaning therein provided. The following words when used in this Master Deed or any amendment hereto, unless the context requires otherwise shall have the following meaning:

(a) "Act" shall mean and refer to the Horizontal Property Act of South Carolina, Chapter 31, Title 27, Code of Laws of South Carolina, 1976.

(b) "Assessment" shall mean and refer to a Co-owner's share of the Common Expenses assessed against such Co-owner and his Unit from time to time by the Council in the manner hereinafter provided.

(c) "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Shipyard Village Council of Co-owners, Inc., and "director" or "directors" shall mean a member or members of the Board.

(d) "Building(s)" shall mean and refer to one or more of the buildings constructed on and being a part of the Property and containing the condominium Units described in this Master Deed. The Phase I Buildings are shown in Exhibit A and Exhibit B to this Master Deed.

(e) "Bylaws" shall mean and refer to the Bylaws established by Exhibit E attached hereto and specifically incorporated by reference herein for the administration of Shipyard Village Council of Co-owners, Inc. and the Regime Property.

(f) "Common Elements" shall mean and refer to both the General Common Elements and Limited Common Elements and include all portions of the Regime Property not included within the Units.

(g) "Common Expenses" shall mean and refer to (a) all expenses incident to the administration, maintenance, repair and replacement of the General Common Elements and the Limited Common Elements, after excluding therefrom such expenses which are the responsibility of a Co-owner as set forth herein, (b) expenses determined by the Council to be Common Expenses and which are lawfully assessed against Co-owners, and (c) expenses incident to the General Common Elements and Limited Common Elements as defined in the Act or declared to be Common Expenses by this Master Deed.

(h) "Co-owner" shall mean and refer to persons, firms, corporations, partnerships, associations, trusts or other legal entities or any combination thereof, who own of record a Unit within a Building; furthermore, and except as otherwise provided in this Master Deed, "Co-owner" shall mean and refer to persons, firms, corporations, partnerships, associations, trusts or other legal entities or any combination thereof, who have an ownership or leasehold interest in a Time Sharing Unit.

(i) "General Common Elements" shall mean and refer to all Regime Property exclusive of Units and Limited Common Elements.

(j) "Grantor" shall mean and refer to Litchfield-by-the-Sea, a joint venture organized under the Uniform Partnership Act of South Carolina, its successors and assigns.

(k) "Limited Common Elements" shall mean and refer to those special Common Elements designated as appurtenant to and reserved for the exclusive use of a specific Unit.

(l) "Master Deed" shall mean and refer to this Master Deed dated July 7, 1982, with all Exhibits hereto specifically incorporated by reference thereto and to all amendments to this Master Deed.

(m) "Of Record" shall mean recorded in the Office of the Clerk of Court for Georgetown County, South Carolina.

(n) "Percentage Interest" shall mean and refer to the percentage of undivided interest each Co-owner owns as a tenant in common in the Common Elements.

(o) "Phase" or "Phases" shall mean and refer to each stage or group of stages of development of the Property as set forth in Section 1.2 of Article I.

(p) "Property" shall mean and refer to Regime Property and Land as set forth in Section 3.1 of Article III.

(q) "Regime Property" shall mean and refer to that portion of the Property submitted in each Phase to condominium ownership as set forth in Section 3.2 of Article III.

(r) "Time Sharing Unit(s)" shall mean and refer to a Unit which the Grantor, in its sole discretion, has declared to be subject to a Vacation Time Sharing Plan.

(s) "Unit(s)" shall mean and refer to the apartment (as defined by the Act) and described herein. For purposes other than describing the physical boundaries of a Unit and unless the context clearly indicates otherwise, the term "Unit" shall also mean and refer to a Time Sharing Unit.

(t) "Vacation Time Sharing Plan(s)" shall mean and refer to either a vacation time sharing ownership plan or a vacation time sharing lease plan as defined in Chapter 32, Title 27, Code of Laws of South Carolina, 1976.

ARTICLE III

THE PROPERTY

Section 3.1. Property. The term "Property" means and includes the Regime Property and the Land hereinafter described and all im-

Section 3.2. Regime Property. The "Regime Property" shall mean and refer to that portion of the Property owned in fee simple absolute by Grantor and submitted to condominium ownership in each Phase. The Regime Property being submitted to condominium ownership in Phase I is shown by the Plat set forth in Exhibit A attached hereto and specifically incorporated by reference herein and is more particularly described in Exhibit F attached hereto and specifically incorporated by reference herein. The Regime Property which will be submitted to condominium ownership in subsequent Phases shall be described in each amendment to this Master Deed.

Section 3.3. Land. The Term "Land" shall mean and refer to that portion of the Property owned in fee simple absolute by Grantor and expressly reserved for the possible future submission to condominium ownership in subsequent Phases or groups of Phases. The Land is shown by the Plat set forth in Exhibit A hereto and is more particularly described in Exhibit G attached hereto and specifically incorporated by reference herein.

Section 3.4. Building Locations for Phase I. The site locations of the Buildings are shown on the Plat of Phase I Regime Property set forth in Exhibit A, attached hereto and specifically incorporated by reference herein. The Buildings are of the general design as graphically depicted in the certified architect's plans which are compiled and set forth in Exhibit B, attached hereto and specifically incorporated by reference herein. Each Building has five (5) floors and contains eight (8) Units on each floor.

(a) Building A of Phase I contains forty (40) Units designated as Units A11 Through A18, A21 through A28, A31 through A38, A41 through A48, A51 through A58, inclusive.

(b) Building B of Phase I contains forty (40) Units designated as Units B11 through B18, B21 through B28, B31 through B38, B41 through B48, B51 through B58, inclusive.

Section 3.5. Description of Units in Phase I. The individual Units in Phase I are depicted by the architectural plans set forth as Exhibit B, and are described as follows:

All units in Phase I are three bedroom Units having an interior heated area of 1,387 square feet. The interior of the Units includes rooms as follows: three bedrooms, 12 x 14, 12 x 12 and 19 x 11; two baths, 8 x 10 and 5 x 8; living room, 19 x 15; dining room, 14 x 9; kitchen, 8 x 15; together with halls and closets. The kitchen is equipped with sink, garbage disposal, dishwasher, range and oven combination, refrigerator and range hood. The Units have hot water units, heating and air conditioning units. All floors are carpeted except kitchen, foyer and baths. The closet in hallway is equipped with a washer and dryer. The two smaller bedrooms include lavatories. The bath off the master bedroom includes a tub and shower. The dining area includes a bar equipped with sink and ice maker. The master bedroom has a walk-in closet.

Section 3.6. Boundaries of Units in Phase I. Each Unit is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building material enclosed within the following boundaries:

(a) The upper boundary of the Unit shall extend to the unfinished interior surfaces of the unfinished sheetrock ceiling. The lower boundary of the Unit shall extend to the unfinished surface of the structural slab constituting the floor.

(b) The perimetrical boundaries of the Unit shall extend to the unfinished interior surfaces of the perimeter walls of the Unit, excluding load-bearing structural interior walls or components.

(c) Each Unit shall also encompass and include the following: (i) the doors (including screen doors) opening into the Unit and onto any balcony reserved to the use of a Unit, including the frames, casings, hinges, handles, and other fixtures which are part of the doors; (ii) the window glasses, screens, frames, and casings which are part of the window openings of the Unit; (iii) the plumbing, wiring and mechanical vents which exclusively serve the Unit; (iv) the appliances, air conditioning and heating units (including the condenser and all piping, wiring and attachments), hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, insulation and other fixtures and furnishings which are within or serve the Unit when delivered to the initial Co-owner; (v) all appurtenances which are integral and exclusive to the Unit, including but not limited to lamps attached to the exterior of the Unit, and water and sewer pipes within the Unit exclusively serving the Unit.

Section 3.7. Common Elements. The Common Elements include all of the Property submitted to condominium ownership which is not included within the Units. Exhibits A and B of this Master Deed graphically depict the areas encompassing the Common Elements in Phase I.

(a) **General Common Elements.** The General Common Elements shall include, without limitation, the following:

(i) Except for such portion reserved as Limited Common Elements, all land within the boundaries of the Regime Property, together with all easements, rights and hereditaments appurtenant thereto.

(ii) All improvements, exclusive of the Units and Limited Common Elements, erected upon the Property, including without limitation: (a) the roof covering the Buildings including built-up asphalt roof of roofing felt and tar and gravel; (b) the exterior of stucco over reinforced concrete masonry, including those limited exterior areas having plywood over masonry; (c) the pipes, wires, conduits, pumps, motors, and other equipment installed to provide utility service to the Units or to portions of the Common Elements; (d) certain parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens, irrigation systems, outside electric lighting systems and landscaping and (e) the foundations, pilings and structural members, subflooring, girders, beams, supports, load bearing interior walls and interior walls enclosing pipe chases and utility installations serving more than one Unit; (f) pool easement area subject to all rights and reservations set forth in this Master Deed; and (g) all other elements rationally of common use.

(b) **Limited Common Elements.** The Limited Common Elements shall include those special elements designated in each Phase as for the exclusive use of a specific Unit. The Limited Common Elements are more specifically designated in Exhibits A and B and include ground floor storage rooms, covered parking and decks.

Section 3.8. Future Phases. The Common Elements of future Phases shall be similar to and compatible with the Common Elements designated in Phase I and no amendment of this Master Deed by the Grantor alone shall alter the designation of Common Elements in Phase I.

Section 3.9. Values. Values are fixed for the sole purpose of complying with the Horizontal Property Act and shall not prevent each Co-owner from fixing a different circumstantial value to his Unit in all types of acts or contracts. The assigned value of that portion of the Property submitted to condominium ownership in Phase I is $6,400,000. The value of each Unit is set forth in Exhibit D attached to this Master Deed and specifically incorporated by reference herein. The value of that portion of the Property submitted at the sole election of the Grantor to condominium ownership in future Phases shall be established by the Grantor in each amendment to this Master Deed; provided that the assigned values for each Unit which shall be a part of future Phases must be one of the following:

Type	Value
A	$ 50,000
B	$ 55,000
C	$ 60,000
D	$ 65,000
E	$ 70,000
F	$ 75,000
G	$ 80,000
H	$ 85,000
I	$ 90,000
J	$ 95,000
K	$100,000
L	$105,000

The Grantor may construct in any future Phase or group of Phases any combination or mixture of the above Units using the values assigned above, but in no event shall the Percentage Interest for any Unit in Phase I be reduced more than is set forth in Exhibit C.

ARTICLE IV

UNITS: OWNERSHIP AND USE

Section 4.1. Ownership of Units. Each Unit, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property; and each Co-owner shall be entitled to exclusive ownership and possession of his Unit, subject to: (I) the provisions of this Master Deed and the easements, restrictions, covenants, and encumbrances set forth herein and (II) the Bylaws of the Council, as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Council or its Board pursuant to the Bylaws. In addition to the provisions of the Master Deed and Bylaws of the Council, the ownership and possession rights of each Co-owner of a Time Sharing Unit shall be subject to any supplemental declarations or plans filed of record together with such easements, restrictions, covenants, and encumbrances set forth therein and in any bylaws of any associations or management entities established by Grantor in connection with Vacation Time Sharing Plans.

Section 4.2. Legal Description. Each Unit may be sufficiently described for purposes of deeds, mortgages, leases, and other conveyances by referring to its designated unit number and by reciting that it is part of Shipyard Village Horizontal Property Regime 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 Unit. The ownership of an undivided interest in Common Elements appurtenant to a Unit shall be inseparable from the Unit, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Unit.

Section 4.3. Maintenance and Repair. Every Co-owner (except Co-owners of Time Sharing Units), shall be responsible at his own expense for maintaining, repairing, and decorating all walls, ceilings and floors of his Unit: However, no Co-owner shall do any work nor make any addition, improvement, structural modification or alteration of his Unit, nor shall any Co-owner alter the appearance of any external door, window, vent, flue, or other external element of his Unit without obtaining prior written approval of the Board. Written notice of any intended modification, addition, improvement, painting or alteration 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 may require the deposit of funds sufficient in the sole discretion of the Board to defray all costs, including attorney's fees, of modifying this Master Deed and recording such modification. The Board shall advise the Co-owner of its decision in writing within ninety (90) days from the receipt of the request. Nothing in this Section shall relieve any Co-owner from obtaining approval for alterations required by other applicable convenants, restrictions or governmental authority. No Co-owner shall undertake to modify, alter, improve, paint or repair any portion of the Common Elements.

The maintenance and repair of all Time Sharing Units shall be the responsibility of the associations or management entities created pursuant to the establishment of Vacation Time Sharing Plans.

ARTICLE V

COMMON ELEMENTS: OWNERSHIP AND USE

Section 5.1. Ownership of Common Elements. The Co-owners shall own the General Common Elements and Limited Common Elements as tenants in common with each Unit in Phase I having appurtenant thereto the Percentage Interest in said General Common Elements and Limited Common Elements as set forth in Exhibit D, attached hereto and incorporated herein by reference. The Percentage Interest appurtenant to each Unit in Phase I has been determined by finding the percentage equivalent to the value of the individual Unit in relation to the value of all Units in Phase I as a whole. In the event the Grantor elects to construct an additional Phase or Phases, the Percentage Interest appurtenant to each Unit will automatically change to the Percentage Interest in the General Common Elements and Limited Common Elements to be set forth in the amendment to be recorded at the time the Grantor elects to submit additional Phases to condominium ownership. This Percentage Interest shall express the value of each Unit in relation to the cumulative value of the Units in all Phases. In the event the Grantor does not elect to proceed with the development of any additional Phases in accordance with the provisions of Section 1.2, Article I, the Percentage Interest appurtenant to each Unit in Phase I will remain as set forth in Exhibit D, or if Grantor elects to proceed with some but not all Phases, the Percentage Interest will be determined as provided in this Article and Exhibit C. The stated Percentage Interest is permanent in character and cannot be altered except as provided in this Article and by the formula expressed in Exhibit C without the consent of all (100%) of the Co-owners expressed in an amendment to the Master Deed duly recorded.

Section 5.2. Appurtenancy of Percentage Interest. The Percentage Interest in the General Common Elements and the Limited Common Elements cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even

Section 5.3. No Partition. The General Common Elements and Limited Common Elements shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Horizontal Property Act of South Carolina and this Master Deed.

Section 5.4. Use of Common Elements. A Co-owner shall use the General Common Elements and Limited Common Elements in accordance with the purpose for which they are intended so long as such Co-owner does not hinder the exercise of or encroach upon the rights of other Co-owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the General Common Elements is intended to be used. The Board shall have the right to promulgate rules and regulations limiting and regulating the use of the Limited and General Common Elements by Co-owners, their guests and tenants; restricting the number of guests or tenants who may use the Limited and General Common Elements; and providing for the exclusive use of a part of the General Common Elements by a Co-owner and his guests for special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee. Each Co-owner and his agents, tenants and guests shall have a non-exclusive easement appurtenant to his Unit for ingress and egress over the Common Elements for access to and from his Unit.

Section 5.5. Limited Common Elements. Ownership of each Unit shall entitle the Co-owner thereof to the exclusive use of the Limited Common Elements reserved for such Unit and so designated in Exhibits A and B as Limited Common Elements. This exclusive use may be delegated by a Co-owner to his guests or to the tenants of his Unit. With the permission of the Board of Directors, Co-owners may place plants, furniture, grills and other similar items within the balconies to their Units, but such use shall be subject to the right of the Board of Directors of the Council (i) to adopt rules and regulations limiting the use of the Limited Common Elements and (ii) to require, by resolution, any Co-owner to remove any item placed on the Limited Common Elements.

Section 5.6. Operation and Maintenance. Each Co-owner (except Co-owners of Time Sharing Units) shall, at his own expense, keep the Limited Common Elements to which his Unit has exclusive use clean and neat. The Limited Common Elements to which any Time Sharing Unit has the exclusive use shall be kept clean and neat by the association or management entity created pursuant to the establishment of a Vacation Time Sharing Plan. Except as specifically provided herein, the maintenance, repair, replacement, management, operation and use of the Common Elements and Limited Common Elements shall be the responsibility of the Board. The expenses incurred for such purpose shall be assessed as Common Expenses except in the case of the negligence of a Co-owner or his tenants or guests, and in the event of such negligence, such expenses or a portion thereof may be assessed as an individual assessment pursuant to the terms of Article XII hereof.

ARTICLE VI

COMMON EXPENSES

Section 6.1. Enumeration of Expenses. Except as otherwise provided herein, each Co-owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

(a) Expenses incurred in operating, maintaining, improving, repairing and replacing the Common Elements.

(b) Expenses incurred in administering the affairs of the Council including salaries, wages, and any compensation paid to a managing agent for such purpose.

(c) Expenses incurred in providing public liability insurance, hazard insurance or other insurance adequate to cover the Regime Property, exclusive of Unit contents and furnishings, as provided in Article XI of this Master Deed.

(d) Contributions to provide sufficient reserves to create a general reserve to operate and maintain the Regime Property and to administer the affairs of the Council.

(e) Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.

(f) Any other costs related to the operation of the Regime Property or administration of the affairs of Council which are declared by this Master Deed, the Bylaws or any amendment thereto to be Common Expenses, and any valid charge against the Regime Property as a whole.

Section 6.2. Assessments. All assessments of Common Expenses shall be determined as provided in the Bylaws.

Section 6.3. Liability of Unit Owners. No Co-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 6.4. Lien Upon Unit. All assessments of the Council for the share of Common Expenses chargeable to any Unit which are unpaid after becoming due shall, upon the filing of a Notice of Lien in the R.M.C. Office for Georgetown County, South Carolina, and mailing of same by certified mail to the Co-owner, constitute a lien against such Unit 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 Co-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, on behalf of the Council, may bring suit for judgment against the Co-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 collecting.

Section 6.5. Sales of Unit. Except as set forth in Section 6.6 below, upon the sale or conveyance of a Unit, all unpaid assessments against a Co-owner for his pro rata share of Common Expenses shall first be paid out of the sale price or by the purchaser or grantee who shall be jointly and severally liable with the grantor for unpaid assessments in preference over any other assessments, charges, or liens, except the following:

(a) Lien for taxes and speical assessments upon the Unit which are unpaid.

(b) Payment due under mortgages upon the Unit which are duly recorded prior to such sale or conveyance.

Section 6.6. Foreclosure Purchaser. If the mortgagee holding a first mortgage on a Unit acquires title by foreclosure of its first mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a sale foreclosing such first mortgage, such mortgagee or purchaser shall not be liable for the share of Common Expenses assessed by the Council upon the Unit 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 Co-owners, including such mortgagee or purchaser or grantee, his successors, heirs and assigns. The provisions of this Section, however, shall not release any Co-owner from personal liability for unpaid assessments.

Section 6.7. Records. The Board of Directors of the Council, or any 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 Regime Property. Such records, together with the vouchers authorizing payment, shall be available for examination by

ARTICLE VII

SYSTEM OF ADMINISTRATION OF THE REGIME

Section 7.1. Council of Co-owners, Board of Directors and Manager. The Regime shall be administered by a Council of Co-owners, an incorporated association which shall act by and through a Board of Directors elected as herein provided. The Council may employ a managing agent ("Manager") for the Regime.

Section 7.2. Voting. On all matters relating to the Regime upon which a vote of the Co-owners is required, each Co-owner shall be entitled to cast the number of votes equal to his Percentage Interest in the Common Elements, provided, however, the election of the Board of Directors is subject to the provisions contained in Article XV, Section 15.2. When any Unit is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting Co-owner to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Council prior to the exercise of a vote by joint owners. The Percentage Interest of Co-owners for each Unit in Phase I is set out in Exhibit D, and the Percentage Interest of Co-owners for Units subsequent to the addition of any Phase shall be determined as set forth in Exhibit C. The affirmative vote of the Co-owners of fifty-one percent or more of the value of the Regime Property shall be required to adopt decisions submitted to the Co-owners for a vote pursuant to this Master Deed or the Bylaws; unless, however, the Master Deed or Bylaws require a greater percentage for a particular act or decision and except as otherwise provided in Article XIV hereof.

Section 7.3. Incorporation. The Grantor (prior to the election of the first Board of Directors) shall incorporate the Council, and in such event:

(a) each Co-owner shall be a member of the Corporation.

(b) the Bylaws referred to in Section 7.4 shall be adopted as the Bylaws of the Corporation.

(c) the Articles of Incorporation shall not contain provisions inconsistent with this Master Deed.

(d) the name of the Corporation shall be "Shipyard Village Council of Co-owners, Inc." (the "Council"); and

(e) the Council and its Board of Directors shall have all of the powers, rights and obligations of corporations organized under the laws of the state of its incorporation, including but not limited to the power to borrow money and mortgage its property.

Section 7.4. Bylaws and Regulations. The Council and the administration of the Regime shall be governed by (1) the Bylaws attached to this Master Deed as Exhibit E and hereby incorporated by reference herein, and (2) any regulations ("Regulations") adopted pursuant to the Bylaws. The Bylaws may be modified or amended only in the manner set forth in the Bylaws.

ARTICLE VIII

CONDEMNATION

Section 8.1. Rights of Co-owners. If any portion of the Regime Property is condemned by any authority having the power of eminent domain, each Co-owner shall be entitled to receive notice of such condemnation and to participate in the proceedings incident thereto unless otherwise prohibited by law. Each Co-owner shall be entitled to an individual award to be determined by the value of his interest in the portion or portions of the Regime Property condemned.

Section 8.2. Duties of Council. In the event that any award is received by the Council on account of condemnation of any portion or portions of the Common Elements, the Board of Directors shall promptly call a special meeting of the Council to determine whether any condemned portion of the Common Elements shall be replaced. If the Council determines to replace any condemned portion of the Common Elements, the Board of Directors shall provide for the replacement of such portions in the same manner as if such portions had been destroyed by casualty.

ARTICLE IX

EASEMENTS, COVENANTS AND RESTRICTIONS

Section 9.1. Use of Property. Each Co-owner shall be entitled to the exclusive ownership and possession of the interest conveyed by his deed to a Unit or interest therein and may use his Unit and the Common Elements to the extent permitted by his deed in accordance with this Master Deed. In order to protect the Common Elements, preserve the property values of the community created by this Master Deed, retain the benefits and protection to Co-owners provided by the rules and regulations adopted from time to time by the Board of Directors of the Council of Co-owners and to provide for the orderly administration of the Regime, each Unit of Shipyard Village Horizontal Property Regime shall be subject to the following restrictions and covenants, which shall be covenants running with the land. Each Co-owner, his successors and assigns, shall comply with these covenants and restrictions, and with the rules and regulations adopted by the Board of Directors to carry out the purpose of these restrictions and covenants. The Board shall adopt reasonable penalties for the violation of its rules and regulations. Each Co-owner shall be responsible for the conduct of his tenants, guest, agents and members of his household.

(a) No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Board. The right is reserved by the Grantor or his agent or agents, to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units, and on any part of the Common Elements, and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee.

(b) There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior consent of the Board except as herein expressly provided. The use and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Building, shall be subject to the rules and regulations of the Board.

(c) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Building, or contents thereof, without the prior written consent of the Board. No Co-owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of any insurance maintained by the Regime, or which would be in violation of any law.

(d) Co-owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of the Building and no sign, awning, canopy, shutter, radio or television antenna (except as installed as of the date of this Master Deed is recorded or except as thereafter installed by Grantor) shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Board.

(e) Upon the express written consent of the Board, certain household pets may be kept in Units, subject to rules and regulations adopted by the Board, which rules or regulations may exclude any kind of pet by type or category, provided that permitted household pets are not kept, bred, or maintained for any commercial purpose; and provided further that any authorized pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three (3) days written notice from the Board.

(f) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Co-owners or Occupants.

(g) Nothing shall be done in any Unit or in, on or to the Common Elements which would impair the structural integrity of the Building or which would structurally change the Building except as constructed or altered by or with the permission of the Grantor or the Board.

(h) Each Co-owner and the Council hereby waives and releases any or all claims which he or it may have against any other Co-owner, the Council, members of the Board, the Grantor, and their respective employees and agents, for damage to the Common Elements, the Unit, or to any personal property located in the Units or Common Elements caused by fire or other casualty or any act or omission referred to in sub-paragraph (i) below, to the extent that such damage is covered by fire or other form of hazard insurance.

(i) If the act or omission of a Co-owner, or of a member of his family, a household pet, guest, tenant, occupant or visitor of such Co-owner, shall cause damage to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be at the Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Board, to the extent such payment is not waived or released under the provisions of subparagraph (h) above.

(j) Any release or waiver referrred to in subparagraph (h) and (i) hereof shall be valid only if such release or waiver does not affect the right of the insured under the applicable insurance policy to recover thereunder.

(k) No Co-owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others. Nor shall any Co-owner connect any machine, appliance, accessory or equipment to the heating, cooling or plumbing system, without the prior written consent of the Board.

(l) This Article shall not be construed to prevent or prohibit a Co-owner from maintaining his personal professional library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or conferring from time to time with business or professional associates, clients or customers, in his Unit.

Section 9.2. Future Easements. Provided that the Board of Directors determines it to be in the best interest of all of the Co-owners, the Board of Directors may hereafter grant easements for the benefit of the Regime Property and the Co-owners. Each Co-owner, by the acceptance of the deed or lease to his Unit does hereby grant to the Board of Directors an irrevocable power of attorney to execute, deliver and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

Section 9.3. Utility Easements. Each Co-owner shall have a non-exclusive easement appurtenant to his Unit for the use in common with other Co-owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements, if any, located in any other Unit or within the Common Elements and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in such Unit which serve other Units. The Regime Property is subject to utility easements for installation, operation, and maintenance of electric and telephone and television distribution lines, water and sewer lines, and the Board of Directors may grant additional easements and relocate existing easements for installation of any type of utilities.

Section 9.4. Covenant to Comply with Restrictions and Obligations. Each Co-owner by acceptance of a deed or lease to a Unit ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns this Master Deed, the Regime Bylaws and the decisions, resolutions and regulations of the Council, Board of Directors or their representatives, as lawfully amended from time to time.

The violation of any rule or regulation adopted by the Board or the breach of any covenant or provision herein contained, shall, in addition to any other rights provided for in the Act, this Master Deed and the Bylaws, give the Board the right: (a) to enter upon the Unit, or any portion of the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Co-owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and neither the Board nor the officers, employees or agents thereof shall thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either by law or in equity, the continuance of any breach; or (c) to take possession of such Co-owner's interest in the Property and to maintain an action for possession of such Unit in the manner provided by law.

Provided, however, that, except in cases of emergency where damage to persons or property is threatened, the Board shall not take any such action unless (a) it has first given the Co-owner alleged to have violated any restriction, condition or regulation adopted by the Board or to be in breach of any covenant or provision herein contained, a hearing on such allegations pursuant to rules and regulations adopted by the Board; and (b) the Board shall have determined such allegations to be true and (c) the Co-owner shall not have desisted from such violation or breach or shall not have taken steps as shall be necessary to correct such violation or breach within such reasonable period of time as determined by the Board and communicated to the Co-owner. Any and all costs and expenses incurred by the Board in the exercise of its authority as granted in this Article, including but not limited to court costs, reasonable attorneys' fees as determined by a court of competent jurisdiction, and cost of labor and materials shall be paid by the Co-owner in violation, and, until paid by such Co-owner shall constitute a lien on the interest of such Co-owner in the Property, which lien may be perfected and foreclosed in the manner provided herein or by the Act with respect to liens for failure to pay a share of the Common Elements.

Furthermore, if the Co-owner refuses to come to the hearing or if after hearing and finding as aforesaid and failure of the Co-owner to desist from such violation or to take such corrective action as may be required, the Board shall have the power to issue to the defaulting Co-owner a ten (10) day notice in writing to terminate the rights of the said defaulting Co-owner to continue as a Co-owner and to continue to occupy, use or control his Unit and thereupon an action in equity may be filed by the Board against the defaulting Co-owner for a decree declaring the termination of the defaulting Co-owner's right to occupy, use or control the Unit owned by him on account of the violation of a rule or breach of covenant or provision as aforesaid and ordering that all right, title and interest of the Co-owner in the Property shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the court shall enjoin and restrain the defaulting Co-owner from re-acquiring his interest at such judicial sale or by virtue of the exercise of any right of redemption which may be established, and except that the court shall direct that any existing first mortgage be retired out of the proceeds of such judicial sale.

The proceeds of any such judicial sale shall first be paid to discharge court costs, reasonable attorney's fees and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting Co-owners in said decree. Any balance of proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the Co-owner. Upon the confirmation of such sale, the purchaser thereat shall thereupon be entitled to a deed or lease to the Unit and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession and it shall be a condition of any such sale 0004

the decree shall so provide, that the purchaser shall take the interest in the Property sold subject to this Master Deed.

Section 9.5. Encroachments. If any portion of the Common Elements now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of (1) the settling of the building, (2) the repair, alteration or reconstruction of the Common Elements made by or with the consent of the Council, (3) the repair or reconstruction of a Unit following damage by fire or other casualty, or (4) condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Property remains subject to the Act and this Master Deed.

Section 9.6. Right of Access. The Council shall have the right of access to each Unit during reasonable hours and with reasonable notice for maintaining, repairing, or replacing any Common Elements located within or accessible through the Unit, and the right of immediate access for making emergency repairs within the Unit necessary to prevent damage to the Common Elements or to another Unit. This easement and right of access may be exercised by the Board, by its agents and employees, or by a managing agent to whom the responsibility of maintaining has been delegated. Damages resulting to any Unit because of such maintenance and repairs shall be corrected promptly at the expense of the Council.

Section 9.7. Construction and Sales Easement. The Regime Property shall be subject to a non-exclusive easement in favor of Grantor and its employees, agents, independent contractors and invitees for entry upon and passage over the Regime Property for purposes of constructing the Units and of exhibiting and selling the Units.

Section 9.8. Lease, Grant, and Reservation of Rights to Swimming Pool. Grantor has entered into a Lease Agreement ("Lease") leasing to the Shipyard Village Council of Co-owners, Inc. a certain parcel of land contiguous to the boundary of Phase I, together with the pool and all other improvements constructed thereon, as more particularly described on Exhibits A and H incorporated herein by reference and made a part hereof, and referred to as "Pool Easement Area." The Lease provides for a term of five years commencing on the date of the recording of this Master Deed. At any time during the term of the Lease, the Grantor may convey the Pool Easement Area to Shipyard Village Council of Co-owners, Inc. At the expiration of the Lease, Grantor may either convey the Pool Easement Area to the Shipyard Village Council of Co-owners, Inc. or to the Litchfield-by-the-Sea Community Association, Inc. free and clear of the interest of Shipyard Village Council of Co-owners, Inc. Grantor hereby reserves unto itself, its successors and assigns, certain rights, easements of enjoyment, use and ingress and egress (as herein described) in and to the Pool Easement Area. Such reservation of rights and easements shall continue beyond the date of recording of this Master Deed and the date of recording of any amendment electing a subsequent phase of Shipyard Village Horizontal Property Regime. The Lease and any conveyance of the Pool Easement Area to the Shipyard Village Council of Co-owners, Inc. is expressly subject to the following reservations, restrictions and limitations:

(a) Grantor, its successors and assigns reserve easements for ingress and egress over the property of Phase I, Phase II, Phase III and Phase IV to the Pool Easement Area subject to the restrictions and limitations herein and specifically excluding all buildings, covered parking and Units existing at any time in any phase outside of the boundary of designated Pool Easement Areas. The Shipyard Village Council of Co-owners, Inc. may limit access within the regime property by persons not owners, guests or lessees of Units at Shipyard Village (i) to regulate and prohibit access by private vehicles if access by shuttle or similar transportation on a reasonable schedule is provided by the Litchfield-by-the-Sea Community Association, Inc.; (ii) to limit access for parking of any type of vehicle to designated parking areas, and (iii) to limit access for ingress and egress to designated paved walkways within elected phases of the Shipyard Village Horizontal Property Regime.

(b) Any rules established by the Shipyard Village Council of Co-owners, Inc. governing use of the facility must be applicable to all persons entitled to use the facility from time to time, including Co-owners or their assigns and guests of Units in Shipyard Village Horizontal Property Regime and members or their assigns and guests of Litchfield-by-the-Sea Community Association, Inc.

(c) No user fee may be charged by the Shipyard Village Council of Co-owners, Inc. to users not owners of Shipyard Village except with the express permission of the Board of Directors of Litchfield-by-the-Sea Community Association, Inc.

(d) During the term of the Lease and until or unless the Pool Easement Area is conveyed to the Litchfield-by-the-Sea Community Association, Inc., the Shipyard Village Council of Co-owners, Inc. shall be responsible for all insurance, maintenance, taxes and expenses of the Pool Easement Area and the cost of all said insurance, maintenance, taxes and expenses shall be Common Expenses.

Section 9.9 Covenant to Comply with Restrictions and Obligations. Each Co-owner by acceptance of a deed or lease to a Unit ratifies and covenants to observe on behalf of himself, his tenants, guests, household members, heirs, successors and assigns, the following:

(a) The Declaration of Covenants, Restrictions and Affirmative Obligations Applicable to All Property at Litchfield-by-the-Sea dated June 15, 1978, and recorded in the Office of the Clerk of Court for Georgetown County in Book 159, Page 306, and all applicable recorded additions and amendments thereto (hereinafter called "General Covenants").

(b) The Declaration of Covenants and Restrictions of Litchfield-by-the-Sea Community Association, Inc., dated June 15, 1978, and recorded in the Office of the Clerk of Court for Georgetown County in Book 159, Page 264, and all applicable recorded additions and amendments thereto.

(c) This Master Deed, the Bylaws of Shipyard Village Council of Co-owners, decisions, resolutions and Regulations of the Council, Board of Directors or their representatives, as lawfully amended from time to time.

In addition to the observation of the covenants, restrictions and obligations contained in subsections 9.9(a), (b) and (c) above, each Co-owner of a Time Sharing Unit, by acceptance of a deed or lease to a Time Sharing Unit, also ratifies and covenants to observe on behalf of himself, his tenants, guests, household members, heirs, successors and assigns, any supplemental declarations or plans filed of record together with such easements, restrictions, covenants and encumbrances set forth therein and in any bylaws of any association or management entity established by Grantor in connection with any Vacation Time Sharing Plan.

ARTICLE X

LIENS

Section 10.1. Attachment. No lien arising subsequent to the recording of this Master Deed and any amendment hereto, or while an portion of Regime Property remains subject to the Act, shall be effective against the Regime Property. During such period liens or encumbrances shall arise or be created in the Units and Common Elements appurtenant thereto in the same manner and under the same conditions and in every respect as liens or encumbrances may arise or be created upon or against any other separate parcel of real property subject to individual ownership; provided, that no labor performed or materials furnished with the consent or at the request of a Co-owner or

agent, contractor, or subcontractor shall be the basis for the filing of a mechanic's or materialman's lien against any property (including the Unit) of any other Co-owner not expressly consenting to or requesting the same, except that such express consent shall be deemed to be given by each and every Co-owner should the need for emergency repairs arise. Labor performed or materials furnished for the Common Elements, if duly authorized by the Council, the Manager, or the Board of Directors in accordance with the Act, this Master Deed, or the Bylaws, shall be deemed to be performed or furnished with the express consent of each Co-owner, and shall be the basis for the filing of a mechanic's or materialman's lien against each of the Units and may be discharged as provided in Section 10.2 of this Article.

Section 10.2. Discharge. In the event a lien against two or more Units becomes effective, the respective Co-owners may remove their Unit from the lien by payment of the fractional or proportional amounts attributable to each of the Units affected. Such individual payment shall be computed by reference to the Percentage Interest appearing in this Master Deed or, as to Time Sharing Units, such Percentage Interest appearing in the applicable Vacation Time Sharing Plan. Subsequent to any such payment, discharge, or other satisfaction, the Unit and the percentage of undivided interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the lien so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any Unit (and the percentage of undivided interest in the Common Elements appurtenant thereto) with respect to which such lien is not paid, satisfied, or discharged.

Section 10.3. Taxes. Taxes, assessments, and other charges of this State, of any political subdivision, of any special improvement district, or of any other taxing or assessing authority may be assessed against and collected on each Unit, which shall be carried on the tax books as separate and distinct entities for that purpose, and not on the Buildings or the Regime Property as a whole. No forfeiture or sale of the Buildings or any portion of the Regime Property for delinquent taxes, assessments, or charges shall ever divest or in anywise affect the title to an individual Unit so long as taxes, assessments, and charges on the individual Unit are currently paid.

ARTICLE XI

INSURANCE

Section 11.1. Hazard Insurance. The Board of Directors shall insure the Regime Property against loss or damage due to fire and lightning, with extended all-risk hazard coverage, including flood, windstorm, earthquake and wind-driven water in an amount equal to the full replacement cost of the Regime Property. The Board of Directors shall obtain hazard coverage without any co-insurance requirements or, if co-insurance requirements cannot be waived, an agreed value endorsement must be obtained each year and coverage must be at least in the amount of the agreed value. All hazard insurance shall cover the entire insurable real estate of the Regime Property, including each Unit as delivered to a Co-owner by the Grantor, regardless of whether or not such portion of the Regime Property is a General Common Element; a Limited Common Element or a Unit, exclusive only of the contents, decoration and furnishings of an individual Unit supplied by a Co-owner and any additions or improvements made by the Co-owner of a Unit. The Board may establish reasonable deductibles for each category of insurance and shall establish reasonable reserves for such deductibles; provided; however, deductibles shall not exceed $1,000,000 except for deductibles for damages due to earthquake or flood, which deductibles shall not exceed $25,000.

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

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

If obtainable, all hazard insurance policies upon the Regime Property shall include provisions waiving: (i) any rights of the insurer to subrogation against the Council, its agents and employees, and against the individual Co-owners and their servants, agents and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Co-owners upon the contents and furnishings of their Units.

Section 11.2. Public Liability Insurance. The Board of Directors may obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Council, to an individual Co-owner and to liabilities of one Co-owner to another Co-owner.

Section 11.3. Workmen's Compensation Insurance. The Board of Directors, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

Section 11.4. Premiums. All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses and paid as a Common Expense.

Section 11.5. Insurance by Co-owner. Each Co-owner (except Co-owners of Time Sharing Units) shall be responsible for obtaining, at his sole expense, insurance covering the personal property, decorations, and furnishings within his own Unit, and the additions and improvements made by him to the Unit. Each Co-owner (except Co-owners of Time Sharing Units) shall be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit. The personal property and liability insurance for the safety of the premises within Time Sharing Units will be obtained and maintained by the association or management entity created in connection with the establishment of any Vacation Time Sharing Plans. If obtainable, all such insurance policies shall include, however, provisions waiving: (i) any right of the insurer to subrogation to claims against the Council and against individual Co-owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or proration because of the master hazard policy.

Section 11.6. Substitution of Insurance Trustee. The Board of Directors in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Georgetown or Horry County, South Carolina. Any substitute Insurance Trustee appointed by the Board of Directors shall succeed to all of the powers and responsibilities vested in the Board of Directors as Insurance Trustee under the terms of this Master Deed.

ARTICLE XII

RECONSTRUCTION AND REPAIR

Section 12.1. Reconstruction. In the event of casualty loss, condemnation or damage to the Regime Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance or condemnation to the repair or reconstruction of the Regime Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory for any casualty, loss or damage to the Regime Property occurring before December 31, 2001 or ten years after the sale by Grantor of eighty percent (80%) of the Units authorized by this Master Deed, whichever last occurs ("Mandatory Reconstruction Period") and, thereafter, reconstruction or repair shall be mandatory unless two-thirds (⅔) or more of the Regime Property is destroyed, condemned or substantially damaged. After the Mandatory Reconstruction Period, if two-thirds (⅔) or more of the Regime Property is destroyed, condemned or substantially damaged, the condemnation proceeds or insurance indemnity received by the Board of Directors, unless otherwise unanimously agreed upon by the Co-owners, shall be distributed jointly in proportion to their respective interests in Common Elements. The remaining portion of the Regime Property shall be subject to any action for partition at the suit of any Co-owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of condemnation or insurance policies, shall be considered one fund and distributed prorata among all Co-owners and their mortgagees jointly in proportion to their respective interest in Common Elements. If any casualty, loss or damage occurs to the Regime Property prior to the expiration of the Mandatory Reconstruction Period, and thereafter, if less than two-thirds (⅔) of the Regime Property is destroyed, condemned or substantially damaged, the Regime Property shall be reconstructed or repaired in the following manner:

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

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

If the damage to the Regime Property is not insured or if the amount of the loss is within the deductible provisions of the insurance policy or if the proceeds of insurance or condemnation are insufficient to cover the cost of reconstruction or repair, the deficiency shall be paid as a Common Expense of all Co-owners; provided, however, any such deficiency resulting from damage to the Regime Property as a result of the neglect, willful act or abuse of the Regime Property by any Co-owner or his guests shall be charged to such Co-owner as an individual assessment.

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

Section 12.2. Insurance Trust. In the event of casualty loss to the Regime Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board of Directors as Insurance Trustee. The Board of Directors, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purpose stated in this Article, and for the benefit of the Council, the Co-owners, and their respective mortgagees in the following shares:

Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interest in the Common Elements which are appurtenant to each of the Units.

Insurance proceeds paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the Co-owners of the damaged Units in proportion to the costs of repairing each damaged Unit.

Insurance proceeds paid when the Regime Property is not to be restored shall be held for the benefit of all Co-owners, the share of each being equal to the undivided share in Common Elements appurtenant to his Unit.

In the event a Certificate of Insurance has been issued to a Co-owner bearing a mortgagee endorsement, the share of the Co-owner shall be held in trust for the mortgagee and the Co-owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Co-owners and their respective mortgagees pursuant to the provisions of this Master Deed.

Section 12.3. Adjustment. Each Co-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 Council, subject to the rights of mortgages of such Co-owners.

ARTICLE XIII

TERMINATION

Section 13.1. Casualty or Condemnation. If after the expiration of the Mandatory Reconstruction Period, two-thirds (⅔) or more of the Regime Property is substantially destroyed or taken by condemnation, the Regime Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article XII.

Section 13.2. Voluntary Termination. This horizontal property regime may also be terminated, removing the Regime Property from the provisions of this Master Deed and the Act, if the record Co-owners of title to the Units and the record owners of mortgages upon each Unit agree in a written instrument to termination unanimously or in such percentage as may be required for termination by the Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Co-owners and mortgagees.

Section 13.3. Ownership After Termination. After termination of this horizontal property regime, the Co-owners shall own the Regime Property as tenants in common in undivided shares and the holders of mortgages and liens upon the Units shall have mortgages and liens upon the respective undivided common interests of the Co-owners. The undivided share of each tenant in common shall be the same as his undivided interests in Common Elements prior to termination. Any asset of the Council, any funds held by the Board of Directors, and any insurance proceeds shall also be the property of the former Co-owners and tenants in common in the same undivided shares as their interest in Common Elements prior to termination. The costs incurred by the Board of Directors in connection with the termination shall be

considered a Common Expense.

Section 13.4. Partition. After termination, the Regime Property shall be subject to an action for partition by any Co-owner or any lienor in which event the net proceeds from the judicial sale shall be divided among all Co-owners in proportion to their respective interests in Common Elements and paid to each Co-owner and mortgagee.

ARTICLE XIV

AMENDMENTS

Section 14.1. Co-owners. This Master Deed and all Exhibits incorporated by reference herein, including the By-Laws, may be amended from time to time by resolution adopted by the affirmative vote of the Co-owners of two-thirds (⅔) of the total interest in the Common Elements subject to the following conditions: No amendment by the Co-owners shall be in violation of the Act and no amendment shall alter the dimensions of a Unit or the Percentage Interest in the Common Elements appurtenant thereto without the consent of the Co-owners of such Unit.

Section 14.2. By Grantor-General. Grantor reserves the right to amend this Master Deed and the By-Laws without the consent of the Co-owners at any time prior to the sale by Grantor of eighty percent (80%) of the Units authorized by this Master Deed to be constructed in all Phases of the Regime Property or December 31, 1987, whichever first occurs, and provided that no amendment by Grantor shall divest a Co-owner of any portion of his Unit or the percentage interest in the Common Elements appurtenant thereto without the consent of such Co-owner (but reapportionment of the ownership of the Common Elements upon the incorporation of additional Phases as provided herein or amendments affecting Common Elements shall not be deemed to divest any Co-owner of a portion of his Unit or to require his consent).

Section 14.3. By Grantor-Future Phases. Subject to the expiration dates and general conditions set forth in Section 1.2 of Article I for the election by Grantor to proceed with any future Phase, Grantor further reserves the right to amend this Master Deed without the consent of the Co-owners to take such action set forth in Article I, including but not limited to:

(a) Elect to select and incorporate any portion of the Land to be submitted to condominium ownership for any future Phase or group of Phases whether or not such portions are contiguous.

(b) Elect to construct on the portion of Land incorporated in any future Phase a maximum of Forty (40) Units.

(c) Elect to revise, modify or change in whole or in part the Buildings and Units to be incorporated in any future Phase or to alter the mix and type of Units to be built subject to the limitations set forth in Section 3.9 of Article III with respect to the valuation of the Units.

(d) Elect to increase or decrease the amount of land which may be submitted to condominium ownership.

(e) Elect to record all additional documents required by this Master Deed or the Act to effect the submission of the Land and Improvements of any future Phase to condominium ownership.

(f) Elect to submit or not to submit any or all of the condominiums or Units in any Phase to any type of Vacation Time Sharing Plan.

Section 14.4. Power of Attorney. Each Co-owner shall be deemed by his acceptance of a deed or lease to a Unit to have consented to the powers of amendment herein reserved by Grantor and to any amendments previously or thereafter executed by Grantor pursuant thereto. Each Co-owner shall further be deemed by his acceptance of a deed to a Unit to have appointed Grantor his attorney-in-fact to give, execute and record the consent of said Co-owner to any and all amendments to this Master Deed which Grantor may wish to execute pursuant to the powers herein reserved.

Section 14.5. Recording. No amendments to this Master Deed shall be effective unless and until recorded in accordance with the Act.

ARTICLE XV

GRANTOR

Section 15.1. Rights as Owner. Grantor is the initial owner of each Unit and shall be entitled to exercise all rights appurtenant thereto until such time as Grantor has conveyed title to the Unit to another person. For purposes of the exercise of the rights appurtenant thereto by Grantor, all Units shall be deemed in existence at such time as they are incorporated into the Regime Property, regardless in each case of whether construction has been commenced or completed; however the Grantor shall not be required to pay assessments to the Council of Co-owners with respect to any Unit owned by it until (i) such Unit has been completed suitable for occupancy and (ii) the Grantor has owned such completed Unit for two (2) months.

Section 15.2. Rights and Powers. Until the sale by Grantor of eighty percent (80%) of the Units authorized by this Master Deed to be constructed in all Phases of the Regime Property or December 31, 1987, whichever shall first occur, Grantor shall be entitled to exercise, without the consent of the Co-owners, all rights granted to the Co-owners to elect the members of the Board of Directors by the Act, this Master Deed, or the Bylaws.

Section 15.3. Successors. The term "Grantor" as used in this Master Deed and in the Bylaws shall be deemed to include any person who succeeds to the title of Grantor to the Property by sale or assignment of the interest of Grantor in the Property, or by exercise of a right of foreclosure or power of sale granted in or conveyed by any mortgage, deed of trust or deed to secure debt given by Grantor and duly recorded prior to the recording of this Master Deed. Any such person shall be entitled to exercise all rights and powers conferred upon Grantor by the Act, this Master Deed, or the Bylaws.

ARTICLE XVI

MISCELLANEOUS

Section 16.1. Application. All Co-owners, guests, family members, tenants, or any other person who may in any manner use the Regime Property or any part thereof shall be subject to the Act and to this Master Deed, the Bylaws and the Regulations.

Section 16.2. Compliance. Each Co-owner shall comply strictly with the Bylaws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to the Unit of such Co-owner. Failure to comply with any of the same shall be grounds for an action to recover sums due, or damages or injunctive relief, or both, maintainable by the Manager or the Board of Directors on behalf of the Council, or in a proper case, by an aggrieved Co-owner.

Section 16.3. Waiver. No provisions hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 16.4. Conflicts. This Master Deed is intended to comply with the requirements of the Act, and in the event that any of the provisions hereof conflict with the provisions of the Act, the Act shall control.

Section 16.5. Severability. The provisions of this Master Deed are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder hereof.

Section 16.6. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Master Deed or the intent of any provision hereof.

Section 16.7. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.

Section 16.8. Acceptance of Deed to a Unit. The acceptance of a deed of conveyance, the entering into a lease, or any other occupancy or use of a Unit shall constitute (i) an acceptance and ratification of the provisions of the Master Deed by such Co-owner, tenant or occupant, and (ii) the acknowledgment by the Co-owner, tenant, or occupant that the Grantor makes no implied or express warranties relating to the Unit or to the Common Elements except for such warranties as are contained in the special warranty deed conveying the same or in the contract of sale between Grantor and the Co-owner.

Section 16.9. Assignment of Warranties. All contractural warranties running in favor of the Grantor in connection with the construction of Buildings and Units and installation of material, equipment, and appliances therein, shall accrue to the benefit of and are hereby assigned to the respective Co-owners or the Council as appropriate.

Section 16.10. Failure to Enforce. No terms, obligations, covenants, conditions, restrictions, rules, regulations or provisions imposed hereby or contained herein shall be abrogated or waived by any failure to enforce the same, no matter how many violations or breaches may occur.

Section 16.11. Rule Against Perpetuities. If any of the terms, covenants or rights created by this Master Deed shall be void or unlawful for violation of the rule against perpetuities or any analogous statutory or common law provision, then such provision shall continue only until twenty-one (21) years after the death of the survivor of now living descendants of the now incumbent President and Vice-President of the United States of America.

EXHIBIT C

to

Master Deed of
Shipyard Village
Horizontal Property Regime

The percentage of interest in common elements appurtenant to each Unit in Phase I is set forth in Exhibit D of this Master Deed.

The Grantor may construct in Phases II, III and IV any combination of mixture of Unit types and based on said type construction assign values to Units as set forth in Article III, Section 3.9 of the Master Deed. The values assigned by Grantor shall be one of the types with corresponding values set forth in Article III, Section 9.3.

At the time the Grantor chooses to elect to submit a subsequent phase or phases to condominium ownership it shall record an amendment to this Master Deed which shall specify the percentage interest for each Unit in the Shipyard Village Regime as then constituted.

The election by Grantor will not exceed a maximum number of forty (40) Units per phase and will not reduce the percentage of interest appurtenant to any Unit in Phase I and as to each stage, any other prior phase, by more than the following percentages:

	Maximum Reduction in Unit Percentage of Interest in Prior Phases			
Future Phases	**Phase I**	**Phase II**	**Phase III**	**Phase IV**
Phase II	.7547169	.990566	.990566	.990566
Phase III	.5405405	.7094594	.7094594	.7094594
Phase IV	.4210526	.5526315	.5526315	.5526315

EXHIBIT D

to

Master Deed of
Shipyard Village
Horizontal Property Regime

The assigned value of each Unit in Phase I and the percentage interest appurtenant to each Unit in Phase I is as follows:

Unit No.

Unit No.	Valuation for Purposes of Act Only	Percentage Interest in Common Elements
A11	$80,000.00	1.25%
A12	$80,000.00	1.25%
A13	$80,000.00	1.25%
A14	$80,000.00	1.25%
A15	$80,000.00	1.25%

A16	$80,000.00	1.25%
A17	$80,000.00	1.25%
A18	$80,000.00	1.25%
A21	$80,000.00	1.25%
A22	$80,000.00	1.25%
A23	$80,000.00	1.25%
A24	$80,000.00	1.25%
A25	$80,000.00	1.25%
A26	$80,000.00	1.25%
A27	$80,000.00	1.25%
A28	$80,000.00	1.25%
A31	$80,000.00	1.25%
A32	$80,000.00	1.25%
A33	$80,000.00	1.25%
A34	$80,000.00	1.25%
A35	$80,000.00	1.25%
A36	$80,000.00	1.25%
A37	$80,000.00	1.25%
A38	$80,000.00	1.25%
A41	$80,000.00	1.25%
A42	$80,000.00	1.25%
A43	$80,000.00	1.25%
A44	$80,000.00	1.25%
A45	$80,000.00	1.25%
A46	$80,000.00	1.25%
A47	$80,000.00	1.25%
A48	$80,000.00	1.25%
A51	$80,000.00	1.25%
A52	$80,000.00	1.25%
A53	$80,000.00	1.25%
A54	$80,000.00	1.25%
A55	$80,000.00	1.25%
A56	$80,000.00	1.25%
A57	$80,000.00	1.25%
A58	$80,000.00	1.25%
B11	$80,000.00	1.25%
B12	$80,000.00	1.25%
B13	$80,000.00	1.25%
B14	$80,000.00	1.25%
B15	$80,000.00	1.25%
B16	$80,000.00	1.25%
B17	$80,000.00	1.25%
B18	$80,000.00	1.25%
B21	$80,000.00	1.25%
B22	$80,000.00	1.25%
B23	$80,000.00	1.25%
B24	$80,000.00	1.25%
B25	$80,000.00	1.25%
B26	$80,000.00	1.25%
B27	$80,000.00	1.25%
B28	$80,000.00	1.25%
B31	$80,000.00	1.25%
B32	$80,000.00	1.25%
B33	$80,000.00	1.25%
B34	$80,000.00	1.25%
B35	$80,000.00	1.25%
B36	$80,000.00	1.25%
B37	$80,000.00	1.25%
B38	$80,000.00	1.25%
B41	$80,000.00	1.25%
B42	$80,000.00	1.25%
B43	$80,000.00	1.25%
B44	$80,000.00	1.25%
B45	$80,000.00	1.25%
B46	$80,000.00	1.25%
B47	$80,000.00	1.25%
B48	$80,000.00	1.25%
B51	$80,000.00	1.25%
B52	$80,000.00	1.25%
B53	$80,000.00	1.25%
B54	$80,000.00	1.25%

B55	$80,000.00	1.25%
B56	$80,000.00	1.25%
B57	$80,000.00	1.25%
B58	$80,000.00	1.25%

If the Grantor elects to add any future phases, the percentage interest will change as set forth in Exhibit C of the Master Deed.

EXHIBIT E

to Master Deed of Shipyard Village Horizontal Property Regime

BYLAWS

THE BYLAWS OF SHIPYARD VILLAGE HORIZONTAL PROPERTY REGIME (the "Regime") are promulgated pursuant to the Horizontal Property Act of South Carolina, Chapter 31, Title 27, Code of Laws of South Carolina, 1976, as amended, and as may be further amended from time to time (the "Act") for the purposes of governing the Council of Co-owners (the "Council") and the administration of the Regime. All terms not defined in these Bylaws have the meaning set out in the Act or the Master Deed dated July 7, 1982, from LITCHFIELD-BY-THE-SEA, a joint venture organized under the Uniform Partnership Act of South Carolina, as Grantor, with all Exhibits incorporated therein and all amendments thereto (the "Master Deed").

ARTICLE I

COUNCIL OF CO-OWNERS

Section 1.1. Membership. Each Co-owner shall be a member of the Council. A person who holds a mortgage on a Unit as security for payment of a debt shall not be a member entitled to exercise the rights of a Co-owner unless such person holds a proxy conferring such rights.

Section 1.2. Quorum. The presence in person or by proxy of Co-owners owning fifty-one (51%) percent of the Percentage Interest in the Common Elements shall constitute a quorum for the transaction of business at meetings of the Council.

Section 1.3. Voting. A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article VII and Exhibit C and D of the Master Deed. Holders of fifty-one (51%) percent or more of the value of the Regime Property as a whole must vote affirmatively to adopt any matter before the Council. Votes can be cast only at meetings of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof. When any Unit is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners in partnership or any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Council prior to the exercise of a vote by joint owners. All votes appurtenant to a single Unit must be cast together and may not be split.

Section 1.4. Proxies. Each Co-owner entitled to vote may vote in person or by proxy at any meetings of the Council. Each proxy shall be executed in writing by the Co-owner or by his duly authorized attorney-in-fact, dated as of its execution and shall be filed with the Secretary of the Council. No proxy shall confer authority to vote at any meeting other than the next meeting, or adjournment thereof, held after the date on which the proxy was executed.

Section 1.5. Consents. Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners entitled to vote, or, in the case of Units owned by two or more Co-owners, by the designated voting member.

Section 1.6. Annual Meetings. An annual meeting of the Council shall be held on the third Saturday in April of each year or at such other time as may be determined by the Board of Directors. Any business which is appropriate for action of the Co-owners may be transacted at an annual meeting.

Section 1.7. Special Meetings. Special meetings of the Council may be called at any time by the President of the Council or by a majority of the Board of Directors and shall be called upon the written request of Co-owners owning a majority of the value of the Regime Property. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-owners entitled to vote waive notice of any additional business.

Section 1.8. Notice of Meetings. Written notice of every annual or special meeting of the Council stating the time, date and place of the meeting and, in the case of a special meeting, the business proposed to be transacted, shall be given to every Co-owner entitled to vote not fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Written notice given to the association or managing entity created pursuant to Vacation Time Sharing Plans shall constitute written notice hereunder to all of the Co-owners of Time Sharing Units within the Regime. Failure to give proper notice of a meeting of the Co-owners shall not invalidate any action taken at such meeting unless (1) a Co-owner entitled to vote who is present but was not given proper notice objects at such meeting, in which case the matter to which such Co-owner objects shall not be taken up, or (2) a Co-owner entitled to vote who is not present and was not given proper notice within thirty (30) days following such meeting, in which case the action to which such Co-owner objects shall be void.

Section 1.9. Waiver of Notice. Waiver of notice of a meeting of the Council shall be deemed the equivalent of proper notice. Any Co-owner may in writing waive notice of any meeting either before or after such meeting. Attendance at an annual meeting by a Co-owner, whether in person or by proxy, shall be deemed waiver by such Co-owner of notice of the time, date, and place thereof unless such Co-owner specifically objects to the lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote.

Section 1.10. Place of Meeting. All meetings of the Council shall be held upon the Regime Property or at such other convenient place as the President of the Council or the Board of Directors may direct.

Section 1.11. Adjournment. Any meeting of the Council may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of Co-owners holding a majority of the vote represented at such meeting, regardless of whether a quorum is present. Any

business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

Section 1.12. Order of Business. The order of business at all meetings of the Co-owners shall be as follows:

1. Roll Call and certifying of proxies;
2. Proof of proper notice of the meeting or waiver of notice;
3. Reading of minutes of preceding meeting;
4. Report of the Board of Directors;
5. Reports of Officers;
6. Reports of Committees;
7. Report of Manager;
8. Presentation of Budget;
9. Election of Directors (when required);
10. Unfinished business;
11. New Business.

Section 1.13. Minutes of Meeting. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Council. Such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

ARTICLE II

BOARD OF DIRECTORS OF THE COUNCIL

Section 2.1. Form of Administration. The Council shall act by and through its Board of Directors. Initially the number of Directors shall be three (3) and in subsequent years the number shall be set by the Board of Directors at three (3), five (5), seven (7) or nine (9) members as the Board of Directors deems appropriate.

Section 2.2. Authorities and Duties. In its discretion and as required by the Act; the Master Deed, and these Bylaws, the Board of Directors shall provide for the following:

(1) The contracting with a managing agent to provide for the surveillance and security of the Regime Property, the maintenance, repair and replacement of the Common Elements, and the designation and dismissal of the personnel necessary to accomplish the same;
(2) The collection of assessments from the Co-owners from the association or managing entities created pursuant to Vacation Time Sharing Plans with respect to Co-owners of Time Sharing Units;
(3) The procuring and keeping in force of insurance on the Regime Property;
(4) The enactment of reasonable regulations governing the operation and use of Common Elements;
(5) The leasing and/or owning of the Pool Easement Area by the Council;
(6) The enforcement of the terms of the Master Deed, these Bylaws, and any Regulations promulgated pursuant to the Bylaws;
(7) The general administration of the Council and the Regime on behalf of and for the benefit of all Co-owners.

Section 2.3. Election and Term. Until the sale by Grantor of eighty percent (80%) of the Units authorized by the Master Deed to be constructed in all Phases of the Regime Property or December 31, 1992, whichever shall first occur, Grantor shall be entitled to exercise, without the consent of the Co-owners, all rights granted to the Co-owners to elect the members of the Board of Directors by the Act, the Master Deed or these Bylaws.

The initial Board of Directors shall be elected at the organizational meeting of the Council and shall serve until the first annual meeting of the Co-owners. At the first annual meeting the Co-owners shall elect one Director for a term of one (1) year and two (2) Directors for a term of two (2) years. In the event the number of Directors is increased, one-half (½) of such new Directors shall be elected for an initial term of one (1) year and one-half shall be elected for an initial term of two (2) years. At the expiration of the initial term of a Director, his successor shall be elected to succeed himself, and a Director shall be deemed to continue in office until his successor has been elected and has assumed office.

Section 2.4. Removal. A Director may be removed from office with or without cause by the affirmative vote of Co-owners holding two-thirds (⅔) of the total interest in the Common Elements. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of the Co-owners holding a majority of the Percentage Interest in the Common Elements.

Section 2.5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the Co-owners shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

Section 2.6. Voting. Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these Bylaws. Proxies shall not be permitted in any vote of the Board of Directors. The affirmative vote of a simple majority of the Directors present at the time of a vote, if a quorum is present at such time, shall be sufficient for any action unless otherwise specified in these Bylaws.

Section 2.7. Quorum. A majority of Directors shall constitute a quorum for the transaction of business.

Section 2.8. Consents. Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

Section 2.9. Annual Meetings. An annual meeting of the Board of Directors shall be held during each fiscal year immediately following the annual meeting of the Co-owners. The time, date and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the Co-owners by mutual agreement of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at an annual meeting.

Section 2.10. Special Meetings. Special Meetings of the Board of Directors may be called from time to time by the President of the Council and shall be called upon the written request of two (2) of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

Section 2.11. Notice of Meetings. Except for the annual meeting, written notice of every regular or special meeting of the Board of Directors stating the time, date and place of the meeting and, in the case of special meetings the business proposed to be transacted shall

be given to every Director not fewer than three (3) nor more than ten (10) days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless (1) a Director who was present but was not given proper notice objects at such meeting, in which case the matter to which such Director objects shall not be taken up, or (2) a Director who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Director objects shall be void.

Section 2.12. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date, and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote. If notice is waived in advance of a special meeting of the Board of Directors, such waiver shall apply only to such matters transacted at the special meeting which have been communicated in advance to the Director who has waived notice.

Section 2.13. Place of Meeting. All meetings of the Board of Directors shall be held upon the Property or at such other convenient place as the Board of Directors may direct. Meetings may be conducted by conference telephone.

Section 2.14. Minutes of Meetings. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of such minutes shall be distributed to each Co-owner within thirty (30) days following each meeting, and all such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

Section 2.15. Compensation. The Directors shall serve without compensation but shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE III

OFFICERS OF THE COUNCIL

Section 3.1. Designation. The Council shall have a President, a Vice-President, a Secretary and a Treasurer. The Council may also have one or more assistants to any of such officers as may be necessary from time to time. The offices of Secretary and Treasurer may be filled by the same individual. The officers shall have the authority, powers, duties and responsibilities provided by these Bylaws, or, to the extent not so provided, by the Board of Directors.

Section 3.2. Election and Term. Officers of the Council shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be re-elected to any number of terms.

Section 3.3. Removal. Any officer may be removed from office at any time with or without cause by the Board of Directors.

Section 3.4. President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the Council and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in a corporate president, including but not limited to the power to appoint committees from among the Co-owners from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Council.

Section 3.5. Vice President. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Co-owner to take the place and perform the duties of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 3.6. Secretary. The Secretary shall prepare and keep, or cause to be prepared and kept, the minutes of all meetings of the Co-owners and of the Board of Directors, and shall have charge of such books and papers as the Board of Directors may direct.

Section 3.7. Treasurer. The Treasurer shall have custody of, and responsibility for Council funds and securities and shall keep the financial records and books of account belonging to the Council. If a Manager is employed as hereinafter provided, custody of Council funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Manager if the Board of Directors so determines, but in such case the Treasurer shall verify the amount of Council funds and securities in the custody of the Manager and review and reconcile the accounts maintained by the Manager at such intervals as may be determined by the Board of Directors.

Section 3.8. Compensation. The officers may receive such compensation as the Board of Directors may determine and shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE IV

MANAGER

Section 4.1. Employment. Unless the manager initially selected by the Board of Directors or its designee consents to a shorter time, for a period of one (1) calendar year from and including the date upon which the Master Deed is recorded, said manager or its designee shall be employed by the Council as the Manager of the Regime. After such period of time, the Board of Directors shall employ a management agent entirely of its own choosing.

Section 4.2. Qualification. The Manager may be a natural person or a corporation or other legal entity.

Section 4.3. Authority and Duties. The Manager shall provide the services and perform the duties set out in Article II, Section 2.1 of these Bylaws, and shall provide such other services and perform such other duties as authorized and directed from time to time by the Board of Directors. The Manager shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and of the Council when requested to do so by the Board.

ARTICLE V

FINANCES

Section 5.1. Fiscal Year. The fiscal year of the Council shall end December 31 unless the Board of Directors shall otherwise determine.

Section 5.2. Budget. The Board of Directors shall prepare, adopt and present to the owners at their annual meeting an annual budget (the "Budget") for the Regime for the next fiscal year. The budget as adopted by the Board of Directors shall set forth with particularity the anticipated Common Expenses for the fiscal year together with the amount of reasonable reserves for the payment of future Common Expenses and contingencies.

Section 5.3. Approval of Budget. The Budget, as adopted by the Board, may be amended upon the motion and affirmative vote of Co-owners holding two-thirds (⅔) of the Percentage Interest in the Common Elements. The Budget presented and as amended if amendments are made, shall become the budget of the Regime for the fiscal year. The terms and the provisions of the Budget shall be binding upon the Co-owners and the Board of Directors until its terms are amended by action of the Board duly presented to a special meeting of Co-owners for approval by Co-owners owning fifty-one (51%) percent of the Percentage Interest in the Common Elements.

Section 5.4. Regular Assessments. The funds required by the Budget shall be collected by the Board of Directors from the Co-owners (except for Co-owners of Time Sharing Units) in proportion to their respective interests in the Common Elements in equal monthly or quarterly assessments of the Board of Directors may determine ("Regular Assessments"). Regular Assessments for Time Sharing Units shall be collected from the associations or management entities created pursuant to a Vacation Time Sharing Plans. .

Section 5.5. Special Assessments. The funds required from time to time to pay any Common Expenses which are not covered by the Budget but which are approved by a majority of the Co-owners shall be collected from the Co-owners and from the associations or management entities created pursuant to Vacation Time Sharing Plans by the Board of Directors in such installments as the Co-owners shall determine ("Special Assessments").

Section 5.6. Individual Assessments. Any payments to the Council which one or more, but fewer than all, of the Co-owners shall be obligated to make pursuant to the terms of the Act, the Master Deed, or these Bylaws shall be due upon demand and shall be collected by the Board of Directors as individual assessments ("Individual Assessments").

Section 5.7. Collection. Co-owners shall be personally liable for all assessments and shall pay the same promptly when due. In its discretion, the Board of Directors may take appropriate action to establish reasonable late payment penalties, to collect by suit, foreclosure, or other lawful method any overdue assessment. If any overdue assessment is collected by an attorney or by action at law, the Co-owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

Section 5.8. Penalty. An assessment not paid within thirty (30) days following the date when due shall bear a penalty in an amount to be determined annually by the Board and consistently applied, plus interest on the principal amount of the assessment from the date when due at a rate to be determined by the Board of Directors not to exceed the maximum permitted by law. The penalty shall be added to and collected in the same manner as the assessment. For purposes of this paragraph only, an unpaid assessment shall not be deemed overdue until the Board of Directors has delivered to the Co-owner owing the same a demand for payment, unless the Board of Directors has within thirty (30) days prior to the date when due delivered to such Co-owner a written notice of the amount and the date due, in which case no further demand shall be necessary. The Board of Directors may in its discretion waive all or any portion of a penalty or interest imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Co-owner.

Section 5.9. Accounts. The Board of Directors shall maintain on behalf of the Council a checking account with a state- or federally-chartered bank of its choice. The Board of Directors may also maintain on behalf of the Council an interest bearing account or interest bearing certificates with a state- or federally-chartered bank, savings and loan association, building and loan association or liquid capital income fund of its choice. All funds of the Council shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars ($50.00) for payment of minor current expenses of the Council. The books and records related to any account of the Council shall be made available for examination and copying by any Co-owner at any reasonable time.

Section 5.10. Payments. The Board of Directors shall provide for payment of all debts of the Council from the funds collected from Co-owners. Expenditures specifically approved in the Budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of an amount to be determined by the Board of Directors shall be reviewed and approved by the President or the Board of Directors before payment is made. Unless the Manager is authorized by the Board of Directors to draw checks upon the account of the Council, any check or request for withdrawals drawn upon any account of the Council shall be signed by the President and the Treasurer or by any two (2) officers of the Council designated by the Board of Directors. The Board of Directors may also authorize the Manager to make disbursements from the petty cash fund, if any.

Section 5.11. Bonding. The Board of Directors may secure a fidelity bond in an amount of not less than ten thousand dollars ($10,000.00) covering every individual authorized to withdraw funds from any checking or savings account maintained by the Council. The cost of the bond shall be a Common Expense.

ARTICLE VI

MAINTENANCE AND IMPROVEMENTS

Section 6.1. Maintenance by Manager. The Manager or the Board of Directors shall provide for the maintenance, repair, and replacement of the Common Elements.

Section 6.2. Maintenance by Co-owners. Except for Time Sharing Units, the Units shall be maintained in good condition and repair by their respective Co-owners. Except for Co-owners of Time Sharing Units, each Co-owner shall also provide for the routine cleaning of all Limited Common Elements reserved for the use of his Unit. The maintenance, repair and routine cleaning of the Time Sharing Units and Limited Common Elements appurtenant to the Time Sharing Units shall be the responsibility of the associations or management entities created pursuant to Vacation Time Sharing Plans.

Section 6.3. Default by Co-owner. In the event that any Co-owner fails to perform the maintenance required of him by these Bylaws or by any lawful Regulation, and such failure creates or permits a condition which is hazardous to life, health, or property, or which unreasonably interferes with the rights of another Co-owner, or which substantially detracts from the value or appearance of the Regime Property, the Board of Directors shall, after giving such Co-owner reasonable notice and opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Co-owner by an Individual Assessment.

Section 6.4. Expenses. The expenses of all maintenance, repair, and replacement provided by the Manager or the Board of Directors including losses by storm, fire or other casualty insured by the Council, shall be Common Expenses, except that when such expenses are not fully reimbursed by insurance proceeds and when they are necessitated by (1) the failure of a Co-owner to perform the maintenance required by these Bylaws or by any lawful Regulation or (2) the willful act, neglect, or abuse of a Co-owner, they shall be charged to such Co-owner as an Individual Assessment.

Section 6.5. Improvements. The Board of Directors shall provide for the making of such improvements and additions to the Common Elements as may be approved from time to time by a majority of the Co-owners. The cost of such improvements shall be Common Expenses; provided, however, that no Co-owner shall without his consent be assessed in any one (1) year for the making of improvements to the Common Elements an amount in excess of one (1%) percent of the value of his Unit as set forth in the Master Deed unless such improvements have been approved by Co-owners holding two-thirds (⅔) of the Percentage Interest in the Common Elements.

ARTICLE VII

RESTRICTIONS AND REGULATIONS

Section 7.1. Restrictions. The use of the Regime Property shall be subject to the restrictions set forth in the Master Deed and to the following restrictions:

(1) No Co-owner shall create or permit excessive noise, smoke, or offensive odors or any nuisance or unreasonably interfere with the use and enjoyment of the Regime Property by any other person entitled to the same. No person shall maintain on the Regime Property, and no Co-owner shall permit within his Unit, any condition which is unreasonably hazardous to the life, health or property of any other person.

(2) No Co-owner shall make any additions to, alter or perform any work upon the Common Elements (which term specifically includes the Limited Common Elements) without written authorization of the Board of Directors. No Co-owner shall make any additions to, alter or perform any work upon the exterior of his Unit without written authorization of the Board of Directors.

Section 7.2. Regulations. The Board of Directors shall adopt and amend from time to time such reasonable regulations ("Regulations") governing the operation and use of the Regime Property as it may deem necessary or desirable. It shall be necessary to publish Regulations newly adopted or the amendment or repeal of existing Regulations, and no Co-owner shall be bound by any newly adopted Regulation or any amendment or repeal of an existing Regulation until a copy of the same has been delivered to him.

Section 7.3. Enforcement. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations. In addition to any other remedy to which the Council or any Co-owner may be entitled, the Board of Directors may impose against a Co-owner reasonable fines not to exceed an amount per day to be determined annually by the Board of Directors and consistently applied for any violation of the terms of the Act, the Master Deed, or these Bylaws or of the Regulations promulgated pursuant hereto. Such fines shall be collected by Individual Assessments. Each day during which a violation occurs or continues may be deemed a separate offense.

Section 7.4. Responsibility of Co-owners. Each Co-owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Co-owner shall not relieve any member of his household or any of his tenants, agents, or guests for any liability to the Council or to a Co-owner for the acts of such member, tenant, agent or guest.

ARTICLE VIII

LIABILITIES AND INDEMNIFICATION

Section 8.1. Liability of Council. Shipyard Village Council of Co-owners, Inc. is a South Carolina corporation. No member of the Council is or shall be liable for the debts or torts of the Council. In the event, however, that the Council or any Co-owners were held liable by any court of law, no Co-owner shall be liable upon a debt or tort of the Council for any amount in excess of that percentage of total liability of the Council which is equal to his percentage ownership of the Common Elements.

Section 8.2. Indemnification Among Co-owners. Each Co-owner shall be entitled to contribution from and indemnification by every other Co-owner to the extent that such Co-owner discharges or is required to discharge any portion of any liability of the Council in excess of such Co-owner's proportionate share of such liability, except that no Co-owner shall be required to provide contribution or indemnification on account of a liability which was due and payable prior to the time such Co-owner became a Co-owner.

Section 8.3. Liability of Directors and Officers. No Director or officer of the Council shall be liable to any Co-owner for any decision, action, or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Master Deed, or these Bylaws.

Section 8.4. Indemnification of Directors and Officers. The Council shall indemnify and defend each Director and each officer of the Council from any liability claimed or imposed against him by reason of his position or actions as a Director or any officer of the Council if all the following conditions are satisfied:

(1) Such Director or officer is not required to bear such liability by the terms of the Act, the Master Deed, or these Bylaws; and

(2) Such Director or officer gives the Council adequate notice of the claim or imposition of liability to permit the Council reasonable opportunity to defend against the same; and

(3) Such Director or officer cooperates with the Council in defending against the liability. The expense of indemnifying a Director or an officer shall be a Common Expense. The Board of Directors may obtain insurance to provide in whole or in part for this indemnification, and the cost of such insurance shall be a Common Expense.

ARTICLE IX

ATTESTATIONS AND CERTIFICATIONS

Section 9.1. Attestation of Documents. The presence of the signature of the Secretary or an assistant secretary of the Council on any contract, conveyance, or any other document executed on behalf of the Council by another officer of the Council shall attest:

(1) That the officer of the Council executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Council, and that the signature of such officer subscribed on the document is genuine; and

(2) That the execution of the document on behalf of the Council has been duly authorized.

Section 9.2. Certification of Documents. When any document relating to the Regime Property or the Council is certified as authentic by the Secretary or an assistant secretary of the Council, a third party without knowledge or reason known to the contrary may rely on such

Section 9.3. Certification of Actions and Facts. When there is executed by the Secretary or an assistant secretary a written statement setting forth (1) actions taken by the Council or by the Board of Directors, or (2) facts relating to the Regime Property or the Council as determined by the Board of Directors, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

Section 9.4. Absence of Seal. The absence of the seal of the Council from any contract, conveyance or other document executed on behalf of the Council shall not impair the validity of such contract, conveyance or document or of any action taken pursuant thereto or in reliance thereon, but the person relying on the same shall bear the burden of establishing that the execution of the same was duly authorized and accomplished on behalf of the Council.

ARTICLE X

AMENDMENTS

Section 10.1. Procedure. Subject to the Master Deed, and specifically to the rights of the Grantor as set forth in Article XIV thereof, these Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Co-owners holding two-thirds (⅔) of the Percentage Interest in the Common Elements. No amendment shall be effective unless and until recorded as an amendment to the Master Deed in accordance with the Act.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Record of Ownership. Any person who acquires title to a Unit shall promptly inform the Board of Directors of his identity and the date upon and manner in which title was acquired. The Board of Directors shall maintain a record of the names of all Co-owners and of the dates upon which they acquired title to their Units.

Section 11.2. Notification of Transfer. A Co-owner shall promptly notify the Board of Directors of a proposed transfer of title to his Unit setting forth the closing date and the name and address of the transferee.

Section 11.3. Notices. Any notices or documents placed in the mail receptacle or affixed to the front door of a Unit by or at the direction of the Board of Directors shall be deemed delivered to the Co-owner of such Unit, unless the Co-owner has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a Co-owner shall be deemed delivered to the Board of Directors. Any notice to Directors shall be deemed to be given when such notice is deposited postpaid in the U.S. Mail addressed to such Director at his address as it appears in the records of the Council.

Section 11.4. Waiver. No provision of these Bylaws or of the Regulations promulgated pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 11.5. Conflicts. In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control, as appropriate. In the event of a conflict between these Bylaws and the Regulations, these Bylaws shall control.

Section 11.6. Severability. The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

Section 11.7. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

Section 11.8. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

EXHIBIT F

TO
MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASE I

ALL that piece, parcel or tract of land known as Phase I situate, lying and being Southeast of U.S. Highway #17 between U.S Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 198 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, I and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., sai survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court Georgetown County in Plat Book 2 at Page 25 as follows:

"Building A:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhib A as "Driveway A;" thence with the line of Phase II S. 62-13 E. 101.6 feet to the point of beginning; thence S. 00-46 W. 172.8 feet to point; thence S. 81-40 E. 288.5 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mea high water mark of the Atlantic Ocean N. 21-25 E. 111 feet to a point; thence leaving the mean high water mark of the Atlantic Oce

running N. 37-16 W. 260 feet to a point; thence N. 78-14 W. 44.2 feet to a point; thence S. 60-46 W. 147 feet to a point; thence with the line of "Driveway A" S. 27-07 W. 27 feet to the point of beginning.

"Building B:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway B;" thence N. 85-33 E. 81.2 feet to a point; thence S. 58-57 E. 175.9 feet to a point, the point of beginning; thence S. 00-46 W. 171.5 feet to a point; thence S. 81-59 E. 279.3 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 112 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 36-29 W. 282.5 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence along the line of "Driveway B" S. 27-57 W. 30 feet to a point, the point of beginning.

EXHIBIT G

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASES II THROUGH IV

ALL that piece, parcel of tract of land, situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as decribed in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25 as follows: to the Master Deed and recorded simultaneously herewith, in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at Page 25 as follows: Beginning on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A", South Dunes Drive being a private road leading from U.S. Highway #17 and running thence with the line of "Driveway A" S. 62-13 E. 101.6 feet to a point; thence with the line of Phase I (Building A) S. 00-46 W. 172.8 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 30-46 W. 136.2 feet to a point in the line with Phase III; thence S. 34-49 E. 90 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence with the line of "Driveway B" N. 55-04 W. 148.6 feet to a point; thence N. 30-49 W. 140 feet to a point on the Southeastern side of South Dunes Drive; thence with the Southern side of South Dunes Drive the following: N. 35-45 E. 81.8 feet, N. 50-46 E. 165.1 feet, N. 59-54-44 E. 219.7 feet to a point, the point of beginning.

SAVING AND EXCEPTING THEREFROM, the road and area within "Driveway A" consisting of .345 acres and the areas in which roads are constructed in future phases of Shipyard Village Horizonal Property Regime.

EXHIBIT H

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

POOL EASEMENT AREA

ALL that piece, parcel or tract of land known as Pool Easement Area situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at Page 25 as follows:

BEGINNING at a point at the Northeastern corner of Phase III and the Southeastern corner of Phase II and running thence with the line of Phase III S. 30-46 W. 68.1 feet to a point; thence S. 34-49 E. 90 feet to a point; thence S. 36-29 E. 282.5 feet to a point on the mean high water mark of the Atlantic Ocean and running thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 430 feet to a point; thence N. 81-40 W. 288.5 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 30-46 W. 68.1 feet to the point of beg

SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.

TWENTY FOURTH ANNUAL MEMBERS' MEETING

APRIL 15, 2006

MINUTES

The Twenty Fourth Annual Members' Meeting of the Shipyard Village Council of Co-Owners, Inc., was called to order at 9:00 A.M., Saturday, April 15, 2006 at the Litchfield by the Sea Beach House, Pawleys Island, South Carolina.

I. **Opening Comments and Introductions:**
Dr. C. Leon Jennings, President of the Shipyard Village Board of Directors, opened the meeting by welcoming those in attendance. He then introduced the Board members in attendance: G. Henry Jobe, Paul Wiley, Brian Nisbet, Bob Shaffner and Marie Aker. Dr. Jennings introduced the K. A. Diehl & Associates, Inc. management representatives: Kellie Diehl, Kelly Lawson, Tara Woodson and Richard Bennett, on-site maintenance supervisor.

II. **Formal Opening of the Meeting:**
Dr. Jennings formally called the meeting to order and stated that in accordance with Article I, Section 6, of the Association Bylaws, as amended, that the Annual Members' Meeting shall be held on the third Saturday of April of each year or at such other time as may be determined by the Board of Directors. Dr. Jennings stated that he would serve as Chairman of the meeting and that Ms. Aker, Secretary/Treasurer will serve as Secretary of the meeting.

Chairman Jennings stated that Kelly Lawson has been appointed Agent and Proxy for those members of the Association not present at the meeting for the purpose of voting. Ms. Lawson will also serve as Clerk of the meeting.

III. **Roll Call/Quorum Certification:**
The Chairman requested Ms. Lawson to report on the roll call check in process and certification of the quorum. Ms. Lawson announced that 44.22% of the membership was represented by proxy and 28.44% was represented in person, for a total representation of 72.66%. She then noted that the quorum requirements had been met to successfully conduct the meeting in accordance with the By-Laws of the Association.

IV. **Examination of Proof of Mailing :**
The Chairman examined the Proof of Mailing of the Notice of the Twenty Fourth Annual Members' Meeting and noted that the Proof of Mailing along with a sample of the notice would be filed with the official records of this meeting.

V. **Approval of Minutes:**
The Chairman requested that the Secretary read the minutes of the Twenty Third Annual Members' Meeting, unless there was a motion and a second to waive the reading of the minutes and approve them

as written. **Upon a motion by Mr. Cassidy (A55), seconded by Mr. Fuller (C41) and duly carried by voice vote, the reading of the minutes was waived; and further, the minutes were approved as written.**

VI. Annual Reports:

The Chairman noted the formal order of business of the Annual Meeting allows for certain reports to be made.

A. Board of Directors Report:

Chairman Jennings reported on the following Association issues/activities:

1. Richard Bennett - Dr. Jennings stated that Richard Bennett has been the on-site supervisor for Shipyard Village for just about a year. The Board has been very pleased with Richard's performance. He has safety as a priority for his staff and the owners. He also is focused on saving the Association money by implementing more effective procedures and researching to find the best price available for whatever the issue. Two examples cited by Dr. Jennings were 1)more than $14,000 savings in water expenses realized by repair of a major spa leak not reported by previous maintenance personnel and 2) $4,500 saved by changing contractors to perform the fire system certification.
2. Projects completed:

- A new roof, with a 2 year warranty, was installed on the A building. The Board has also signed a contract to have Spann Roofing check all roofs on an annual basis and make any necessary repairs to extend the life of the roofs.
- New corridor carpet was installed in the A and B buildings.
- The corridor railings in the A and B buildings were painted.
- The carpets in C and D building were cleaned (job was awarded prior to the Board's knowledge of the repair work schedule). The carpets will be cleaned again at the end of the repair work.
- Sidewalks were power-washed.
- Emergency lights in the A and B building were brought up to code.
- Pull covers were installed on the fire alarms to reduce the number of false alarms – the fire company will charge after 3 false alarms.
- Vents were installed in the storage room doors of the A and B buildings. – This year when FEMA did its annual inspection, it was noted for the first time that the storage closets needed to be vented to comply with FEMA codes. Our flood insurance premium was increased due to the lack of ventilation. Once the staff completed the vents, FEMA did a follow-up inspection and Shipyard received a $4673 per building refund on the flood premium.
- Several long standing drainage problems in the A and B parking lots were corrected.
- The pool cabana and pump house roofs were replaced.
- The pool cabana was repaired, painted, new lighting installed and bathrooms updated.
- The C & D building fire suppression system was inspected in 20% of the units. There was no evidence found of a systemic problem; however, the Board still reserved the right to file an action at a later date if this surfaces.
- A thermal camera investigation and subsequent report was performed on the building exteriors to determine water penetration points.
- Window standards were developed for A and B window replacement.

3. Projects Planned:

- New signs for under building unit parking identification.
- Handicap ramp on the B building side of the pool will be installed shortly.
- New fountain heads will be purchased to provide a better water spray for the fountains at the C and D buildings.
- Additional stucco evaluations will be done on the A and B building.
- Additional window evaluations will be done on the A and B building.

4. Lawsuit settled:

- Chairman Jennings reported that the lawsuit was settled for $3,019,300 gross. After attorneys' fees, court expenses and $100,000 payout of the class action suit, the Association netted slightly more than $2,200,000.
- Chairman Jennings pointed out that the lawsuit was based more on *anticipated* damages than actual damages. There was not a lot of damage behind the Dryvit; thus making the case more difficult to settle. The original estimate by the forensic engineer and the attorneys for the lawsuit certainly had some "fluff" in it.

5. Current Projects:

- Dr. Jennings reviewed the selection of Pro-Tec for repairs to the C & D buildings. The Board investigated possible solutions for repair of the C and D buildings which included hard coat stucco, a cement based panel system and an elastomeric coating produced by Dow Corning. The coating with Dow Corning called Dow AllGuard provided a 10 year warranty against water penetration and was the most cost effective solution for the repair of our buildings

Cost of the project:

$680,610 – ceilings, elastomeric coating, engineer's fee
$ 67,500 – estimated window repairs
$ 28,698 – painting of steps leading to first floor units and storage lockers in garages.

TOTAL $776,808

The Board has committed to putting aside $600,000 in the reserve account to fund maintenance of the C & D buildings and re-coating in 10 years. The balance of the settlement funds (approx. $912,000) has been placed in general reserves. The Board will have a professional reserve study of the remaining life and replacement costs for all of the common elements.

6. General Information

- Chairman Jennings asked that owners make appointments with Richard Bennett. He has many issues to deal with each day and will be more efficient if owners would schedule a time to see him instead of just popping in the office. As an example, Richard got a blackberry recently which allows him to email and track his phone calls. He has received 1800 phone calls in the last two months.
- Chairman Jennings reminded owners that no structural alteration of units can be

done without Board approval. Putting up crown molding or changing a counter top is fine – changing a wall or a door opening is a structural change and would need approval.

- Pool ID bracelets will be used again this year. If you have misplaced your bracelets and need new ones, they can be obtained for $1.00 each at the site office.
- The beach tent rule will be enforced again this year also – no tents on the beach from sundown to sun up.
- Only owners are allowed to have pets. Owners must clean up after their pets as dog deposits not only ruin the grass but also create a health hazard – many children play in the grass, etc.
- If it becomes necessary to remove furniture from balconies in a hurricane warning, your maintenance contractor or rental agent should do this for you; however, the Shipyard site staff will help in this effort if necessary. If you do not want your furniture put directly on the carpet, it is your responsibility to provide a tarp or cover for the carpet.
- Please note that only household trash can be placed in the dumpsters. Old bicycles, microwaves, etc. cannot be placed in the dumpsters. There are two recycling centers for this type of trash – one just north of Brookgreen Gardens and one in Pawleys Island.
- Finally, Chairman Jennings reported that the Shipyard Board has drafted a letter to the Litchfield by the Sea Board concerning the appearance of Heron Marsh. The landscaping is not up to LTBS standards and looks very shabby. Henry Jobe commented that he is on the LTBS Board and this issue was raised at a general meeting last fall yet no action has been taken. Mr. Jobe encouraged owners to look at Heron Marsh and write individual letters to the LTBS Board.

B. **Financial Report:**

- Ms. Diehl reported that the 2005 Audit was completed by C. Nicholas Diez, CPA. She then noted that the report was distributed to the membership at this meeting. The owners not in attendance will also receive a copy of the report when the minutes of the meeting are mailed. Ms. Diehl then briefly reviewed the report for the benefit of the membership, stating that the Association had ended 2005 with an approximate $21,767 surplus. This surplus was transferred to the reserve account to avoid paying a high tax rate. Ms. Diehl stated that thus far for 2006 the Association is operating under budget. Ms. Diehl commended the Board for their prudent financial management.
- Ms. Diehl also reported that the Board has commissioned an insurance replacement cost appraisal – to make sure there is enough coverage to re-build the buildings if destroyed by a storm, fire, etc. The last appraisal was done in December 2002 – it is recommended to get an appraisal every 3-5 years. Construction costs have increased and availability of construction materials has decreased which may cause the appraisal to value the buildings at a higher amount. The master insurance policy renews in June. Increasing the amount of property coverage would increase the premium. Also, due to the severe hurricane season last year, the number of insurance carriers willing to provide insurance to coastal properties has decreased. The Board and management will do everything possible to find the best coverage at the best price; however, owners should be prepared for a substantial increase in the insurance assessment, which comes out mid-May.

VII. **Election of Directors, Tax Resolution and Master Deed Amendment:**

Chairman Jennings announced that the primary purpose of the meeting is to elect Directors. There are four seats open on the Board.

Chairman Jennings asked Ms. Aker to give the report from the nominating committee. She then stated that the Nominating Committee's slate is:

Jack C. Eblin (D32)
C. Leon Jennings, Jr. (B54)
G. Henry Jobe (A15)
Jim Poag (A58/B54)

Write in nominations have been received for:

W. Clinton Cader (D51)
Katie Morrow (B28)

The Chairman opened the floor to additional nominations. With no further nominations, Mr. Shearer (B16) moved that the nominations be closed, seconded by Mr. Kelly (D15).

A motion was made by Ms. Morrow (B28), seconded by Mr. Eblin (D32), that any excess Association income over Association expenses as defined in IRS Reg. 1-277-1 for the year ending December 31, 2006 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

Chairman Jennings reviewed the proposed amendment to the Master Deed. The proposal was made by the Board after hearing of problems that many owners in the A and B building were experiencing trying to replace windows individually. Plus, window contractors cannot necessarily take care of exterior stucco repairs around the windows. If the windows not installed properly and stucco repaired properly, water can penetrate to the unit below. The amendment would make all windows and sliding doors the responsibility of the Association. The window and door screens would remain the responsibility of the owner. The Board would then have an engineer/architect assist with determining which stack of windows is in the worst shape to be replaced first. A schedule would be developed to do x number of stacks each year. Chairman Jennings stated that the Board was not going to use funds from the settlement to replace all windows in the A and B buildings. Questions were posed and answered and several owners from the A and B building shared problems and experiences related to trying to replace a window or two in their unit.

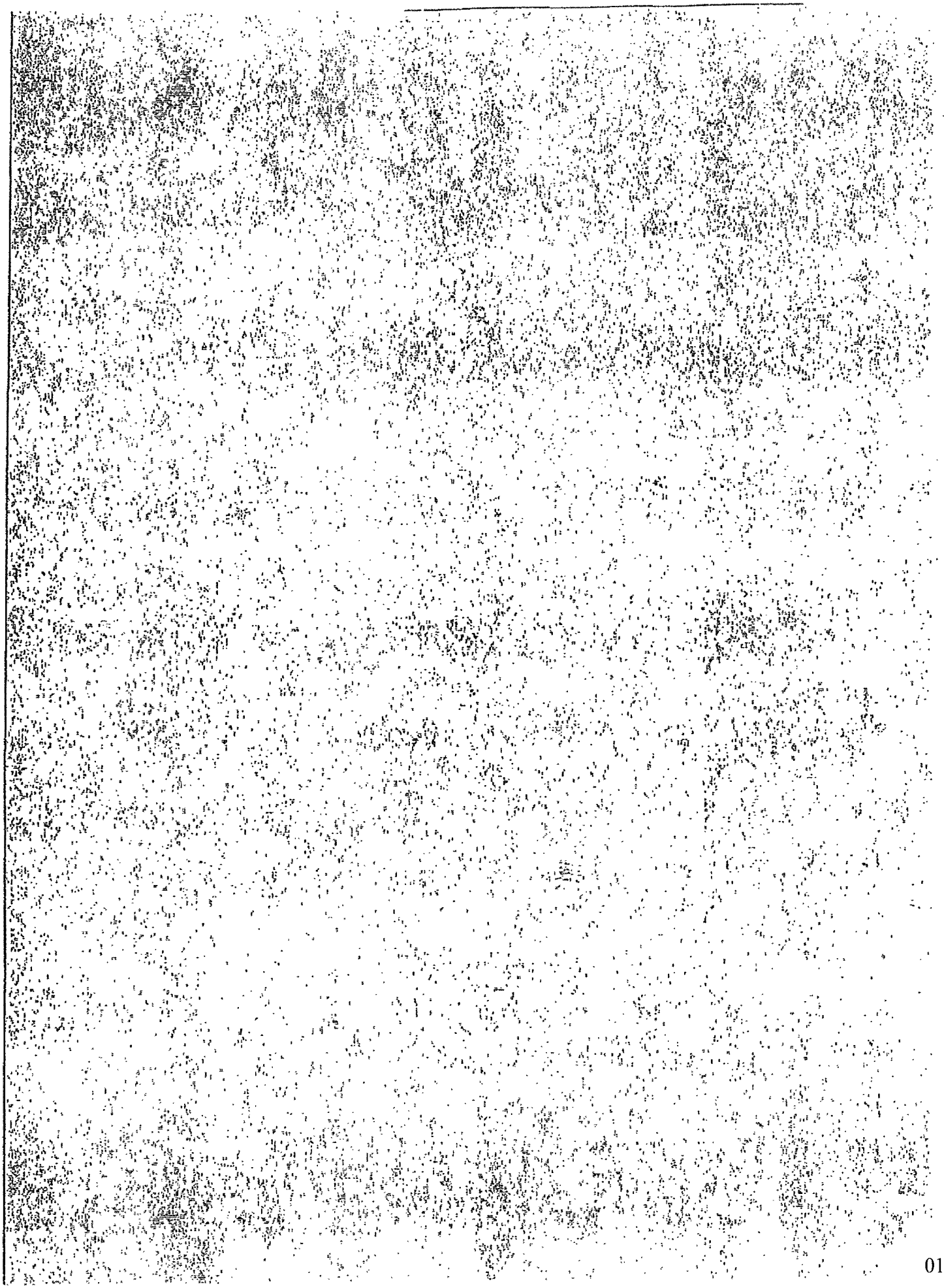
At this point, ballots were handed out to those owners who had not sent in a proxy card.

VIII. **Unfinished Business:**
There was no old business to be discussed.

IX. **New Business and Member Comment:**

Some of the items discussed were:

1. If the amendment passes, payment options for window repairs or replacement could include funds from reserves, assessments or loans.
2. If the amendment passes, the Association would be responsible for replacing faulty windows due to normal wear and tear.
3. Homeowners were reminded not to set off firecrackers from their balconies.
4. Permission to tile balconies is not required, but it is recommended that Richard Bennett be consulted for specifications as to installation.



SHIPYARD VILLAGE
Council of Co-Owners, Inc.

April 24, 2008 2006?

Dear Shipyard Village Owners:

Enclosed please find the minutes from the 2006 Shipyard Village Annual Meeting. These minutes will be approved at the 2007 Annual Meeting. If you did not attend the meeting, the 2005 audit is also enclosed for your review. And, there is a new board member contact sheet for your file.

Please note that the amendment to the master deed **did not pass.** There were 63.59% in favor of the amendment and 8.35% opposed. Unfortunately, 28-29% (approximately 38-39 units) did not vote on this matter which affects every owner. The Shipyard Village Master Deed cannot be amended unless 66.66% vote in favor of the amendment. You will note in the minutes of the meeting that a motion was made towards the end of the meeting to leave the vote on the amendment open for 30 days, in order to allow those owners who did not vote, to vote. In subsequent discussions with the attorney for Shipyard Village, the Board was advised that it is questionable whether the vote on the amendment can be "left open."

While the Board is confident that the majority of the owners are in favor of the amendment, the Board has decided not to follow any "questionable" procedures regarding this. Thus, the Board has decided to start the amendment process over. The Board believes this amendment is in the best interest of the owners and the community as a whole, and obviously, based on the first vote, so do a majority of the owners.

Enclosed please find a NEW PROXY CARD for the amendment vote. Please take a minute NOW to fill this out and drop it in the mail or fax it to the Management Office at 843-357-9890. The deadline for returning the proxy is May 26, 2006.

We will inform the owners of the results shortly after date. **Again, we need 66.66% of the owners to approve this amendment for it to pass.** Enclosed again is the information on the proposed amendment. Please promptly return your completed Proxy Card by mail or by faxing to our office at 843-357-9890.

Some additional points from the annual meeting to be aware of:

- Pool bracelets will be used again this year. The bracelets will be strictly enforced and those without bracelets will be asked to leave the pool area. If you do not have your bracelet from last year, you may see Richard Bennett, Maintenance Supervisor, on site, (843-385-1643) or contact the management office. Replacement bracelets are $1.00 each.

POST OFFICE BOX 2537 • MURRELLS INLET, SOUTH CAROLINA 29576
(843) 357-9888 • FAX: (843) 357-9890

- Again for this season, beach tents will not be permitted in front of Shipyard from sundown to sun up.
- A handicap ramp for access to the pool area will be built on the B building side of the pool. This should be completed by Memorial Day.

We thank those who attended the meeting and those who participated by proxy. Please don't hesitate to contact the management office if you have any questions.

Enjoy the summer season!

Sincerely,

FOR THE BOARD OF DIRECTORS

Kellie A Diehl

Kellie A. Diehl, PCAM
Managing Agent

SHIPYARD VILLAGE
Council of Co-Owners, Inc.

July 6, 2006

Dear Shipyard Village Owners:

We would like to take this opportunity to update you on some issues as well as remind you of some important rules that must be adhered to.

Amendment to Master Deed: The proposed amendment to the master deed making windows the responsibility of the association has passed. We are in the process of getting the amendment officially recorded. In summary, window replacement (under normal wear & tear conditions) is the responsibility of the association. This includes patio sliding glass doors but does not include window screens or sliding door screens. The Board will be meeting within the next month to begin to formulate a plan for windows in the A and B building. We will be reviewing proposals from engineering companies to do a thorough evaluation of windows and surrounding stucco in both buildings, prioritizing necessary replacement by stack. We will then get prices to do the recommended work and put an immediate as well as a long range plan together. We will keep you posted.

Electrical problems in A and B: Over the past couple of months, there have been two fires in units due to faulty wiring and a short identified in another that could have led to a fire. In addition, several problems with the common area wiring in these two buildings have been identified and repaired. Therefore, **the Board is mandating that all owners in the A and B building have a certified electrician inspect your electrical box, breakers, wiring, etc. as soon as possible. Each owner is required to send a report from the electrician to the management office by September 1, 2006. Any faulty material MUST be replaced immediately. We request that the entire electric service be replaced if there is a failure in 3 or more breakers. Hamilton Electric is familiar with the electrical set up in these units and has given a price of $60 per unit for the initial inspection, provided they get at least 4 units.** You can use a certified electrician of your choice as this is an owner expense responsibility. If the management office does not receive a copy of your electrical report by September 1, the association will have Hamilton Electric perform the inspection and bill you. Hamilton Electric's phone number is 843-237-8885.

Repair work on C and D: We are happy to report that the majority of the repair work on C and D is complete. There are still some punch list items the contractor needs to address and the Board will not authorize the final payment until all items are complete. Overall, we are pleased with the outcome of the total project. We will be issued our 10 year warranty on the buildings shortly.

Stucco work on A and B: the Board has authorized Perkins Waterproofing (contractor who did work on C and D through ProTec) to do some stucco repairs on the A and B building. These are

obvious repairs that are much needed to prevent further deterioration and water penetration. These repairs will not have to be re-done as a result of any window work and/or items identified by the engineer to be hired to evaluate the buildings. The work is tentatively scheduled to start the week of July 10 and will all be done from the exterior of the building.

IMPORTANT SUMMER REMINDERS:

- Beach tents must be removed each day. Tents are not permitted on the beach from sundown to sun up. The staff has been authorized to remove tents and charge fines to any one who does not comply with this rule.
- Pool bracelets MUST be worn at all times when at the pool. Anyone without a bracelet will be asked to leave the pool area. We have found that this procedure has cut down on the number of people staying at other regimes using our pool. Additional tags may be purchased from Richard Bennett, on site, 843-385-1643 for $1.00 per bracelet.
- Towels and other items are not permitted to hang over the balconies. Also, please remember that most of you have balconies beneath yours – be considerate of your neighbors and do not throw things over the balcony.
- RENTAL AGENTS: trash bags are not permitted to be placed in the corridors. Your cleaning crew must dispose of all trash in the appropriate dumpster and not leave it in the corridor. And, please remove your laundry bags immediately – do not store them in the corridors for a later pick up.

EXHIBIT "E"

Instrument 200600022615 Book 235 Page 5

STATE OF SOUTH CAROLINA) AMENDMENT TO THE MASTER DEED
) OF SHIPYARD VILLAGE
COUNTY OF GEORGETOWN) HORIZONTAL PROPERTY REGIME

WHEREAS, the Master Deed for Shipyard Village Horizontal Property Regime (hereinafter the "Master Deed") was filed with the Register of Deeds for Georgetown County, South Carolina, on July 9, 1982 in Deed Book 201 at page 880; and

WHEREAS, the Master Deed has been amended by the filing of a First Amendment in the Register of Deeds for Georgetown County in Deed Book 891 at Page 001 (said First Amendment was re-recorded in Deed Book 907 at Page 127 and re-recorded in Deed Book 942 at Page 001), and by the filing of a Second Amendment in the Register of Deeds for Georgetown County in Deed Book 910 at Page 25 (said Second Amendment was re-recorded in Deed Book 942 at Page 46); and

WHEREAS, the Shipyard Village Council of Co-Owners, Inc. is a nonprofit corporation organized and existing under the laws of the State of South Carolina; and

WHEREAS, after proper and timely notice to Association members, a Special Meeting was held on April 15, 2006 for the purpose of voting on this Amendment to the Master Deed; and

WHEREAS, at that Special Meeting this Amendment was adopted by the affirmative vote the Co-Owners of two-thirds of the total interest in the Common Elements, pursuant to pursuant to Article XIV, Section 14.1 of the Master Deed; and

WHEREAS, the Shipyard Village Council of Co-Owners now desires to place this Amendment upon the public record;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Master Deed for Shipyard Village Horizontal Property Regime is amended as follows:

The following language is hereby deleted from Article III, Section 3.6(c):

> (ii) the window glasses, screens, frames and casings which are part of the window openings of the Unit;

The following language is hereby deleted from Article II, Section 5(c) of the First and Second Amendments to the Master Deed:

GEORGETOWN COUNTY PARCEL #_____

SPE

(iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit;

The following sentence is hereby added to the end of Article III, Section 3.7(b) of the Master Deed:

> The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings.

The First and Second Amendments to the Master Deed are hereby amended so that the final two sentences of Article III, Section 2 of those Amendments read as follows:

> The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.

Any other provisions of the Master Deed and Amendments thereto which are otherwise inconsistent with this Amendment are hereby amended so that such provisions are consistent with this Amendment. All other provisions of the Master Deed and Amendments thereto are unchanged and shall remain in full force and effect.

IN WITNESS WHEREOF, the President and Secretary of the Shipyard Village Council of Co-Owners, Inc., have caused this Amendment to be transcribed and hereby certify that this Amendment to the Master Deed and First and Second Amendments of the Shipyard Village Horizontal Property Regime was duly adopted in accordance with the provisions of the Master Deed.

SIGNED, SEALED, and DELIVERED IN THE PRESENCE OF:

WITNESSES:

1st Witness Signature

Vicki Gallagher, Witness/Notary

SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.

By:

Brian Nisbet
Its: President

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

ACKNOWLEDGEMENT
(S.C. CODE ANN. §30-5-30(B)(C)

I, the undersigned Notary Public for South Carolina, do hereby certify that Shipyard Village Council of Co-Owners, Inc. by Brian Nisbet, its President, appeared before me this day and acknowledged the due execution of the foregoing instrument as its act and deed.

Witness my hand and official seal this 26th day of September, 2006.

Vicki Gallagher
Notary Public for South Carolina
My Commission Expires: August 16, 2012

(SEAL)

WITNESSES:

Pauline Mackin
1st Witness Signature

Kellie A. Diehl
Kellie A. Diehl

SHIPYARD VILLAGE COUNCIL
OF CO-OWNERS, INC.

By: James C. Poag, Jr.
James C. Poag, Jr.
Its: Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

ACKNOWLEDGEMENT
(S.C. CODE ANN. §30-5-30(B)(C)

I, the undersigned Notary Public for South Carolina, do hereby certify that Shipyard Village Council of Co-Owners, Inc. by James C. Poag, Jr., its Secretary, appeared before me this day and acknowledged the due execution of the foregoing instrument as its act and deed.

Witness my hand and official seal this 26th day of September, 2006.

Vicki Gallagher
Notary Public for South Carolina
My Commission Expires: August 16, 2012

(SEAL)

0122

Instrument	Book	Page
200600022615	235	9

48054 PLS

200600022615
Filed for Record in
GEORGETOWN SC
REGISTER OF DEEDS
10-16-2006 At 01:37 pm.
AMENDMENT 10.00
STATE TAX .00
COUNTY TAX .00
Book 235 Page 5 - 9
Wanda F. Prevatte

RECORD THIS DATE

AUDITOR GEORGETOWN CO.
LINDA S. MOCK

EXHIBIT E BOOK 201 PAGE 929
to Master Deed of Shipyard Village Horizontal Property Regime

BYLAWS

THE BYLAWS of SHIPYARD VILLAGE HORIZONTAL PROPERTY REGIME (the "Regime") are promulgated pursuant to the Horizontal Property Act of South Carolina, Chapter 31, Title 27, Code of Laws of South Carolina, 1976, as amended, and as may be further amended from time to time (the "Act") for the purposes of governing the Council of Co-owners (the "Council") and the administration of the Regime. All terms not defined in these Bylaws have the meaning set out in the Act or the Master Deed dated July 7, 1982, from LITCHFIELD-BY-THE-SEA, a joint venture organized under the Uniform Partnership Act of South Carolina, as Grantor, with all Exhibits incorporated therein and all amendments thereto (the "Master Deed").

ARTICLE I

COUNCIL OF CO-OWNERS

Section 1.1. Membership. Each Co-owner shall be a member of the Council. A person who holds a mortgage on a Unit as security for payment of a debt shall not be a member entitled to exercise the rights of a Co-owner unless such person holds a proxy conferring such rights.

Section 1.2. Quorum. The presence in person or by proxy of Co-owners owning fifty-one (51%) percent of the Percentage Interest in the Common Elements shall constitute a quorum for the transaction of business at meetings of the Council.

Section 1.3. Voting. A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article VII and Exhibit C and D of the Master Deed. Holders of fifty-one (51%) percent or more of the value of the Regime Property as a whole must vote affirmatively to adopt any matter before the Council. Votes can be cast only at meetings of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer

thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof. When any Unit is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners in partnership or any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Council prior to the exercise of a vote by joint owners. All votes appurtenant to a single Unit must be cast together and may not be split.

Section 1.4. Proxies. Each Co-owner entitled to vote may vote in person or by proxy at any meetings of the Council. Each proxy shall be executed in writing by the Co-owner or by his duly authorized attorney-in-fact, dated as of its execution and shall be filed with the Secretary of the Council. No proxy shall confer authority to vote at any meeting other than the next meeting, or adjournment thereof, held after the date on which the proxy was executed.

Section 1.5. Consents. Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners entitled to vote, or, in the case of Units owned by two or more Co-owners, by the designated voting member.

Section 1.6. Annual Meetings. An annual meeting of the Council shall be held on the third Saturday in April of each year or at such other time as may be determined by the Board of Directors. Any business which is appropriate for action of the Co-owners may be transacted at an annual meeting.

Section 1.7. Special Meetings. Special meetings of the Council may be called at any time by the President of the Council or by a majority of the Board of Directors and shall be called upon the written request of Co-owners owning a majority of the value of the Regime Property. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-owners entitled to vote waive notice of any additional business.

Section 1.11. Adjournment. Any meeting of the Council may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of Co-owners holding a majority of the vote represented at such meeting, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

Section 1.12. Order of Business. The order of business at all meetings of the Co-owners shall be as follows:

1. Roll Call and certifying of proxies;
2. Proof of proper notice of the meeting or waiver of notice;
3. Reading of minutes of preceding meeting;
4. Report of the Board of Directors;
5. Reports of Officers;
6. Reports of Committees;
7. Report of Manager;
8. Presentation of Budget;
9. Election of Directors (when required);
10. Unfinished business;
11. New business.

Section 1.13. Minutes of Meeting. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Council. Such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

ARTICLE II

BOARD OF DIRECTORS OF THE COUNCIL

Section 2.1. Form of Administration. The Council shall act by and through its Board of Directors. Initially the number of Directors shall be three (3) and in subsequent years the number shall be set by the Board of Directors at three (3), five (5), seven (7) or nine (9) members as the Board of Directors deems appropriate.

The initial Board of Directors shall be elected at the organizational meeting of the Council and shall serve until the first annual meeting of the Co-owners. At the first annual meeting the Co-owners shall elect one Director for a term of one (1) year and two (2) Directors for a term of two (2) years. In the event the number of Directors is increased, one-half (1/2) of such new Directors shall be elected for an initial term of one (1) year and one-half shall be elected for an initial term of two (2) years. At the expiration of the initial term of a Director, his successor shall be elected to succeed himself, and a Director shall be deemed to continue in office until his successor has been elected and has assumed office.

Section 2.4. Removal. A Director may be removed from office with or without cause by the affirmative vote of Co-owners holding two-thirds (2/3) of the total interest in the Common Elements. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of the Co-owners holding a majority of the Percentage Interest in the Common Elements.

Section 2.5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the Co-owners shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

Section 2.6. Voting. Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these Bylaws. Proxies shall not be permitted in any vote of the Board of Directors. The affirmative vote of a simple majority of the Directors present at the time of a vote, if a quorum is present at such time, shall be sufficient for any action unless otherwise specified in these Bylaws.

Section 2.12. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date, and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote. If notice is waived in advance of a special meeting of the Board of Directors, such waiver shall apply only to such matters transacted at the special meeting which have been communicated in advance to the Director who has waived notice.

Section 2.13. Place of Meeting. All meetings of the Board of Directors shall be held upon the Property or at such other convenient place as the Board of Directors may direct. Meetings may be conducted by conference telephone.

Section 2.14. Minutes of Meetings. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of such minutes shall be distributed to each Co-owner within thirty (30) days following each meeting, and all such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

Section 2.15. Compensation. The Directors shall serve without compensation but shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE III

OFFICERS OF THE COUNCIL

Section 3.1. Designation. The Council shall have a President, a Vice-President, a Secretary and a Treasurer. The Council may also have one or more assistants to any of such officers

keep the financial records and books of account belonging to the Council. If a Manager is employed as hereinafter provided, custody of Council funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Manager if the Board of Directors so determines, but in such case the Treasurer shall verify the amount of Council funds and securities in the custody of the Manager and review and reconcile the accounts maintained by the Manager at such intervals as may be determined by the Board of Directors.

Section 3.8. Compensation. The officers may receive such compensation as the Board of Directors may determine and shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE IV

MANAGER

Section 4.1. Employment. Unless the manager initially selected by the Board of Directors or its designee consents to a shorter time, for a period of one (1) calendar year from and including the date upon which the Master Deed is recorded, said manager or its designee shall be employed by the Council as the Manager of the Regime. After such period of time, the Board of Directors shall employ a management agent entirely of its own choosing.

Section 4.2. Qualification. The Manager may be a natural person or a corporation or other legal entity.

Section 4.3. Authority and Duties. The Manager shall provide the services and perform the duties set out in Article II, Section 2.1 of these Bylaws, and shall provide such other services and perform such other duties as authorized and directed from time to time by the Board of Directors. The Manager shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and of the Council when requested to so so by the Board.

ARTICLE V

FINANCES

Section 5.1. Fiscal Year. The fiscal year of the Council shall end December 31 unless the Board of Directors shall

Section 5.6. Individual Assessments. Any payments to the Council which one or more, but fewer than all, of the Co-owners shall be obligated to make pursuant to the terms of the Act, the Master Deed, or these Bylaws shall be due upon demand and shall be collected by the Board of Directors as individual assessments ("Individual Assessments").

Section 5.7. Collection. Co-owners shall be personally liable for all assessments and shall pay the same promptly when due. In its discretion, the Board of Directors may take appropriate action to establish reasonable late payment penalties, to collect by suit, foreclosure, or other lawful method any overdue assessment. If any overdue assessment is collected by an attorney or by action at law, the Co-owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

Section 5.8. Penalty. An assessment not paid within thirty (30) days following the date when due shall bear a penalty in an amount to be determined annually by the Board and consistently applied, plus interest on the principal amount of the assessment from the date when due at a rate to be determined by the Board of Directors not to exceed the maximum permitted by law. The penalty shall be added to and collected in the same manner as the assessment. For purposes of this paragraph only, an unpaid assessment shall not be deemed overdue until the Board of Directors has delivered to the Co-owner owing the same a demand for payment, unless the Board of Directors has within thirty (30) days prior to the date when due delivered to such Co-owner a written notice of the amount and the date due, in which case no further demand shall be necessary. The Board of Directors may in its discretion waive all or any portion of a penalty or interest imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Co-owner.

Section 5.9. Accounts. The Board of Directors shall maintain on behalf of the Council a checking account with a state- or federally-chartered bank of its choice. The Board of Directors

Section 6.2. Maintenance by Co-owners. Except for Time Sharing Units, the Units shall be maintained in good condition and repair by their respective Co-owners. Except for Co-owners of Time Sharing Units, each Co-owner shall also provide for the routine cleaning of all Limited Common Elements reserved for the use of his Unit. The maintenance, repair and routine cleaning of the Time Sharing Units and Limited Common Elements appurtenant to the Time Sharing Units shall be the responsibility of the associations or management entities created pursuant to Vacation Time Sharing Plans.

Section 6.3. Default by Co-owner. In the event that any Co-owner fails to perform the maintenance required of him by these Bylaws or by any lawful Regulation, and such failure creates or permits a condition which is hazardous to life, health, or property, or which unreasonably interferes with the rights of another Co-owner, or which substantially detracts from the value or appearance of the Regime Property, the Board of Directors shall, after giving such Co-owner reasonable notice and opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Co-owner by an Individual Assessment.

Section 6.4. Expenses. The expenses of all maintenance, repair, and replacement provided by the Manager or the Board of Directors, including losses by storm, fire or other casualty insured by the Council, shall be Common Expenses, except that when such expenses are not fully reimbursed by insurance proceeds and when they are necessitated by (1) the failure of a Co-owner to perform the maintenance required by these Bylaws or by any lawful Regulation or (2) the willful act, neglect, or abuse of a Co-owner, they shall be charged to such Co-owner as an Individual Assessment.

Section 6.5. Improvements. The Board of Directors shall provide for the making of such improvements and additions to the

("Regulations") governing the operation and use of the Regume Property as it may deem necessary or desirable. It shall be necessary to publish Regulations newly adopted or the amendment or repeal of existing Regulations, and no Co-owner shall be bound by any newly adopted Regulation or any amendment or repeal of an existing Regulation until a copy of the same has been delivered to him.

Section 7.3. Enforcement. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations. In addition to any other remedy to which the Council or any Co-owner may be entitled, the Board of Directors may impose against a Co-owner reasonable fines not to exceed an amount per day to be determined annually by the Board of Directors and consistently applied for any violation of the terms of the Act, the Master Deed, or these Bylaws or of the Regulations promulgated pursuant hereto. Such fines shall be collected by Individual Assessments. Each day during which a violation occurs or continues may be deemed a separate offense.

Section 7.4. Responsibility of Co-Owners. Each Co-owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Co-owner shall not relieve any member of his household or any of his tenants, agents, or guests for any liability to the Council or to a Co-owner for the acts of such member, tenant, agent or guest.

ARTICLE VIII

LIABILITIES AND INDEMNIFICATION

Section 8.1. Liability of Council. Shipyard Village Council of Co-owners, Inc. is a South Carolina corporation. No member of the Council is or shall be liable for the debts or torts of the Council. In the event, however, that the Council or any Co-owners were held liable by any court of law, no Co-owner shall be liable upon a debt or tort of the Council for any amount in excess of that percentage of total liability of the Council which is equal to his percentage ownership of the Common Elements.

ARTICLE IX

ATTESTATIONS AND CERTIFICATIONS

Section 9.1. Attestation of Documents. The presence of the signature of the Secretary or an assistant secretary of the Council on any contract, conveyance, or any other document executed on behalf of the Council by another officer of the Council shall attest:

(1) That the officer of the Council executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Council, and that the signature of such officer subscribed on the document is genuine; and

(2) That the execution of the document on behalf of the Council has been duly authorized.

Section 9.2. Certification of Documents. When any document relating to the Regime Property or the Council is certified as authentic by the Secretary or an assistant secretary of the Council, a third party without knowledge or reason known to the contrary may rely on such document as being what it purports to be.

Section 9.3. Certification of Actions and Facts. When there is executed by the Secretary or an assistant secretary a written statement setting forth (1) actions taken by the Council or by the Board of Directors, or (2) facts relating to the Regime Property or the Council as determined by the Board of Directors, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

Section 9.4. Absence of Seal. The absence of the seal of the Council from any contract, conveyance or other document executed on behalf of the Council shall not impair the validity of such contract, conveyance or document or of any action taken pursuant thereto or in reliance thereon, but the person relying on the same shall bear the burden of establishing that the execution of the same was duly authorized and accomplished on behalf of the Council.

have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 11.5. Conflicts. In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control, as appropriate. In the event of a conflict between these Bylaws and the Regulations, these Bylaws shall control.

Section 11.6. Severability. The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

Section 11.7. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

Section 11.8. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

EXHIBIT G

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASES II THROUGH IV

ALL that piece, parcel or tract of land, situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/ Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith,* as follows: Beginning on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A", South Dunes Drive being a private road leading from U.S. Highway #17, and running thence with the line of "Driveway A" S. 62-13 E. 101.6 feet to a point; thence with the line of Phase I (Building A) S. 00-46 W. 172.8 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 30-46 W. 136.2 feet to a point in the line with Phase III; thence S. 34-49 E. 90 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence with the line of "Driveway B" N. 55-04 W. 148.6 feet to a point; thence N. 30-49 W. 140 feet to a point on the Southeastern side of South Dunes Drive; thence with the Southern side of South Dunes Drive the following: N. 35-45 E. 81.8 feet, N. 50-46 E. 165.1 feet, N. 59-54-44 E. 219.7 feet to a point, the point of beginning.

SAVING AND EXCEPTING THEREFROM, the road and area within "Driveway A" consisting of .345 acres and the areas in which roads are constructed in future phases of Shipyard Village Horizontal Property Regime.

*In the office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25 - .

73.00 M3+D

BOOK 201 PAGE 952

FILED
BETTY L. WILLIAMS
CCCP&G.R.

JUL 9 2 41 PM '82

GEORGETOWN COUNTY, S. C.
BOOK 201 PAGE 980
Cynthia J. Howard,
Deputy CCCP

Shipyard Village Horizontal
Property Regime
PO Drawer 416
Georgetown, S.C. 29440
Master Deed

Recorded this 12th day of
July A.D. 1982
in Book Z-3 Page 751
Auditor, Georgetown Co., S.C.

COUNTY PARCEL # 4-140-1

EXHIBIT "G"

BELLAMY, RUTENBERG, COPELAND,
EPPS, GRAVELY & BOWERS, P.A.
ATTORNEYS AT LAW
1000 29TH AVENUE NORTH
P.O. Box 357
MYRTLE BEACH, SOUTH CAROLINA 29578
TELEPHONE (843) 448-2400
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HOWELL V. BELLAMY, JR.
JOHN K. RUTENBERG
JOHN E. COPELAND
CLAUDE M. EPPS, JR.
DAVID R. GRAVELY**
EDWARD B. BOWERS, JR.,*
BRADLEY D. KING
M. EDWIN HINOS, JR.
JILL F. GRIFFITH
DAVID B. MILLER ****

C. WINFIELD JOHNSON, III
DOUGLAS M. ZAYICEK
JEFFREY W. KING***
MARTIN C. DAWSEY
ROBERT S. SHELTON****
HOWELL V. BELLAMY, III
ASHLEY P. MORRISON
GEORGE W. REDMAN, III
W. JOSEPH CUNNINGHAM***
BENJAMIN A. BARGODY

* CERTIFIED SPECIALIST IN TAXATION LAW
** FELLOW OF THE AMERICAN ACADEMY OF MATRIMONIAL LAWYERS
*** ALSO MEMBER OF NORTH CAROLINA BAR
**** CERTIFIED MEDIATOR

June 9, 2008

BOARD OF DIRECTORS
SHIPYARD VILLAGE COUNCIL
OF CO-OWNERS, INC.
C/O K. A. Diehl & Associates, Inc., Managing Agent
P.O. Box 2537
Murrells Inlet, SC 29576

Re: Proposed Special Assessment Related to Buildings A & B, Shipyard Village HPR

Dear Board of Directors:

Our firm has been engaged by several owners of condominium units in Buildings C & D of Shipyard Village Horizontal Property Regime ("Regime"). The purpose of this engagement is to assist them in evaluating the propriety of the proposed special assessment for work on Buildings A & B of the Regime. The hope is that it will be possible to work with the Board and all Members of Shipyard Village Council of Co-Owners, Inc. (the "Association") to reach a more reasonable resolution of the issues facing the Regime than the proposal currently under consideration. With that goal in mind, we request that the Board, and/or its legal representatives, meet with us to explore alternatives. We understand that an informational meeting to discuss these matters is planned for June 20, 2008, which will certainly provide a forum for discussion by all interested Members. However, it may be more productive, either before or after said meeting, to discuss the issues with the Board directly. In order to begin the discussion process, a brief outline of our understanding and evaluation of the issues at hand is set forth below.

We have reviewed the March 31, 2008 letter from the Board to the Members, along with a portion of the report from MEC Engineering Services, Inc. ("Engineer") that was included with this letter. We have also reviewed the Master Deed for Shipyard Village HPR, the First and Second Amendments thereto submitting Buildings C & D, the 2006 Amendment purporting to amend the description of the Units and Limited Common Elements, as well as correspondence from the Regime to the owners going back several years. This review leads us to conclude that the proposed assessment would be invalid or at least partially invalid. The preliminary reasoning behind this conclusion is summarized as follows:

2006 Amendment: At a minimum, any portion of the proposed work that relates to replacement of windows in the buildings is the responsibility of the individual owners of the units, not the Association. Again, without the full report or construction bids, it's impossible for us to know exactly what portion of the total cost these items represent, but based on prior estimates provided in correspondence from the Board, it appears to be a significant portion if not the major portion. The proposed assessment seeks to force all Members to contribute to these costs, in clear violation of the Master Deed.

The Amendment to the Master Deed of Shipyard Village Horizontal Property Regime dated September 26, 2006, and recorded in Deed Book 235, Page 5, records of Georgetown County, South Carolina ("2006 Amendment") was not properly approved and is not binding on the Regime or the Owners. The amendment purported to rewrite the definition of Units within the Regime to exclude "the window glasses, screens, frames and casings which are part of the window openings of the Unit" and to designate these items as Limited Common Elements. However, the amendment failed to pass at the only meeting that was held to vote on the matter, the April 15, 2006, annual meeting. Thereafter, the Board and management agent solicited proxies from various members to "re-vote" on the amendment. Thereafter, in a letter dated July 6, 2006, the Board announced that the amendment had passed with no further explanation. Setting aside for now issues with the information or misinformation apparently given to solicit the proxies from members, no meeting was held to vote on the matter. No such procedure is authorized in the governing documents or corporate law. The By-Laws, Section 1.4, provide that Owners may vote in person or by proxy at any meetings of the Association, and Section 1.3 provides that votes may only be cast at meetings. The only procedure for taking action without a meeting is set forth in Section 1.5, which states that "Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners entitle to vote, or, in the case of Units owned by two or more Co-owners, by the designated voting member." (emphasis added). All Co-owners did not consent in writing to adopt the 2006 Amendment, and no meeting was held at which a vote could have been taken. The end result is that the 2006 Amendment was not properly adopted, leaving the window glasses, screens, frames, casings and sliding glass doors as part of each Unit, not common elements, and therefore replacement or repair is the responsibility of each individual owner.

Improvement versus Repair: We believe that the extent of the work contemplated by the Board goes beyond necessary repairs, and in fact are improvements to the buildings. The Board, in its April 30, 2008 memorandum to the Owners, has stated that no possible "Plan B" is even being considered, stating that its "Plan B" would be to continue to push the special assessment for adoption. Based upon the extraordinary cost being considered, we find it hard to believe that all the proposed work constitutes necessary repairs. Again, the Board has not provided the full report and recommendations of the Engineer for inspection or for review by other qualified engineers, so it's impossible to determine what portions of the work would fall into the category of necessary repairs and what portions would be improvements.

As to the portions of the work that are really improvements versus repairs, the Board only has authority to assess an Owner up to 1% of the value of the Owner's Unit, unless a higher amount is approved by a 2/3 vote of the Owners.

Repairs Responsibility of Individual Owners: The portion of the work that constitutes repairs to Common Elements is the responsibility of the Owners affected by such repairs for various reasons.

First, as stated in correspondence from the Board, such repairs are necessitated at least partially due to water intrusion through window openings and sliding glass doors that are a part of each Unit, not common elements. Even if the 2006 Amendment were effective, these items were not common elements prior to said amendment when most of the intrusion occurred. Such intrusion is a direct result of a failure to maintain or repair such items. Section 4.3 of the Master Deed, and Section 6.2 of the By-laws, place the responsibility of maintaining a Unit on the Owner. Section 6.4 of the By-laws state that expenses for repair and replacement of Common Elements is a Common Expense, except that when such expenses are not reimbursed by insurance and are necessitated by (1) failure of an Owner to maintain his Unit or (2) the neglect of an Owner, they shall be charged to such Owner as an Individual Assessment. Therefore, the costs are the responsibility of the Owners of Units within Buildings A & B.

Alternatively, Section 260 of the Horizontal Property Act (Section 27-31-260 of the South Carolina Code of Laws (1976), as amended), mandates that in the event of damage where insurance proceeds are unavailable or inadequate, the costs of reconstruction shall be paid by the co-owners directly affected by the damage, not all of the co-owners as contemplated by the Board. We are not aware that any insurance coverage will apply, so by statute this cost is the responsibility of the Owners in Buildings A & B.

Failure to Build Reserves: Finally, Shipyard Village Horizontal Property Regime is somewhat unusual in that two of the buildings (A & B in 1982) were constructed much earlier than the other two buildings (C & D in 1998). The older buildings are 25+ years old, an age where one would expect capital improvements would be needed to continue the life of the buildings. The Owners within C & D were not part of the Regime for the first 60% of its existence, and had no say in the management during that time. The failure of the Owners and past Boards (prior to C & D joining) to properly manage the Regime by ensuring proper maintenance and building reserves for future capital improvements, is one of the causes of the current situation. While the documents and law do not allow the Regime to burden the C & D Owners for the reasons already stated, we further do not believe that such action will be allowed by principles of equity.

Since Buildings C & D joined the Regime, the Board and management acted appropriately in identifying problems with said buildings, resulting in a lawsuit that obtained funds for the Regime to alleviate future problems with those two buildings. This action prevented C & D from becoming a burden to the A & B Owners and we commend the Board at that time for taking such action. The Board has also set aside at least a portion of the settlement as reserves to be used for C & D when sealing and other maintenance will be required (though we question, in light of the current issues, the right or authority of the Association to

utilize any of those funds for improvements to A & B), thus further protecting the A & B Owners from being unduly burdened by the C & D Buildings. Now, however, the Board and A & B Owners are seeking to burden the C & D Owners for the failure of the Owners in Buildings A & B, through their past Boards, to properly administer the Regime for the first 16+ years. The Regime during that time failed to accumulate reserves in anticipation of future capital improvement needs as required by good property management practices and Section 5.2 of the Master Deed. The consequences of these actions, or non-actions, cannot be equitably placed upon the Owners within Buildings C & D.

The points raised above do not represent all potential causes of action related to these matters. While there are other potential theories of liability which may be applicable, we do not feel it is necessary to discuss them at this time. As initially stated, our clients are interested in working with the Board and the Building A & B Owners to arrive at a mutually agreeable solution. Every Owner is interested in protecting their investment, and working together is in everyone's best interest. We are willing to sit down with the appropriate parties to work through the issues. If you desire we are willing to enter into mediation discussions with a qualified, mutually agreeable mediator to assist in the process. Especially since, if litigation were to ensue, most likely a mediation process would be mandated by the court. Please understand, however, that if the assessment as proposed is put to a vote, we will be forced to initiate litigation to protect the interests of the C & D Owners.

Thank you, and please contact me to discuss the matter and the format for future discussions.

Sincerely,
Bellamy, Rutenberg, Copeland,
Epps, Gravely & Bowers, P.A.

Jeffrey W. King

CC:

Dr. Jack C. Eblin, President
124 Midvale Dr.
Huntington, WV 25705

Tim Cassidy, Vice President
29 Searles Rd.
Darien, CT 06820

Jim Poag, Secretary/Treasurer
3672 Brentwood Dr.
Gastonia, NC 28056

Dr. C. Leon Jennings, Director
200 The Glebe Blvd, Apt. #3000
Dalesville, VA 24083

Doris R. Bray, Director
1911 Baytree Dr.
Greensboro, NC 27455

Clinton Carter, Director
371 S. Dunes Dr. D51
Pawleys Island, SC 29585

Marie Aker, Director
4965 Fulton Place
Murrells Inlet, SC 29576

Richard (Dick) Fisher
405 Landis Lakes Ct
Loulsville, KY 40245

William C. Bovender, Esq.
HUNTER, SMITH & DAVIS
P.O. Box 3740
Kingsport, TN 37664

STATE OF SOUTH CAROLINA)
)
COUNTY OF GEORGETOWN)

IN THE COURT OF COMMON PLEAS
FIFTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO. 2009-CP-22-01655

Richard A. Fisher, Platte B. Moring, Jr.,) Trustee of the Platte B. Moring, Jr. Living) Trust dated March 13, 2001; Marianne) Kochanski, and Jim H. Markley, III) Individually, and in a Representative Capacity) on Behalf of All Persons Similarly Situated) Who Own Units in Buildings C and D of the) Shipyard Village Horizontal Property Regime;) Robert A. Wright, Mary Beth C. Wright, H.) Allen Wright, Joyce Y. Wright and Carolyn L.) Wright; Carmen J. Savoca, Ann D. Savoca,) William John Savoca and Donna S. Strom;) James T. Hunter and Mary D. Hunter; Dwain) C. Andrews; WWS, LLC, a South Carolina) Limited Liability Company; Donald L.) Henson and Sandra L. Henson; Allen M..) Funk; Norman J. Rish and Mary T. Rish;) Angela M. Markley; Walter C. Worsham and) Carolyn W. Worsham; Enrico S. Piraino and) Giusto Piraino; Otis T. Harrison and Rose C.) Harrison; James E. Newman, Jr.; Brenda E.) Fisher and Joseph R. Canning and Kathleen B.) Canning; James D. Reynolds, Jr.; Fuller) Family, LLC; Richard T. White and Rory L.) White; Propst and Dawson, LLC; Litchfield) Quarters, LLC, and Larry O. Snider and Paula) D. Snider; William C. Hammond, Jr., Living) Trust and the Shawn S. Hammond Living) Trust; GAB IV, LLC, a Virginia Limited) Liability Company; Robert C. McBride and) Susan R. McBride, Trustees of the Robert C.) McBride Family Trust u/d/t July 24, 2008, and) Susan R. McBride and Robert C. McBride,) Trustees of the Susan R. McBride Family) Trust u/d/t July 24, 2008; Evelyn J. Valuska;) Barbara W. Beymer; Montrose Associates,) LLC; Harry L. Belk and Jan C. Belk; Dennis) E. Barrett and Wilma J. Barrett; First Family) Properties, Inc., Cynthia L. Jones, Sandra D.)

FOURTH AMENDED COMPLAINT
(Jury Trial Requested)

FILED
GEORGETOWN COUNTY, S.C.
2012 MAR 30 AM 11:44
ALMA Y. WHITE
CLERK OF COURT

Huggins and Margaret S. Dover, Thomas) Franklin Huggins, Frank S. Krouse and) Barbara T. Krouse, Judith W. Mill, William) Mill and Susan Mill, Gene R. Riley and) Patricia C. Riley, Harold LeMaster and Patti) LeMaster; Joseph P. Heaton and Frances H.) Heaton; Robert N. Kelly; H. S. Keeter and) Sandra C. Keeter; Brian R. Nisbet Trust) Agreement dated November 16, 1998 and) Mary M. Nisbet Trustee of the Mary M.) Nisbet Trust Agreement dated November 16,) 1998; Dorothy Jean Foster; Captains Quarters) D-24 Association of Owners, Inc., Michael H.) Sanders and Rebecca H. Sanders, Ruth Gray) Wheliss, David B. Shivell and Nicki M.) Shivell, Debra B. Leeke, Joseph Alan) Capobianco and Lara Serro, Sharon Gibson) Daniel, Gary C. Andes and Andrea W. Andes,) Jay Hendler and Laura Hendler, Joy P.) McConnell, Charles W. Fortner, Judith C.) Woodson, Warren W. Riggs and Charles G.) Martin, Riggs Ventures, LLC, and SGS Beach) Partners, LLC; Morgan J. Mann and Angela) M. Mann; Michael Cameron Foster, Sr. and) Laura Lee Foster; Captains Quarters Unit D-) 31 Association of Multiple Ownerships, Inc.,) Evelyn Gail Earnest, Francis G. Thomson and) Arleen S. Thomson, Robert W. Dalton, Red) Oak Limited Partnership, William R.) McKeown and Margaret A. McKeown,) Norman K. Moon and Barbara W. Moon,) David T. McGill and Carol G. McGill, Rick L.) Bledsoe and Susan H. Bledsoe, Geoffrey A.) Wienke and Pamela L. Wienke, A. Donald) Ross, III and Nancy Kay Ross, Dennis J.) Straw and Roxanne B. Straw, and Resort) Investments of Litchfield, LLC; Georgia M.) Pruitt and Howard M. Pruitt, Jr.; Jean T.) Blaylock; William C. Covington, Jr. and) Donna C. Covington; Litchfield Captain's) Quarters, LLC; James A. Schubert and) Laraine C. Schubert; Daniel P. Duvall and) Mary Lynn Duvall; Victor A. Medina and) Melinda Leigh Medina; Judy P. Hamer; Boyce)

F. Miller and Carole L. Miller, Raymond A.)
Shingler and Louise O. Shingler, Paul Larry)
Barnette and Carol Jane Barnette, James R.)
Walker and Erika T. Walker, Kathy W.)
Underwood, Andrew J. Wingo, Jr. and Susan)
A. Wingo, Melanie S. Franklin, Lois E.)
Cooley, Trustee of the Lois E. Cooley Living)
Trust, B. Lee Smith and Margaret H. Smith,)
Jason A. Underwood, and Camilla J. Wilson;)
Stewart South, LLC; Quarter South, LLC;)
Steven H. Frame and Kay B. Frame,)
)
Plaintiffs,)
)
v.)
)
Shipyard Village Council of Co-Owners, Inc.)
)
Defendant.)
)

The Plaintiffs, by and through their attorneys, Howell V. Bellamy, Jr., Howell V. Bellamy, III, and Jeffrey W. King of the law firm of Bellamy, Rutenberg, Copeland, Epps, Gravely & Bowers, P.A., complaining of the Defendant Shipyard Village Council of Co-owners, Inc., ("Council of Co-owners") would respectfully show unto this Honorable Court:

JURISDICTION AND VENUE

1. At all times relevant the Plaintiff, Richard A. Fisher ("Fisher"), was and is an interest owner of fee simple title to Condominium Unit No. C-35, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina. Further, Plaintiff Fisher is acting in an individual, and, also, a representative capacity for all other similarly situated Unit Co-owners located in Buildings C and D of the regime.

2. At all times relevant the Plaintiff, Marianne G. Kochanski ("Kochanski"), was and

is the owner of fee simple title to Condominium Unit No. D-45, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina. Further, Plaintiff Kochanski is acting in an individual, and, also, a representative capacity for all other similarly situated Unit Co-owners located in Buildings C and D of the regime.

3. At all times relevant the Plaintiff, Platte B. Moring, Jr., Trustee of the Plate B. Moring, Jr. Living Trust dated March 13, 2001("Moring Living Trust "), was and is the owner of fee simple title to Condominium Unit No. C-46, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina. Further, Plaintiff Moring is acting in an individual, and, also, a representative capacity for all other similarly situated Unit Co-owners located in Buildings C and D of the regime.

4. At all times relevant the Plaintiff, Jim H. Markley, III ("Markley"), was and is an interest owner of fee simple title to Condominium Unit No. C-25, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina. Further, Plaintiff Markley is acting in an individual, and, also, a representative capacity for all other similarly situated Unit Co-owners located in Buildings C and D of the regime.

5. This action is brought by the Plaintiffs, Fisher, Kochanski, Markley, and Moring, in their individual and representative capacity on behalf of all other similarly situated Unit Co-owners located in Building C and D, whose properties have been damaged, injured, and/or devalued by the Defendant's improper, illegal, and unauthorized acts and omissions in failing to comply

with its administrative duties and obligations under the Master Deed, By-Laws, regulations, case law, and the code of Laws of the State of South Carolina asserted in this Amended Complaint.

6. The other similarly situated Unit Co-owners, who currently own condominium units located in Buildings C and D of the regime, are fairly and adequately represented by Plaintiffs, Fisher, Kochanski, Markley, and Moring, and these Plaintiffs have no interest adverse to that of any individual who might be entitled to the relief sought by this Amended Complaint.

7. That the Plaintiff Representatives, Fisher, Kochanski, Markley, and Moring, have attempted in good faith to resolve all differences with the Defendant Shipyard Village Council of Co-Owners, its agents, employees, and representatives, regarding the particular assertions made in this Amended Complaint; however, because of the varied, different, and inconsistent interpretations argued by the parties concerning the proper administration and maintenance of the regime property (based on the Master Deed, By-Laws, regulations, case law, and the Code of Laws of the State of South Carolina), no resolution could be reached on the allegations raised by Plaintiffs in this Amended Complaint.

8. Plaintiffs, Robert A. Wright, Mary Beth C. Wright, H. Allen Wright and Joyce Y. Wright, and Carolyn L. Wright ("Wright"), are the owners of fee simple title to Condominium Unit No. C-12, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Litchfield, County of Georgetown, State of South Carolina.

9. Plaintiffs, Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom ("Savoca"), are the owners of fee simple title to Condominium Unit No. C-13, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

10. Plaintiffs, James. T. Hunter and Mary D. Hunter ("Hunter"), are the owners of fee simple title to Condominium Unit No. C-14, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

11. Plaintiff, Dwain C. Andrews ("Andrews"), is the owner of fee simple title to Condominium Unit No. C-15, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

12. Plaintiff, WWS, LLC, a South Carolina Limited Liability Company ("WWS"), is the owner of fee simple title to Condominium Unit No. C-16, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

13. Plaintiffs, Donald L. Henson and Sandra L. Henson ("Henson"), are the owners of fee simple title to Condominium Unit No. C-21, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

14. Plaintiff, Allen M. Funk ("Funk"), is the owner of fee simple title to Condominium Unit No. C-22, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

15. Plaintiffs, Norman J. Rish and Mary T. Rish ("Rish"), are the owners of fee simple title to Condominium Unit No. C-23, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of

Georgetown, State of South Carolina.

16. Plaintiff, Angela M. Markley ("Markley"), is an interest owner of fee simple title to Condominium Unit No. C-25, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

17. Plaintiffs, Walter C. Worsham and Carolyn W. Worsham ("Worsham"), are the owners of fee simple title to Condominium Unit No. C-31, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

18. Plaintiffs, Enrico S. Piraino and Giusto Piraino ("Piraino"), are the owners of fee simple title to Condominium Unit No. C-32, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

19. Plaintiffs, Otis T. Harrison and Rose C. Harrison ("Harrison"), are the owners of fee simple title to Condominium Unit No. C-33, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

20. Plaintiff, James E. Newman, Jr. ("Newman"), is the owner of fee simple title to Condominium Unit No. C-34, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

21. Plaintiffs, Brenda E. Fisher and Joseph R. Canning and Kathleen B. Canning

("Fisher-Canning"), are interest owners of fee simple title to Condominium Unit No. C-35, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

22. Plaintiff, James D. Reynolds, Jr. ("Reynolds"), is the owner of fee simple title to Condominium Unit No. C-36, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

23. Plaintiff, Fuller Family LLC ("Fuller Family"), is a South Carolina Limited Liability Company, and the owner of fee simple title to Condominium Unit No. C-41, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

24. Plaintiffs, Richard T. White and Rory L. White ("White"), are the owners of fee simple title to Condominium Unit No. C-42, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

25. Plaintiff, Propst & Dawson, LLC ("Propst-Dawson"), is a South Carolina Limited Liability Company, and the owner of fee simple title to Condominium Unit No. C-43, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

26. Plaintiffs, Litchfield Quarters, LLC, a South Carolina Limited Liability Company, and Larry O. Snider and Paula D. Snider ("Litchfield Quarters"), are the owners of fee simple title to Condominium Unit No. C-44, in Condominium Building C located at Captains Quarters at Shipyard

Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

27. Plaintiffs, William C. Hammond, Jr., Living Trust and the Shawn S. Hammond Living Trust ("Hammond Living Trust "), are the owners of fee simple title to Condominium Unit No. C-45, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

28. Plaintiff, GAB IV, LLC, a Virginia Limited Liability Company ("GAB"), is the owner of fee simple title to Condominium Unit No. C-51, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

29. Plaintiffs, Robert C. McBride and Susan R. McBride, Trustees of the Robert C. McBride Family Trust u/d/t July 24, 2008, and Susan R. McBride and Robert C. McBride, Trustees of the Susan R. McBride Family Trust u/d/t July 24, 2008, ("McBride Family Trust u/d/t July 24, 2008"), are the owners of fee simple title to Condominium Unit No. C-52, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

30. Plaintiff, Evelyn J. Valuska ("Valuska"), is the owner of fee simple title to Condominium Unit No. C-53, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

31. Plaintiff, Barbara W. Beymer ("Beymer"), is the owner of fee simple title to Condominium Unit No. C-54, in Condominium Building C located at Captains Quarters at Shipyard

Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

32. Plaintiff, Montrose Associates, LLC ("Montrose"), is a South Carolina Limited Liability Company, and the owner of fee simple title to Condominium Unit No. C-55, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

33. Plaintiffs, Harry L. Belk and Jan C. Belk ("Belk"), are the owners of fee simple title to Condominium Unit No. C-56, in Condominium Building C located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

34. Plaintiffs, Dennis E. Barrett and Wilma J. Barrett ("Barrett"), are the owners of fee simple title to Condominium Unit No. D-12, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

35. Plaintiffs, First Family Properties, Inc., a South Carolina Domestic Corporation, Cynthia L. Jones, Sandra D. Huggins and Margaret S. Dover, Thomas Franklin Huggins, Frank S. Krouse and Barbara T. Krouse, Judith W. Mill, William Mill and Susan Mill, Gene R. Riley and Patricia C. Riley, and Harold LeMaster and Patti LeMaster ("First Family"), are the owners of fee simple title to Condominium Unit No. D-13, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

36. Plaintiffs, Joseph P. Heaton and Frances H. Heaton ("Heaton"), are the owners

of fee simple title to Condominium Unit No. D-14, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

37. Plaintiff, Robert N. Kelly ("Kelly"), is the owner of fee simple title to Condominium Unit No. D-15, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

38. Plaintiffs, H. S. Keeter and Sandra C. Keeter ("Keeter"), are the owners of fee simple title to Condominium Unit No. D-16, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

39. Plaintiffs, Brian and Mary M. Nisbet, are the owners of fee simple title to Condominium Unit No. D-21, in condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

40. Plaintiff, Dorothy Jean Foster, is the owner of fee simple title to Condominium Unit No. D-23, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

41. Plaintiffs, Captains Quarters D-24 Association of Owners, Inc., a South Carolina Domestic Corporation, Michael H. Sanders and Rebecca H. Sanders, Ruth Gray Wheliss, David B. Shivell and Nicki M. Shivell, Debra B. Leeke, Joseph Alan Capobianco and Lara Serro, Sharon Gibson Daniel, Gary C. Andes and Andrea W. Andes, Jay Hendler and Laura Hendler, Joy P.

McConnell, Charles W. Fortner, Judith C. Woodson, Warren W. Riggs and Charles G. Martin, and Riggs Ventures, LLC, a South Carolina Limited Liability Company, and SGS Beach Partners, LLC, a South Carolina Limited Liability Company ("CQ D-24"), are the owners of fee simple title to Condominium Unit No. D-24, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

42. Plaintiffs, Morgan J. Mann and Angela M. Mann ("Mann"), are the owners of fee simple title to Condominium Unit No. D-25, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

43. Plaintiffs, Michael Cameron Foster, Sr. and Laura Lee Foster ("Foster"), are the owners of fee simple title to Condominium Unit No. D-26, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

44. Plaintiffs, Captains Quarters D-31 Association of Multiple Ownership, Inc.,a South Carolina Domestic Corporation, Evelyn Gail Earnest, Francis G. Thomson and Arleen S. Thomson, Robert W. Dalton, Red Oak Limited Partnership, William R. McKeown and Margaret A. McKeown, Norman K. Moon and Barbara W. Moon, David T. McGill and Carol G. McGill, Rick L. Bledsoe and Susan H. Bledsoe, Geoffrey A. Wienke and Pamela L. Wienke, A. Donald Ross, III and Nancy Kay Ross, Dennis J. Straw and Roxanne B. Straw, and Resort Investments of Litchfield, LLC, a South Carolina Limited Liability Company ("Association of Multiple Ownership"), are the owners of fee simple title to Condominium Unit No. D-31, in Condominium Building D located at Captains

Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

45. Plaintiffs, Georgia M. Pruitt and Howard M. Pruitt, Jr. ("Pruitt"), are the owners of fee simple title to Condominium Unit No. D-33, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

46. Plaintiff, Jean T. Blaylock ("Blaylock"), is the owner of fee simple title to Condominium Unit No. D-34, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

47. Plaintiffs, William C. Covington, Jr. and Donna C. Covington ("Covington"), are the owners of fee simple title to Condominium Unit No. D-35, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

48. Plaintiff, Litchfield Captain's Quarters, LLC ("LCQ"), is a South Carolina Limited Liability Company, and the owner of fee simple title to Condominium Unit No. D-36, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

49. Plaintiffs, James A. Schubert and Laraine C. Schubert ("Schubert"), are the owners of fee simple title to Condominium Unit No. D-41, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Litchfield, County of Georgetown, State of South Carolina.

50. Plaintiffs, Daniel P. Duvall and Mary Lynn Duvall ("Duvall"), are the owners of fee simple title to Condominium Unit No. D-42, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

51. Plaintiffs, Victor A. Medina and Melinda Leigh Medina ("Medina"), are the owners of fee simple title to Condominium Unit No. D-44, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

52. Plaintiffs, Judy P. Hamer, Boyce F. Miller, and Carole L. Miller, Raymond A. Shingler and Louise O. Shingler, Paul Larry Barnette and Carol Jane Barnette, James R. Walker and Erika T. Walker, Kathy W. Underwood, Andrew J. Wingo, Jr. and Susan A. Wingo, Melanie S. Franklin, Lois E. Cooley, Trustee of the Lois E. Cooley Living Trust, B. Lee Smith and Margaret H. Smith, Jason A. Underwood, and Camilla J. Wilson, ("Unit D-52, Phase III"), are the owners of fee simple title to Condominium Unit No. D-52, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

53. Plaintiff, Stewart South, LLC ("Stewart South"), is a South Carolina Limited Liability Company, and the owner of fee simple title to Condominium Unit No. D-54, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

54. Plaintiff, Quarter South, LLC ("Quarter South"), is a South Carolina Limited Liability Company, and the owner of fee simple title to Condominium Unit No. D-55, in

Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Litchfield, County of Georgetown, State of South Carolina.

55. Plaintiffs, Steven H. Frame & Kay B. Frame ("Frame"), are the owners of fee simple title to Condominium Unit No. D-56, in Condominium Building D located at Captains Quarters at Shipyard Village, Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

56. At all times relevant the Plaintiffs above were and are shareholders and/or members of the Shipyard Village Council of Co-owners, when the Defendant, by and through its agents, employees, and representatives, committed the improper, illegal, and unauthorized acts and omissions as set forth below in the subsequent paragraphs.

57. Defendant Shipyard Village Council of Co-owners, Inc. ("Council of Co-owners"), is now, and at all times relevant, an incorporated legal entity organized and existing under the Laws of the State of South Carolina. Accordingly, the Defendant is now, and was at all times relevant, responsible for the management, operation, and repair of the condominium complex commonly known as Shipyard Village Horizontal Property Regime ("Shipyard Village HPR") from 1989 to the present.

58. The property which is the subject of this matter is located in Georgetown County, State of South Carolina, and is more particularly described as follows:

A. **Phase I of Shipyard Village containing Condo Buildings "A" and "B"**:

> **ALL THAT PIECE, PARCEL OR TRACT OF LAND** known as Phase I situate, lying and being Southeast of U.S. Highway No.17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated

May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at Page 25 as follows: Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at Page 25 as follows:

"Building A:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A;" thence with the line of Phase ITS. 62-13 E. 101.6 feet to the point of beginning; thence S. 00-46W. 172.8 feet to point; thence S. 81-40E. 288.5 feet to a point on the Atlantic Ocean and the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 111 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 37-16 W. 260 feet to a point; thence N. 78-14 W. 44.2 feet to a point; thence S. 60-46 W. 147 feet to a point; thence with the line of "Driveway A" S. 27-07 W. 27 feet to the point of beginning.

"Building B:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway B;" thence N. 85-33 E. 81.2 feet to a point; thence S. 5 8-57 E. 175.9 feet to a point, the point of beginning; thence S.00-46 W. 171.5 feet to a point; thence S. 81-59 E. 279.3 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 112 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 36-29 W. 282.5 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence along the line of "Driveway B" S. 27-57 W. 30 feet to a point, the point of beginning.

B. <u>Phase II of Shipyard Village containing Condo Buildings "C" and "D":</u>

ALL THAT PIECE, PARCEL OR TRACT OF LAND, situate, lying and being Southeast of U.S. Highway No.17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith in the Office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25 as follows: Beginning on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A", South Dunes Drive being a private road leading from U.S. Highway #17 and running thence with the line of "Driveway A" S. 62-13 E. 101.6 feet to a point; thence with the line of Phase I (Building A) S. 00-46 W. 172.8 feet to a point; thence N. 83-39W. 90 feet to a point; thence S. 30-46W. 136.2 feet to a point in the line with Phase III; thence S. 34-49 E. 90 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence with the line of "Driveway B"N. 55-04 W. 148.6 feet to a point; thence N. 30-49W. 140 feet to a point on the Southeastern side of South Dunes Drive; thence with the Southern side of South Dunes Drive the following:N.35-45 E. 81.8 feet, N.50-46E. 165.1 feet, N.59-44E. 219.7 feet to a point, the point of beginning.

A Copy of Shipyard Village HPR's Master Deed and By-Laws, marked ***Exhibit No. 1****, is attached to this Amended Complaint and incorporated by reference.*

59. Venue is proper in Georgetown County.

60. Based upon the foregoing, this Court has subject matter and personal jurisdiction over the above-named parties hereto.

BACKGROUND FACTS

61. The Shipyard Village HPR's Master Deed and By-Laws were created pursuant to the South Carolina Horizontal Property ("Act"), Title 27, Chapter 31, S.C. Code Ann. § 27-31-10 et seq., 1976, as Amended, and recorded on July 9, 1982, in Deed Book 201, at Page 880, in the Office of

Register of Deeds for Georgetown County, South Carolina.

62. Insofar as is relevant to Plaintiffs' assertions in this Amended Complaint, Article II, § 2.1 of the Master Deed, Definitions, defines certain terms in pertinent part as follows:

a. "Act" shall mean and refer to the Horizontal Property Act of South Carolina, Chapter 31, Title 27, Code of Laws of South Carolina, 1976, as amended.

b. "Assessment" shall mean and refer to the co-owner's share of the Common Expenses assessed against such co-owner and his Unit from time to time by Shipyard Village in the manner hereinafter provided.

c. "Common Elements" shall mean and refer to both the General Common Elements and Limited Common Elements and include all portions of the Regime Property not included within the Units.

d. "Common Expenses" shall mean and refer to (a) all expenses incident to the administration, maintenance, repair, and replacement of the General Common elements and the Limited Common Elements, after excluding therefrom such expenses which are the responsibility of a co-owner as set forth herein....

e. "Co-owner" shall mean and refer to persons, firms, corporations, partnerships, associations, trusts or other legal entities or any combination thereof who own of record a Unit within a Building.

f. "General Common Elements" shall mean and refer to all Regime Property exclusive of Units and Limited Common Elements.

g. "Limited Common Elements" shall mean and refer to those special Common Elements designated as appurtenant to and reserved for the exclusive use of a special Unit.

63. Article III, Section 3.4 of the Master Deed, Building Locations for Phase I, provides the site locations of the Buildings A and B as shown on the Plat of Phase I Regime Property set forth in Exhibit "A", attached hereto and specifically incorporated by reference herein. The Buildings are of the general design as graphically depicted in the certified architect's plans which are compiled and set forth in Exhibit "B", attached hereto and specifically incorporated by reference

herein. Each Building has five (5) floors and contains eight (8) Units on each floor.

a. Building A of Phase I contains forty (40) Units designated as Units A11 through A18, A21 through A28, A31 through A38, A41 through A48, A51 through A58, inclusive.

b. Building B of Phase I contains forty (40) Units designated as Units B11 through B18, B21 through B28, B31 through B38, B41 through B48, B51 through B58, inclusive.

64. Article III, Section 3.7 of the Master Deed, Common Elements, provides that the Common Elements include all of the Property submitted to condominium ownership which is not included within the Units. Shipyard Village HPR's Master Deed graphically depicts the areas encompassing the Common Elements in Phase I as follows:

(a) General Common Elements. The General Common Elements shall include, without limitation, the following:

(i) Except for such portion reserved as Limited Common Elements, all land within the boundaries of the Regime Property, together with all easements, rights and hereditaments appurtenant thereto.

(ii) All improvements, exclusive of the Units and Limited Common Elements, erected upon the Property, including without limitation: (a) the roof covering the Buildings including built-up asphalt roof of roofing felt and tar and gravel; (b) the exterior of stucco over reinforced concrete masonry, including those limited exterior areas having plywood over masonry; (c) the pipes, wires, conduits, pumps, motors, and other equipment installed to provide utility service to the Units or to portions of the Common Elements; (d) certain parking areas, street signs, storm draining, guttering, retaining walls walkways, paths, trees, gardens, irrigation systems, outside electric lighting systems and landscaping and (e) the foundations, pilings and structural members, subflooring, girders, beams, supports, load bearing interior walls and interior walls enclosing pipe chases and utility installations serving more than one Unit; (f) pool easement area subject to all rights and reservations set forth in this

Master Deed; and (g) all other elements rationally of common use.

(b) Limited Common Elements. The Limited Common Elements shall include those special elements designated in each Phase as for the exclusive use of a specific Unit. The Limited Common Elements are more specifically designated in Exhibits "A" and "B" and include ground floor storage rooms, covered parking and decks.

65. The By-Laws of Shipyard Village HPR ("By-Laws) were enacted pursuant to the provisions of the Horizontal Property Act of South Carolina, Chapter 31, Title 27, for the purpose of governing the Council of Co-owners.

66. Article VI, Section 6.4 of the By-laws, Expenses, provides that the expenses of all maintenance, repair, and replacement provided by the Manager or the Board of Directors, including losses by storm, fire or other casualty insured by the Council, shall be Common Expenses, except that when such expenses are not fully reimbursed by insurance proceeds and when they are necessitated by (1) the failure of a Co-owner to perform the maintenance required by these By-laws or by any lawful Regulation or (2) the willful act, neglect, or abuse of a Co-owner, they shall be charged to such Co-owner as an Individual Assessment.

67. Article XII, § 12.1 of the Master Deed, Reconstruction and Repair, provides in relevant part that damage to the common elements resulting from the "neglect" of a Unit Co-owner shall be charged to such Unit Co-owner as an individual assessment.

68. Article V § 5.2 of the By-Laws, Budget, provides that the "Board of Directors shall prepare, adopt and present, or cause to be prepared and presented, to the Unit Co-owners at their annual meeting an annual Budget (the "Budget") for the Regime for the next fiscal year. The budget as adopted by the Board of Directors shall set forth with particularity the anticipated Common

Expenses for the Fiscal year together with the amount of reasonable reserve for the payment of future Common Expenses and contingencies."

69. Consistent with the provisions of the Master Deed, Article VI, § 6.3 of the By-Laws, Default by Unit Co-owner, provides that "[i]n the event a Unit Co-owner fails to perform the maintenance required of him" the Board of Directors "shall, after giving such Co-owner reasonable notice and an opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Unit Co-owner by an individual assessment."

70. Finally, Article VI of the By-Laws, Improvements, provides in Section 6.5 that:

> The Board of Directors shall provide for the making of improvements and additions to the Common Elements as may be approved from time to time by a majority of the Co-owners. The cost of such improvements shall be Common Expenses; provided, however, that no Co-owner shall without his consent be assessed in any one (1) year for the making of improvements to the Common Elements an amount in excess of one (1%) percent of the value of his Unit as set forth in the Master Deed unless such improvements have been approved by Co-owners holding two thirds (2.13) of the Percentage Interest in the Common Elements.

71. Upon information and belief, responsibility for the General Common and Limited Common Elements, including, but not limited to, Buildings A and B as designated in the Master Deed and By-Laws of Shipyard Village HPR were turned over to the Defendant Council of Co-owners by the Litchfield Group/Developer on or about 1989.

72. On July 8, 2009, Vicki Gallagher ("Gallagher") of K A. Diehl & Associates, Inc., ("K A. Diehl"), on behalf of the Defendant Council of Co-owners, notified in writing the Plaintiffs and all other Unit Co-owners regarding the board's request and/or calling for a Special Members Meeting scheduled for Saturday, August 1, 2009, for the sole purpose of voting on a special

assessment to fund the extensive repairs needed for Buildings A and B. Gallagher's letter provided in pertinent part as follows:

Dear Shipyard Village Homeowners,

> As you are aware, Buildings A and B are in need of extensive repairs. As reported to the membership the major issues with the buildings are the deterioration of the balconies and walkways as a result of severe corrosion of the cantilever beams and various floor panels. As a result of the continued corrosion, the Associations engineering firm, Sutton-Kennerly & Associates (SKA), recommended that several balconies and walkways be shored as a precautionary measure to ensure structural stability of the walkway and balcony components at both buildings.
>
> **This determination came as a result of the following summarized observations by SKA,: 1) A number of structural prestressed concrete hollow slab components and reinforced concrete beam elements both at walkways and balconies are exhibiting significant deterioration from corrosion of embedded steel. This has manifested as cracking and spalling parallel to slab reinforcing steel and apparent reduction in a cross-sectional area of portions of the embedded steel resulting in a reduction in structural capacity. 2) Delaminated and displaced stucco and concrete from corrosion of the reinforcing steel presents a safety hazard due to the potential for falling objects. Various pre-stressed hollow core slabs, reinforced concrete beams and other components have impending spalls'. Impending spall' is a term used to describe cracked or delaminated concrete or stucco that could potentially separate and fall in the near future and injure an occupant below. In addition to the safety concerns, impending spalls can increase the rate of deterioration due to exposure to water.**
>
> ...
>
> In addition, the windows and sliding glass doors will be replaced. The envelopes around the windows/sliding glass doors are experiencing water penetration. and therefore the windows and sliders will be replaced with windows that meet current code. It is imperative that these components be replaced so that the contractors can ensure the window and door assemblies are watertight.
>
> ...

A Copy of Gallagher's letter dated July 8, 2009, marked Exhibit No. 2 is attached to this Amended Complaint and incorporated by reference.

73. Gallagher's letter, further, set out the amount of the proposed special assessment that was going to be charged to the Plaintiffs and other Unit Co-owners. The special assessment was based on SKA's construction budget including a 15 % contingency. Further, SKA prepared a

construction cost breakdown of the proposed special assessment for the Defendant, Council of Co-owners, as follows:

Structural and Facade Repairs for Shipyard Village Regime Property
SKA Project No. 080489.2
Opinion of Project Cost

Phase I (Building "B"): Sept. 2009 to May 2010
Phase 2 (Building "A"): Sept. 2010 to May 2011

Slab and Beam Repairs	**$1,865,520**
New Windows and Doors	**$2,459,000**
Wall Systems	**$ 156,000**
Stucco and Flashings	**$ 100,000**
Waterproofing and Coatings	**$ 497,000**
New Handrails	**$ 352,500**
Other Concrete Repairs	**$ 379,000**
Interior Finishes and Temporary Walls	**$ 326,000**
Misc. Repairs	**$ 82,500**
General Conditions	**$1,365,500**
Overhead and Profit (-10%)	**$ 758,302**
Total:	**$ 8,341,322**
Engineering Design Fees	**$ 131,500**
Engineering Contract Admin. Estimate	**$ 415,000**
Subtotal:	**$ 8,887,822**

Contingency (15%)	$ 1,251,198
Reimbursement to Reserves for Repair Investigation Expenses	$ 628,726
Shoring Expense	$ 146,722
Project Management by KAD	$ 30,000
Total:	$10,944,468

(Exhibit No. 2, Gallagher's letter dated July 8, 2009).

74. Gallagher's letter, further, evidenced the cost to make the necessary repairs to Buildings A and B per unit, pursuant to the proposed special assessment, would be as follows:

a. A & B Unit Co-owners $88, 398.00;
b. C & D Unit Co-owners - 3 Bdr.(Plaintiffs) $64, 868.00; and
c. C & D Unit Co-owners - 4 Bdr (Plaintiffs) $68, 471.00

(Exhibit No.2, Gallagher's letter dated July 8, 2009).

75. All conditions precedent to the institution and maintenance of this action have been performed by the Plaintiffs, or have otherwise occurred.

FOR A FIRST CAUSE OF ACTION
(Negligence/Gross Negligence)

76. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

77. The Defendant, by and through its agents, employees, and representatives, owed an affirmative duty of care to the Plaintiffs and all other similarly situated Unit Co-owners in Buildings C and D as prescribed by the provisions of the Master Deed and By-Laws, to exercise that degree of skill necessary to insure that the regime property was properly maintained and to keep

the Unit Co-owners informed of defects and deficiencies found, or discovered in Common Elements in order to protect Plaintiffs' property interests, and, finally to adequately fund the reserves to prevent defects and deficiencies.

78. As a direct and proximate result and consequence of the negligent, grossly negligent, and reckless acts or omissions of Defendant as set forth below, the Plaintiffs have spent sums of money to pay for the extraordinary repairs and reconstruction of major portions of Buildings A and B including the individual units. The Plaintiffs were improperly assessed in direct contravention of the provisions of the Master Deed and By-Laws, and required to pay an excessive amount of the special repair and reconstruction costs as described above even though these costs were directly caused by the negligence, gross negligence and recklessness of the Defendant, including, but not limited to, the following particulars, to-wit:

a. In failing to properly inform the Unit Co-owners of the conditions known or which should have been known so that the Buildings A and B of the Shipyard Village HPR and the individual units could be repaired and protected from the damage due to the construction and design defects;

b. In failing to properly oversee the regime property in order to insure that all defects were reported to the Co-owners so that repairs could proceed in timely manner and in accordance with the customary and ordinary standards of the construction, and the prescribed provisions of the Master Deed and By-Laws;

c. In allowing and failing to report non-conforming or defective conditions;

d. In failing to inform the Unit Co-owners of the true nature of the defective conditions of Buildings A and B and the individual units of the Shipyard Village HPR;

e. In failing to and improperly pursuing or obtaining adequate remedies as a result of the defective condition of Buildings A and B of the Shipyard Village HPR;

f. In failing to use available funds to mitigate the substantial damage which was and is resulting from the aforementioned significant, structural design or construction defects or deficiencies, and in failing to invest the available funds or otherwise prepare adequate reserves so as to fund the now required extraordinary repairs to Buildings A and B of the Shipyard Village HPR as described above;

g. In failing to adequately fund the reserves for the maintenance, replacement, and repair of the General Common and Limited Common Elements, including, but not limited to, Buildings A and B of the Shipyard Village HPR;

h. In failing to employ experienced contractors, architects, and engineers to maintain, replace, repair, assess and inspect the General Common and Limited Common Elements, including, but not limited to, Buildings A and B of the Shipyard Village HPR;

i. In failing to timely institute, or intervene in litigation or administrative proceedings in their own name or on behalf of the Unit Co-owners on matters affecting the General Common and Limited Common Elements, including, but not limited to, Buildings A and B of the Shipyard Village HPR;

j. In failing to uphold its common law duty to pursue a recovery and institute litigation for the construction defects and deficiencies associated with Buildings A and B of the Shipyard Village HPR;

k. In failing to enforce the provisions of the Master Deed and Bylaws, regarding the maintenance, replacement, and repair of the General Common and Limited Common Elements, including, but not limited to, Buildings A and B of the Shipyard Village HPR;

l. In failing to conduct periodic and timely Reserve Studies to plan and prepare for the future maintenance, replacement, and repair costs associated with the building components of Buildings A and B of the Shipyard Village HPR;

m. In failing to individually assess A and B Unit Co-owners for their direct negligence in not maintaining, repairing, and/or replacing their windows and sliding glass doors which caused substantial water intrusion damage to Buildings A and B of the Shipyard Village HPR;

n. In failing to adopt and present the 2010 budget to the Unit Co-owners at their annual meeting as required by the Master Deed, and By-Law of the Shipyard Village HPR;

o. In failing to access and inspect all A and B Unit Co-owners' units at reasonable times to care for and prevent water intrusion damage to the Common Elements of Buildings A and B of the Shipyard Village HPR;

p. In failing to individually assess the A and B Unit Co-owners for the soft costs to fix the substantial water intrusion damage to contiguous construction to their buildings by their lack of maintenance, repair and/or replacement of their unit's windows and sliding glass doors;

q. In failing to plan for the necessary repairs and maintenance to Buildings A and B of the Shipyard Village HPR since their inception;

r. In failing to maintain, repair and replace the deficient and defective conditions (as documented in SKA's reconstruction and repair budget and/or report) of the General Common and Limited Common Elements of Building A and B in timely manner. The Defendant, by and through agents, employees, and representatives, had actual knowledge and/or constructive notice of these deficient and defective conditions at least three (3) years before the Defendant instituted this ultra virus and excessive assessment against the Plaintiffs, in part, on January 1, 2010, and, consequently the Defendant is equitably estopped to assert the statute of limitations as an affirmative defense to Plaintiffs' claims, including, but not limited to, negligence, negligent misrepresentation, and breach of fiduciary duty all arising from the Defendant's negligent, grossly negligent, and reckless acts or omissions as described in Paragraph 78 and its subparts herein;

s. In improperly assessing the Plaintiffs without their consent in the years of 2010 and 2011 (in violation of section 6.5 of the By-Laws) for improvements made to Buildings A and B's General Common Elements and Limited Common Elements in an amount in excess of one (1%) percent of the value of their units as set forth in the Master Deed, as properly amended, since such improvements were not approved in 2010 and 2011 by the Unit Co-owners holding two-thirds (2/3) of the percentage interest in the Common Elements;

t. In allowing any claims that the regime property Unit Co- owners may have had against any potentially responsible party to be barred by the applicable statute of limitation or repose or by res judicata, such that the regime property co-owners have been forced to expend substantial amounts of money to repair, replace, and reconstruct substantial portions of Buildings A and B's common elements and the individual units;

u. In failing to directly assess the A and B Unit Co-owners for the soft costs

and/or collateral damage resulting from water intrusion leaks around their unit's windows and sliding glass doors as required by the provisions in the Master Deed and By-Laws; and

v. In acting unreasonably in other such ways as may be revealed during the discovery and as shown at the trial of this action.

79. The Defendant's acts as set out above caused no physical injury to regime's tangible property, nor did these acts result in a loss of use of that property. **Plaintiffs will be subject to economic loss damages, and, also, property damages due to the budget deficits, inadequate reserves (resulting from failure to plan for future maintenance and repair of building components), and special repair and reconstruction assessment directly resulting from Defendant's negligence and recklessness conduct.** These monetary damages are a direct and proximate result of the Defendant's errors, omissions, and breaches of duty directly related to its management of the regime property as described above. Accordingly, the Plaintiffs are entitled to recover actual damages from the Defendant in an amount to be proved at trial, and such punitive damages as may be appropriate.

FOR A SECOND CAUSE OF ACTION
(Gross Negligence and Gross Negligent Misrepresentation)

80. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

81. Each of the wrongful acts as described above that occurred in connection with the failure to maintain, replace, and repair Buildings A and B's Common Elements and individual units were more than momentary thoughtlessness, inadvertence, or error in judgment on the part of the Defendant, by and through its agents, employees, and representatives, with regard to the representations, consisting of either affirmative statements or silence, when there was a duty to speak

to the Plaintiffs concerning its budget deficits and needed repair and reconstruction of Buildings A and B. Instead, these wrongful acts or omissions constitute an entire want of care and conscious indifference to the rights, welfare, or property interest of the Plaintiffs, and caused financial harm to the Plaintiffs such that these acts constituted gross negligence.

82. Said wrongful acts and conduct were the direct and proximate cause of the damages suffered by the Plaintiffs, and, upon information and belief, the Plaintiffs are entitled to recover actual damages from Defendant in an amount to be proved at trial.

83. Moreover, Plaintiffs are entitled to recover a judgment against the Defendant for punitive/exemplary damages for such gross negligence and heedless, careless, and reckless disregard for the rights, welfare, and property interest in a sum as this Court deems just and equitable.

FOR A THIRD CAUSE OF ACTION
(Negligent Misrepresentation)

84. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

85. Upon information and belief, the Defendant through advertisements, product literature, and the statements and actions of its agents, made numerous representations, including, but not limited to, statements that the regime property was in good repair and properly maintained as mandated by the provisions of Master Deed and By-Laws.

86. Defendant, by and through its agents, employees, and representatives, upon information and belief, induced one or more of the Plaintiffs to affirm the purchase of their condominium unit (transactions in which the Defendant had pecuniary interests) by suppling false or misleading information (either by silence or affirmative statements) for their guidance in making

business decisions about these transactions, namely, those misrepresentations stated above.

87. Defendant, by and through its agents, employees, and representatives, owed a duty of care to see that it communicated truthful information to Plaintiffs with regard to the aforementioned transactions.

88. Defendant, by and through its agents, employees, and representatives, failed to exercise reasonable care or competence to obtain or communicate true information thereby breaching its duty of care to communicate truthful information as mandated by the provisions of the Master Deed and By-Laws for the regime property. Said false and/or misleading information, under the circumstances, was justifiably and reasonably relied upon by Plaintiffs to their detriment.

89. At all times relevant, the Defendant, by and through its agents, employees, and representatives, knew or should have known that the information supplied to Plaintiffs would be and was actually relied upon by Plaintiffs, and that Plaintiffs intended to rely upon the information in making business decisions. Moreover, Defendant, by and through its agents, employees, and representatives, had actual knowledge of the reliance on said misrepresentations by the Plaintiffs.

90. As a direct and proximate result of the reliance on the Defendant's misrepresentations, the Plaintiffs have suffered monetary losses and will continue to incur substantial pecuniary losses as described above, and, upon information and belief, are entitled to recover actual damages from the Defendant in an amount to be proved at trial, and such punitive damages as may be appropriate.

FOR A FOURTH CAUSE OF ACTION
(Breach of Fiduciary Duty)

91. The Plaintiffs reiterate each and every allegation set forth above as if fully

incorporated herein.

92. Article II, Section 2.1 of the Bylaws, Form of Administration, provides that the Council of Co-owners shall act by and through its Board of Directors.

93. Article VI, Section 6.1 of the Bylaws, Maintenance by Manager, provides the Board of Directors shall provide for the maintenance, repair, and replacement of the Common Elements.

94. Article VI, Section 8.3 of the Bylaws, Liability of Directors and Officers, provides in pertinent part:

> No director or officer of the Council shall be liable to any Co-owner for any decisions, action, or omission made performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or reckless disregard of the rights of any person or of the terms of the act, Master Deed, or these Bylaws.

95. Defendant Council of Co-owners is an agent of the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D at all times relevant to this Amended Complaint.

96. Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D reposed a special confidence in the Defendant's knowledge and skill because:

a. The Defendant Council of Co-owners , by and through its agents, employees, and representatives, was well aware of the challenges presented by high-rise multi-residential buildings, EIFS and/or a hard coat stucco system after having amassed significant experience from its prior inadequate repairs and maintenance of Buildings A and B;

b. The Defendant Council of Co-owners , by and through its agents, employees, and representatives, was responsible for maintaining, repairing, and replacing the buildings components of condominiums A and B after receiving authority and control over the General Common and Limited Common

Elements from the Developer; and

c. The Defendant Council of Co-owners , by and through its agents, employees, and representatives, was possessed of extensive experience as managers, board members, and operators of multi-unit residential buildings complex in the coastal environment of Georgetown County.

97. A special relationship exists between the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, and the Defendant based on the following:

a. The Defendant Council of Co-owners , by and through its agents, employees, and representatives' managers, board of directors, operators, and enforcers of the provisions of the Master Deed and By-Laws of the Shipyard Village HPR; and

b. The knowledge of Buildings A and B's latent and patent defects that the Defendant Council of Co-owners , by and through its agents, employees, and representatives, gained from making inadequate repairs and incomplete maintenance to these Buildings.

98. Defendant Council of Co-owners, by and through its agents, employees, and representatives, owed a fiduciary duty to the plaintiffs, and all other similarly situated Unit Co-owners located in Buildings C and D, because, *inter alia*, they reposed a special confidence in the Defendant Council of Co-owners' knowledge, experience, and representations concerning the necessary maintenance, repair, and replacement of the building components for Buildings A and B.

99. In the maintenance, repair, and replacement of the General Common and Limited Common Elements of Buildings A and B, the Defendant, by and through its agents, employees, and representatives, knew or should have known that:

a. Buildings A and B required a greater amount of maintenance due to the harsh coastal environment than a similar structure would require in a non-coastal environment;

b. Buildings A and B's maintenance program, performed by the Defendant Council of Co-owners' agents, employees, and representatives was failing to prevent the rapid deterioration of both structures;

c. Buildings A and B's concrete frame, concrete slabs, balconies, metal parapets, and EIFS and/or hard coat stucco system, were and are being structurally compromised from the unchecked water and salt intrusion;

d. The cost of repairing the previous defects and deficiencies in Buildings A and B was incomplete;

e. The cost of conducting a proper maintenance program to prevent similar damage in the future far exceeded the program which the Defendant Council of Co-owners had in place;

f. The material injury to the market value of Buildings C and D due to the construction defects and deficiencies associated with Buildings A and B;

g. The Litchfield Group/Developer failed to provide Defendant Council of Co-owners with sufficient funds to repair the existing defects and deficiencies when the Developer turned over ownership and control of the General Common and Limited Common Elements, including, but not limited to, Buildings A and B to the Defendant Council of Co-owners and the A and B Unit Co-owners; and

h. The failure to repair Buildings A and B's numerous defects and deficiencies would require a substantial expenditure of funds in the future, and their construction costs would cause an extreme hardship on the Plaintiffs and other similarly situated Unit Co-owners located in Buildings C and D.

100. Defendant Council of Co-owners, by and through its agents, employees, and representatives, breached its fiduciary duty by acting in bad faith and without due regard to the interests of the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D by failing to disclose the defects and deficiencies associated with Buildings A and B, cited in preceding paragraphs, prior to the Plaintiffs purchasing their units in Buildings C and D.

101. In addition to its direct knowledge of the defects and deficiencies with Buildings A and B, the Defendant Council of Co-owners, by and through its agents, employees, and representatives, failed to undertake any investigation and consultation with third parties experts concerning the Buildings' defects and deficiencies, both known and unknown until 2007.

102. The Defendant Council of Co-owners, as described above, had and has fiduciary relationships and owes fiduciary duties and obligations to Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D. The Defendant Council of Co-owners, at all times relevant, was or should have been aware of the extensive and severe construction and design defects and/or problems associated Buildings A and B, due to: their duty to properly investigate for these type defects and problems; their duty to properly mitigate damaging effects of these type defects and problems; their duty to adequately invest for or otherwise fund the reserves for the above-described repairs and required maintenance to these buildings; and finally their duty obtain adequate information to safeguard the rights and property interests of Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D as mandated by the provisions of the Master Deed and By-Laws.

103. Furthermore, the Defendant Council of Co-owners, by and through its agents, employees, and representatives, failed to disclose the serious construction and design defects, and problems associated with Buildings A and B, in timely manner, to the Plaintiffs, and all other similarly situated Unit Co-owners located in Buildings C and D, to their extreme detriment, and, consequently, the Defendant Council of Co-owners breached important fiduciary obligations owed by them, including: its duty to comply with the affirmative obligations under the Master Deed and By-laws, its duty of care and skill, its duty of good conduct, its duty to give adequate information, its duty to act in a reasonable and informed manner in making decisions, its duty to acquire adequate and complete information, its duty to act only as authorized, its duty not to act as or for an adverse party, and its duty of loyalty; which breaches have proximately caused injures and damages to the Plaintiffs. As such, the Plaintiffs, upon information and belief, are entitled to recover from the

Defendant Council of Co-owners in an amount to be proved at trial, and such punitive damages as may be appropriate.

FOR A FIFTH CAUSE OF ACTION
(Breach of the Master Deed's Covenants and Restrictions)

104. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

105. Article VII, Section 7.3 of the Bylaws, Enforcement, provides that the Board of Directors shall enforce the terms of the Act the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations.

106. Defendant Council of Co-owners, by and through its agents, employees, and representatives, breached and violated, including, but, not limited to, Sections 1.2, 1.10, 2.2, 2.11, 5.2, 5.6, 6.1, 6.3, 6.4, 6.5, and 7.3 of By-Laws, and Sections 3.6, 4.3, 5.6, 6.2, 7.4, 9.4, 12.1, 14.1, and 16.2 of Master Deed and for the reasons described above.

107. As a direct result of the Defendant Council of Co-owners' breach of the provisions of the Master Deed and By-Laws of the Shipyard Village HPR, the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, are entitled to an award of actual damages in amount to be proven at trial.

FOR A SIXTH CAUSE OF ACTION
(Declaratory Judgment)

108. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

109. This is an action for a declaratory judgment pursuant to the Uniform Declaratory Judgment Act of South Carolina, as set forth in §15-53-10 et seq., of the South Carolina Code of

Laws, 1976, as amended, for the purpose of determining the rights, status or other legal relations between the parties arising under the deed, statute, and municipal ordinance in actual controversy in this action.

110. Section 15-53-30 provides:

> Any person interested under a deed, will, written contract or other writings constituting a contract or whose rights, status or other legal relations are affected by a statute, municipal ordinance, contract or franchise may have determined any question of construction or validity arising under the instrument, statute, ordinance, contract or franchise and obtain a declaration of rights, status or other legal relations thereunder. (Emphasis added)

111. A justiciable controversy exists between the parties regarding their rights, status, and other legal relations concerning the Shipyard Village Property Regime's Master Deed and By-Laws as described above.

112. Plaintiffs do not have an adequate remedy at law.

113. Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, are informed and believe that they are entitled to a decree from the Court ordering the following relief:

a. For an Order of the Court declaring the Defendant Council of Co-owners, by and through its agents, employees, and representatives, breached and violated, including, but not limited to, Sections 1.2, 1.10, 2.2, 2.11, 5.2, 5.6, 6.1, 6.3, 6.4, 6.5, and 7.3 of the Master Deed and By-Laws of Shipyard Village HPR;

b. For an Order of the Court declaring that the Plaintiffs, and all other similarly situated Unit Co-owners located in Buildings C and D, are entitled to a credit in the amount of One Million Five Hundred Thousand and No/100 ($1,500,000.00) Dollars if settlement proceeds[1] were used to correct and repair the construction defects and deficiencies associated with Buildings A

[1] Settlement proceeds obtained in accordance with Civil action No.: 2002- CP-22-0447.

and B of the of the Shipyard Village HPR;

c. For an Order of the Court declaring the Defendant Council of Co-Owners, by and through its agents, employees, failed to adequately fund the reserves for the maintenance and repair of the General Common Elements, and Limited Common Elements, including, but not limited to, Buildings A and B of the of the Shipyard Village HPR ; and

d. For an Order of the Court declaring the Defendant Council of Co-Owners, by and through its agents, employees, failed to employ experienced contractors, architects, and engineers to maintain, replace, and conduct repair inspections of the General Common and Limited Common Elements, including, but not limited to, Buildings A and B of the Shipyard Village HPR;

e. For an Order of the Court declaring the Defendant Council of Co-owners' Annual Budget for 2010 is improper, invalid, and in violation of Shipyard Village HPR's Master Deed and By-Laws, and the Act;

f. For an Order of the Court directing the Defendant Council of Co-owners to individually assess A and B unit co-owners for their direct negligence in not maintaining, repairing, and/or replacing their windows and sliding glass doors which caused substantial water intrusion damage to Buildings A and B;

g. For an Order of the Court declaring that the Plaintiffs, and all other similarly situated Unit Co-owners located in Buildings C and D, were improperly assessed by the Defendant Council of Co-owners, and, also, a determination by the Court of what percentage of the alleged common expense repair assessment cost they are obligated to pay for the repair and reconstruction of Buildings A and B as required by Shipyard Village HPR's Master Deed and By-Laws, and the Act;

h. For an Order of the Court declaring that the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D (three (3) bedrooms), were improperly assessed by the Defendant Council of Co-owners, in the amount of Sixty Four Thousand Eight Hundred Sixty-Eight and No/100 ($64, 868.00) Dollars or more in violation of the Shipyard Village HPR's Master Deed and By-Laws, and the Act;

i. For an Order of the Court declaring that the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D (four (4) bedrooms), were improperly assessed by the Defendant Council of Co-owners, in the amount of Sixty Eight Thousand Four Hundred Seventy-One and No/100 ($68, 471.00) Dollars or more in violation of the Shipyard Village HPR's

Master Deed and By-Laws, and the Act;

j. For an Order of the Court declaring that the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, are entitled to a reimbursement, deduction, offset, and/or credit for their timely payments, under protest, of the invalid common expense repair assessment in the amount of Ten Million Nine Hundred Forty-Four Thousand Four Hundred Sixty-Eight and No/100 ($10,944,468.00) Dollars or more for the special repair and reconstruction of Buildings A and B;

k. For an Order of the Court declaring the improvements made to Buildings A and B's General Common Elements and Limited Common Elements in the years of 2010 and 2011 were in an amount in excess of one (1%) percent of the value of their units as set forth in the Master Deed, as amended, and, therefore, in violation of section 6.5 of the By-Laws since such improvements were not approved in 2010 and 2011 by the Unit Co-owners holding two-thirds (2/3) of the percentage interest in the General Common Elements;

l. For an Order of the Court declaring the Defendant Council of Co-owners' alleged common expense repair assessment in the amount of Ten Million Nine Hundred Forty-Four Thousand Four Hundred Sixty-Eight and No/100 ($10,944,468.00) Dollars or more was improperly apportioned between the A and B verses C and D Unit Co-owners for the special repair and reconstruction of Buildings A and B, and is in violation of the Shipyard Village HPR's Master Deed and By-Laws;

m. For an Order of the Court declaring that the Defendant Council of Co-owners, by and through agents, employees, and representatives, had actual and/or constructive knowledge of these deficient and defective conditions at least three (3) years before Defendant Council of Co-owners instituted this ultra virus and excessive assessment against the Plaintiffs on January 1, 2010, and, therefore, this special repair and reconstruction assessment (as it relates to the Plaintiffs) is time barred by the three (3) year statute of limitations. The Plaintiffs consequently plead the statute of limitations as an affirmative defense and/or reply to the payment of the Defendant Council of Co-owners' ultra virus and excessive assessment in the amount of Ten Million Nine Hundred Forty-Four Thousand Four Hundred Sixty-Eight and No/100 ($10,944,468.00) Dollars or more for the special repair and reconstruction of Buildings A and B; and

n. In failing to maintain, repair and replace the deficient and defective conditions (as documented in SKA's reconstruction and repair budget and/or report) of the General Common Elements and Limited Common

Elements of Building A and B in a timely manner. The Defendant Council of Co-owners, by and through agents, employees, and representatives, had actual knowledge and/or constructive notice of these deficient and defective conditions at least three (3) years before the Defendant Council of Co-owners instituted this ultra virus and excessive assessment against the Plaintiffs, in part, on January 1, 2010, and, consequently the Defendant Council of Co-owners is equitably estopped to assert the statute of limitations as an affirmative defense to Plaintiffs' claims, including, but not limited to, negligence, negligent misrepresentation, and breach of fiduciary duty all arising from the Defendant Council of Co-owners' negligent, grossly negligent, and reckless acts or omissions as described in Paragraph 78 and its subparts herein.

FOR A SEVENTH CAUSE OF ACTION
(Injunctive Relief)

114. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

115. The Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, have been injured as a direct and proximate result of the Defendant Council of Co-owners, by and through its agents, employees, and representatives' violation of the provisions of Shipyard Village HPR's Master Deed and By-Laws.

116. Injunctive relief is necessary to remedy the past violations of the Defendant Council of Co-owners, and prevent future injury to the Plaintiffs.

117. Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, have no adequate remedy at law for the above-described acts and omissions of the Defendant Council of Co-owners, by and through its agents, employees, and representatives, and they will suffer irreparable harm unless they obtain injunctive relief as described below.

118. Plaintiffs and other similarly situated unit co-owners located in Buildings C and D, seek an Order of the Court granting them the following relief from the Defendant Council of Co-

owners, its agents, employees, and representatives, as set forth below:

a. A permanent injunction enjoining and restraining the Defendant Council of Co-owners, its agents, employees, and representatives, from utilizing the settlement proceeds in the amount of One Million Five Hundred Thousand and No/100 ($1, 500, 000. 00) Dollars (received pursuant to Civil Action No.: 2002-CP-22-0447), in any manner inconsistent with rights of any Unit Co-owner, or of the terms and conditions of Master Deed, and Bylaws of Shipyard Village HPR;

b. A permanent mandatory injunction directing the Defendant Council of Co-owners, its agents, employees, and representatives, to credit the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D for the specific amount of settlement proceeds (obtained in accordance with Civil Action No.: 2002-CP-22-0447) which were used in the correction and repair of the construction defects and deficiencies associated with Buildings A and B of the Shipyard Village HPR;

c. A permanent mandatory injunction directing the Defendant Council of Co-owners, its agents, employees, and representatives, to reimburse, deduct, offset, and/or credit the Plaintiffs, and all other similarly situated Unit Co-owners located in Buildings C and D, for their timely payments, under protest, of the invalid common expense repair assessment in the amount of Ten Million Nine Hundred Forty-Four Thousand Four Hundred Sixty-Eight and No/100 ($10,944,468.00) Dollars or more for the special repair and reconstruction of Buildings A and B; and

d. A permanent mandatory injunction enjoining the Defendant Council of Co-owners, its agents, employees, and representatives, from continuing to violate the provisions of the Shipyard Village HPR's Master Deed and By-Laws resulting from their improper and unauthorized improvements of the regime's common elements.

FOR A EIGHTH CAUSE OF ACTION
(Specific Performance)

119. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

120. Defendant Council of Co-owners, through its failure to require the Unit Co-owners in Buildings A and B to repair damage to the Common Elements resulting from leaks around the

windows and sliding glass doors of the units, have breached affirmative duties and obligations owed to the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D as proscribed by the Shipyard Village HPR's Master Deed and By-Laws.

121. Defendant Council of Co-owners, by and through its agents, employees, and representatives, have further breached affirmative duties and obligations owed to the Plaintiffs, and all other similarly situated Unit Co-owners located in Buildings C and D, by failing to effect the repairs to the common elements damaged by water intrusion from leaks around the window units and sliding glass doors of the Unit Co-owners in Buildings A and B and by not individually assessing those costs to A and B Unit Co-owners.

122. There is no adequate remedy at law to remediate for the foregoing breaches on the part of the Defendant Council of Co-owners.

123. Plaintiffs request an Order of the Court entering a judgment on their behalf and all other similarly situated Unit Co-owners located in Buildings C and D, and, further, requiring the Defendant Council of Co-owners to specifically perform its affirmative duties and obligations under the Shipyard Village HPR's Master Deed and By-Laws by imposing individual assessments upon the A and B Unit Co-owners for all water intrusion damages to the common elements of Buildings A and B as a consequence of their units' leaking windows and sliding glass doors.

FOR A NINTH CAUSE OF ACTION
(Judicial Dissolution of the Council of Co-Owners)

124. The Plaintiffs reiterate each and every allegation set forth above as if fully incorporated herein.

125. Plaintiffs' action for Involuntary or Judicial Dissolution is filed pursuant to the provisions of S.C. Code Ann. § 33-31-1430 (2006).

126. Plaintiffs hold more than five (5%) percent of the voting power of the Defendant Council of Co-owners as required by the South Carolina Nonprofit Corporation Act in order to bring this action for Judicial Dissolution under S.C. Code Ann. § 33-31-1430(a)(2) (2006).

127. Defendant Council of Co-owners is a mutual benefit corporation organized and existing under the laws of the State of South Carolina and the South Carolina Nonprofit Corporation Act, with its principal office located at Litchfield by the Sea, in the Town of Pawleys Island, County of Georgetown, State of South Carolina.

128. Don S. Johnson ("Johnson"), Doris R. Bray ("Bray "), Jim Poag ("Poag "), Clinton Carter ("Carter"), Robert Postiglione ("Postiglione"), Dr. Jack C. Eblin ("Eblin"), and Tim Cassidy ("Cassidy") are the current directors of Defendant Council of Co-owners' corporation, and have held those offices at all times relevant mentioned in Plaintiffs' action for Judicial or Involuntary Dissolution.

129. By virtue of their position as the majority shareholders in the Defendant Council of Co-owners' corporation, Bray, Poag, Eblin, and Carter (as the current majority directors from Buildings A and B) along with the other A and B Unit Co-owners, owe both a fiduciary duty and a duty good faith and fair dealing to Plaintiffs and those similarly situated Unit Co-owners in Buildings C and D.

130. Plaintiffs assert the past and current directors and the A and B Unit Co-owners as majority shareholders in control of the Defendant Council of Co-owners, have acted, and are acting, and will act in a manner that is ultra vires, illegal, oppressive, or unfairly prejudicial either to the corporation or to the Plaintiffs as minority shareholders as described under S.C. Code Ann. § 33-31-1430(a)(2)(ii) and (iv) (2006). For example, they have violated such affirmative duties by,

among other things, engaging in: (a) burdensome, harsh, willful and wrongful conduct; (b) a lack of probity and fair dealing in the affairs of the Council of Co-owners to the detriment and prejudice of the Plaintiffs and other similarly situated residents of Buildings C and D; (c) a visual departure from the standards of fair dealing; (d) a violation of the fair play on which every Unit Co-owner who entrusts his/her money to a corporation is entitled to rely; (e) the management of the Council of Co-owners with a view toward directly or indirectly deriving personal profit and advantage from their position as majority shareholders which is not shared by the Plaintiffs as minority shareholders; (f) and recklessly deviating from their duty to enforce and abide by the terms of the Master Deed and By-laws, and their proper Amendments.

131. Specifically, Plaintiffs assert, including, but not limited to, the following grounds for Judicial Dissolution of Defendant corporation, to-wit:

a. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to properly assess the Unit Co-owners in Buildings A and B for the repair costs that are their responsibility pursuant to the Master Deed and By-Laws and their lawful Amendments. Additionally, the Plaintiffs are being over-assessed based on the Defendant Council of Co-owners' failure to properly maintain and repair the General Common and Limited Common Elements of Buildings A and B;

b. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to designate and/or earmark the One Million Five Hundred Thousand and No/100 ($1,500,000.00) Dollars of the remaining settlement proceeds[2] from the C and D lawsuit for the future maintenance and repair of the Common Elements of Buildings C and D of the Shipyard Village HPR;

c. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to adequately fund the reserves for the maintenance, replacement, and repair of the General Common and Limited Common Elements of Buildings A ,B, C, and D by **Not** advising the Reserve Specialist that the One Million Five

[2] Settlement proceeds obtained in accordance with Civil action No.: 2002- CP-22-0447.

Hundred Thousand and No/100 ($1,500,000.00) Dollars as mentioned in the 2007 Reserve Study prepared by Miller Dodson was only earmarked for the Common Elements of Buildings C and D;

d. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to properly maintain, repair, replace the General Common and Limited Common Elements of Buildings A, B, C, and D by **NOT** having a systematic annual inspection of the Common Elements to use as a basis for routine preventative maintenance of the Common Elements;

e. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to set aside adequate reserves for capital repairs and replacements, in conjunction with its failure to properly maintain, repair and replace the General Common and Limited Common Elements of Buildings A, B, C, and D in a timely manner which has contributed and is contributing to the extraordinarily high cost of repairs to these buildings which have increased substantially over time;

f. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to fully disclose to the Plaintiffs and and other similarly situated residents of Buildings C and D, the true conditions for capital repairs and replacements of Buildings A, B, C, and D as required by Sections 2.14 and 5.2 of the By-Laws, in conjunction with its failure to properly maintain, repair and replace the General Common and Limited Common Elements of these buildings;

g. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, continues to act in an ultra vires, oppressive, and/or unfairly prejudicial manner towards the rights and interest of the Plaintiffs by attempting to enforce an illegal Window Amendment known also as "The Third Amendment to the Master Deed" which was **NOT** properly adopted by a proxy vote mailed to the Association members because the amendment was not properly voted on at a meeting as required by Section 1.3 of the By-Laws. Furthermore, the record indicates the Association members did **NOT** unanimously consent to the proposed amendment as required by Section 1.5 of the By-Laws;

h. That the improvements made to Buildings A and B's General Common and Limited Common Elements in the years of 2010 and 2011 were in an amount in excess of one (1 %) percent of the value of these units as set forth in the Master Deed and By-Laws and their Amendments. Accordingly, the Defendant Council of Co-owners violated Section 6.5 of the By-Laws since such improvements were not approved in 2010 and 2011 by the Unit Co-

owners holding two-thirds (2/3) of the percentage interest in the General Common and Limited Common Elements of Buildings A ,B, C, and D;

i. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to comply with its affirmative duty to adequately fund reserves for the maintenance, repair and replacement of the General Common and Limited Common Elements of Buildings A, B, C and D as required by Section 5.2 of the By-Laws;

j. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has denied and continues to deny Plaintiffs adequate and/or complete access to the corporations's books and records, that is, its receipts and disbursements connected with its operation, administration, maintenance, repair and replacement of the regime property in violation of Section 6.7 of the Master Deed, as amended;

k. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to keep accurate and complete corporate books and records as required by Section 6.7 of the Master Deed, as amended;

l. That the Defendant Council of Co-owners, mismanagement of the corporate affairs, assets, and regime property as described above amounts to oppressive behavior against Plaintiffs and other similarly situated Unit Co-owners in Buildings C and D;

m. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to affirmatively enforce the terms of the Master Deed and By-Laws and their lawful Amendments for the mutual benefit of all Unit Co-owners, like the Plaintiffs, as required by subsection (6)(2.2) of the By-Laws, as amended;

n. That the Defendant Council of Co-owners, by and through its agents, employees, and representatives, has failed and continues to fail to govern the regime property for the mutual benefit of all Unit Co-owners, like the Plaintiffs, as required by subsection (7)(2.2) of the By-Laws, as amended; and

o. In acting unreasonably in other such ways as previously discussed in this 4th Amended Complaint, and, also, as may be revealed during the discovery and as shown at the trial of this action.

132. The voting structure of the Defendant corporation as established under the Master

Deed and By-Laws is such that the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D cannot now or in the future avoid this oppressive misconduct or otherwise protect their rights with the regime.

133. Plaintiffs request that this Court make and file its Order requiring directors to wind up the affairs of Defendant corporation, and dissolve Defendant corporation, subject to the supervision of this Court, in accordance with the provisions of S.C. Code Ann. § 33-31-1430 (2006); that this court entertain such proceedings as may be necessary or proper for the involuntary winding up or dissolution of Defendant corporation; and that this Court grant Plaintiffs costs, and such other and further relief as the Court deems just and proper.

WHEREFORE, having fully set forth their Fourth Amended Complaint, the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D pray for the following relief:

a. For an Order of the Court finding the Defendant Council of Co-owners, by and through its agents, employees, and representatives, breached and violated, including, but not limited to, Sections 1.2, 1.10, 2.2, 2.11, 5.2, 5.6, 6.1, 6.3, 6.4, 6.5, and 7.3 of Shipyard Village HPR's By-Laws, and Sections 3.6, 4.3, 5.6, 6.2, 7.4, 9.4, 12.1, 14.1, and 16.2 of Shipyard Village HPR's Master Deed;

b. As to the **First, Second, Third, and Fourth Causes of Action**, for the conduct complained of herein, the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, are entitled to an award of actual damages in an amount to be proven at trial; and, also, to an award of punitive damages based upon the Defendant Council of Co-owners' willful and reckless violations of the provisions of the Act, and Shipyard Village HPR's Master Deed and By-Laws;

c. As to the **Fifth Cause of Action**, the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, are entitled to an award of actual damages in an amount to be proven at trial;

d. As to the **Sixth Cause of Action**, the Plaintiffs and all other similarly situated Unit Co-owners located in Buildings C and D, request a decree from the Court ordering the following relief, in whole or in part, petitioned for in subparagraphs (a) through

(n) of Paragraph 113 of the Fourth Amended Complaint;

e. As to the **Seventh Cause of Action**, the Plaintiffs request an Order of the Court granting the following injunctive relief, in whole or in part, petitioned for in subparagraphs (a) through (d) of Paragraph 118 of the Fourth Amended Complaint;

f. As to the **Eighth Cause of Action**, the Plaintiffs request an Order of the Court entering a judgment on their behalf, and all other similarly situated Unit Co-owners located in Buildings C and D, and, further, requiring the Defendant Council of Co-owners to specifically perform its affirmative duties and obligations, required under the Shipyard Village HPR's Master Deed and By-Laws, by imposing individual assessments upon the A and B Unit Co-owners for all the water intrusion damage to the common elements of Buildings A and B as a consequence of their units' leaking windows and sliding glass doors;

g. As to the **Ninth Cause of Action**, the Plaintiffs request an Order of the Court requiring directors to wind up the affairs of Defendant Council of Co-owners corporation, and dissolve Defendant Council of Co-owners corporation, subject to the supervision of this Court, in accordance with the provisions of S.C. Code Ann. § 33-31-1430 (2006); that this court entertain such proceedings as may be necessary or proper for the involuntary winding up or dissolution of Defendant Council of Co-owners corporation; and that this Court grant Plaintiffs costs, and such other and further relief as the court deems just and proper. Alternatively, that the Court fashion a remedy which it deems proper for protecting the interests of the Plaintiffs in this mutual benefit corporation;

h. For attorneys fees, costs and expenses incurred in this action;

i. For a trial by Jury; and

j. For such other and further relief as the Court may deem proper.

BELLAMY, RUTENBERG, COPELAND,
EPPS, GRAVELY & BOWERS, P.A.
1000 29th Ave. N.
Myrtle Beach, S. C. 29577
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Howell V Bellamy, III
Howell V. Bellamy, III
Jeffrey W. King
Howell V. Bellamy, Jr.
Attorneys for the Plaintiffs

March 8, 2012
Myrtle Beach, S. C.

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	FOR THE FIFTEENTH JUDICIAL CIRCUIT
COUNTY OF GEORGETOWN	)	CIVIL ACTION NO.: 2009-CP-22-01655

Richard A. Fisher, Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust dated March 13, 2001; Marianne Kochanski, and Jim H. Markley, III, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Own Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright, H. Allen Wright, Joyce Y. Wright and Carolyn L. Wright; Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC, a South Carolina Limited Liability Company; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Enrico S. Piraino and Giusto Piraino; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Brenda E. Fisher and Joseph R. Canning and Kathleen B. Canning; James D. Reynolds, Jr.; Fuller Family, LLC; Richard T. White and Rory L. White; Propst and Dawson, LLC; Litchfield Quarters, LLC, and Larry O. Snider and Paula D. Snider; William C. Hammond, Jr., Living Trust and the Shawn S. Hammond Living Trust; GAB IV, LLC, a Virginia Limited Liability Company; Robert C. McBride and Susan R. McBride, Trustees of the Robert C. McBride Family Trust u/d/t July 24, 2008 and Susan R. McBride and Robert C. McBride, Trustees of the Susan R. McBride Family Trust u/d/t July 24, 2008; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC;

DEFENDANT SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.'S ANSWER TO PLAINTIFFS' FOURTH AMENDED COMPLAINT

(Jury Trial Demanded)

Harry L. Belk and Jan C. Belk; Dennis)
E. Barrett and Wilma J. Barrett; First)
Family Properties, Inc., Cynthia L.)
Jones, Sandra D. Huggins and)
Margaret S. Dover, Thomas Franklin)
Huggins, Frank S. Krouse and Barbara)
T. Krouse, Judith W. Mill, William Mill)
and Susan Mill, Gene R. Riley and)
Patricia C. Riley, Harold LeMaster and)
Patti LeMaster; Joseph P. Heaton and)
Frances H. Heaton; Robert N. Kelly;)
H.S. Keeter and Sandra C. Keeter;)
Brian R. Nisbet Trust Agreement dated)
November 16, 1998 and Mary M. Nisbet)
Trustee of the Mary M. Nisbet Trust)
Agreement dated November 16, 1998;)
Dorothy Jean Foster; Captains Quarters)
D-24 Association of Owners, Inc.,)
Michael H. Sanders and Rebecca H.)
Sanders, Ruth Gray Wheliss, David B.)
Shivell and Nicki M. Shivell, Debra B.)
Leeke, Joseph Alan Capobianco and)
Lara Serro, Sharon Gibson Daniel, Gary)
C. Andes and Andrea W. Andes, Jay)
Hendler and Laura Hendler, Joy P.)
McConnell, Charles W. Fortner, Judith)
C. Woodson, Warren W. Riggs and)
Charles G. Martin, Riggs Ventures, LLC)
and SGS Beach Partners, LLC; Morgan)
J. Mann and Angela M. Mann; Michael)
Cameron Foster, Sr. and Laura Lee)
Foster; Captains Quarters Unit D-31)
Association of Multiple Ownerships,)
Inc., Evelyn Gail Earnest, Francis G.)
Thomson and Arleen S. Thomson,)
Robert W. Dalton, Red Oak Limited)
Partnership, William R. McKeown and)
Margaret A. McKeown, Norman K.)
Moon and Barbara W. Moon, David T.)
McGill and Carol G. McGill, Rick L.)
Bledsoe and Susan H. Bledsoe,)
Geoffrey A. Wienke and Pamela L.)
Wienke, A. Donald Ross, III and Nancy)
Kay Ross, Dennis J. Straw and)
Roxanne B. Straw, and Resort)
Investments of Litchfield, LLC; Georgia)

M. Pruitt and Howard M. Pruitt, Jr.; Jean T. Blaylock; William C. Covington, Jr. and Donna C. Covington; Litchfield Captain's Quarters, LLC; James A. Schubert and Laraine C. Schubert; Daniel P. Duvall and Mary Lynn Duvall; Victor A. Medina and Melinda Leigh Medina; Judy P. Hamer; Boyce F. Miller and Carole L. Miller, Raymond A. Shingler and Louise O. Shingler, Paul Larry Barnette and Carol Jane Barnette, James R. Walker and Erika T. Walker, Kathy W. Underwood, Andrew J. Wingo, Jr. and Susan A. Wingo, Melanie S. Franklin, Lois E. Cooley, Trustee of the Lois E. Cooley Living Trust, B. Lee Smith and Margaret H. Smith, Jason A. Underwood and Camilla J. Wilson; Stewart South, LLC; Quarter South, LLC; Steven H. Frame and Kay B. Frame,

Plaintiffs,

vs.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

The Defendant, Shipyard Village Council of Co-Owners, Inc. (hereinafter "Defendant"), answering the Fourth Amended Complaint of the Plaintiffs herein, denies each and every allegation of Plaintiffs' Fourth Amended Complaint not hereinafter specifically admitted and for its Answer alleges and would show as follows:

FOR A FIRST DEFENSE

1. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of the first sentence of paragraph 1 of Plaintiffs' Fourth

Amended Complaint except the allegation that Fisher's Condominium Unit No. C-35 is located in the Town of Pawleys Island, which allegation is denied. Defendant denies the allegations of the second sentence of paragraph 1.

2. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of the first sentence of paragraph 2 of Plaintiffs' Fourth Amended Complaint except the allegation that Kochanski's Condominium Unit No. D-45 is located in the Town of Pawleys Island, which allegation is denied. Defendant denies the allegations of the second sentence of paragraph 2.

3. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of the first sentence of paragraph 3 of Plaintiffs' Fourth Amended Complaint except the allegation that Moring Living Trust's Condominium Unit No. C-46 is located in the Town of Pawleys Island, which allegation is denied. Defendant denies the allegations of the second sentence of paragraph 3.

4. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of the first sentence of paragraph 4 of Plaintiffs' Fourth Amended Complaint except the allegation that Markley's Condominium Unit No. C-25 is located in the Town of Pawleys Island, which allegation is denied. Defendant denies the allegations of the second sentence of paragraph 4.

5. The allegations of paragraph 5 of Plaintiffs' Fourth Amended Complaint are denied.

6. The allegations of paragraph 6 of Plaintiffs' Fourth Amended Complaint are denied.

7. The allegations of paragraph 7 of Plaintiffs' Fourth Amended Complaint are denied.

8. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 8 of Plaintiffs' Fourth Amended Complaint except the allegation that Wright's Condominium Unit No. C-12 is located in the Town of Litchfield, which allegation is denied.

9. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 9 of Plaintiffs' Fourth Amended Complaint except the allegation that Savoca's Condominium Unit No. C-13 is located in the Town of Pawleys Island, which allegation is denied.

10. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 10 of Plaintiffs' Fourth Amended Complaint except the allegation that Hunter's Condominium Unit No. C-14 is located in the Town of Pawleys Island, which allegation is denied.

11. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 11 of Plaintiffs' Fourth Amended Complaint except the allegation that Andrews's Condominium Unit No. C-15 is located in the Town of Pawleys Island, which allegation is denied.

12. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 12 of Plaintiffs' Fourth Amended Complaint except the allegation that WWS's Condominium Unit No. C-16 is located in the Town of Pawleys Island, which allegation is denied.

13. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 13 of Plaintiffs' Fourth Amended Complaint except the allegation that Henson's Condominium Unit No. C-21 is located in the Town of Pawleys Island, which allegation is denied.

14. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 14 of Plaintiffs' Fourth Amended Complaint except the allegation that Funk's Condominium Unit No. C-22 is located in the Town of Pawleys Island, which allegation is denied.

15. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 15 of Plaintiffs' Fourth Amended Complaint except the allegation that Rish's Condominium Unit No. C-23 is located in the Town of Pawleys Island, which allegation is denied.

16. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 16 of Plaintiffs' Fourth Amended Complaint except the allegation that Markley's Condominium Unit No. C-25 is located in the Town of Pawleys Island, which allegation is denied.

17. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 17 of Plaintiffs' Fourth Amended Complaint except the allegation that Worsham's Condominium Unit No. C-31 is located in the Town of Pawleys Island, which allegation is denied.

18. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 18 of Plaintiffs' Fourth Amended Complaint

except the allegation that Piraino's Condominium Unit No. C-32 is located in the Town of Pawleys Island, which allegation is denied.

19. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 19 of Plaintiffs' Fourth Amended Complaint except the allegation that Harrison's Condominium Unit No. C-33 is located in the Town of Pawleys Island, which allegation is denied.

20. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 20 of Plaintiffs' Fourth Amended Complaint except the allegation that Newman's Condominium Unit No. C-34 is located in the Town of Pawleys Island, which allegation is denied.

21. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 21 of Plaintiffs' Fourth Amended Complaint except the allegation that Fisher-Canning's Condominium Unit No. C-35 is located in the Town of Pawleys Island, which allegation is denied.

22. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 22 of Plaintiffs' Fourth Amended Complaint except the allegation that Reynolds's Condominium Unit No. C-36 is located in the Town of Pawleys Island, which allegation is denied.

23. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 23 of Plaintiffs' Fourth Amended Complaint except the allegation that Fuller Family's Condominium Unit No. C-41 is located in the Town of Pawleys Island, which allegation is denied.

24. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 24 of Plaintiffs' Fourth Amended Complaint except the allegation that White's Condominium Unit No. C-42 is located in the Town of Pawleys Island, which allegation is denied.

25. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 25 of Plaintiffs' Fourth Amended Complaint except the allegation that Propst-Dawson's Condominium Unit No. C-43 is located in the Town of Pawleys Island, which allegation is denied.

26. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 26 of Plaintiffs' Fourth Amended Complaint except the allegation that Litchfield Quarters's Condominium Unit No. C-44 is located in the Town of Pawleys Island, which allegation is denied.

27. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 27 of Plaintiffs' Fourth Amended Complaint except the allegation that Hammond Living Trust's Condominium Unit No. C-45 is located in the Town of Pawleys Island, which allegation is denied.

28. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 28 of Plaintiffs' Fourth Amended Complaint except the allegation that GAB's Condominium Unit No. C-51 is located in the Town of Pawleys Island, which allegation is denied.

29. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 29 of Plaintiffs' Fourth Amended Complaint

except the allegation that McBride Family Trust u/d/t July 24, 2008's Condominium Unit No. C-52 is located in the Town of Pawleys Island, which allegation is denied.

30. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 30 of Plaintiffs' Fourth Amended Complaint except the allegation that Valuska's Condominium Unit No. C-53 is located in the Town of Pawleys Island, which allegation is denied.

31. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 31 of Plaintiffs' Fourth Amended Complaint except the allegation that Beymer's Condominium Unit No. C-54 is located in the Town of Pawleys Island, which allegation is denied.

32. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 32 of Plaintiffs' Fourth Amended Complaint except the allegation that Montrose's Condominium Unit No. C-55 is located in the Town of Pawleys Island, which allegation is denied.

33. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 33 of Plaintiffs' Fourth Amended Complaint except the allegation that Belk's Condominium Unit No. C-56 is located in the Town of Pawleys Island, which allegation is denied.

34. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 34 of Plaintiffs' Fourth Amended Complaint except the allegation that Barrett's Condominium Unit No. D-12 is located in the Town of Pawleys Island, which allegation is denied.

35. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 35 of Plaintiffs' Fourth Amended Complaint except the allegation that First Family's Condominium Unit No. D-13 is located in the Town of Pawleys Island, which allegation is denied.

36. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 36 of Plaintiffs' Fourth Amended Complaint except the allegation that Heaton's Condominium Unit No. D-14 is located in the Town of Pawleys Island, which allegation is denied.

37. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 37 of Plaintiffs' Fourth Amended Complaint except the allegation that Kelly's Condominium Unit No. D-15 is located in the Town of Pawleys Island, which allegation is denied.

38. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 38 of Plaintiffs' Fourth Amended Complaint except the allegation that Keeter's Condominium Unit No. D-16 is located in the Town of Pawleys Island, which allegation is denied.

39. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 39 of Plaintiffs' Fourth Amended Complaint except the allegation that Brian and Mary M. Nisbet's Condominium Unit No. D-21 is located in the Town of Pawleys Island, which allegation is denied.

40. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 40 of Plaintiffs' Fourth Amended Complaint

except the allegation that Dorothy Jean Foster's Condominium Unit No. D-23 is located in the Town of Pawleys Island, which allegation is denied.

41. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 41 of Plaintiffs' Fourth Amended Complaint except the allegation that CQ D-24's Condominium Unit No. D-24 is located in the Town of Pawleys Island, which allegation is denied.

42. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 42 of Plaintiffs' Fourth Amended Complaint except the allegation that Mann's Condominium Unit No. D-25 is located in the Town of Pawleys Island, which allegation is denied.

43. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 43 of Plaintiffs' Fourth Amended Complaint except the allegation that Foster's Condominium Unit No. D-26 is located in the Town of Pawleys Island, which allegation is denied.

44. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 44 of Plaintiffs' Fourth Amended Complaint except the allegation that Association of Multiple Ownership's Condominium Unit No. D-31 is located in the Town of Pawleys Island, which allegation is denied.

45. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 45 of Plaintiffs' Fourth Amended Complaint except the allegation that Pruitt's Condominium Unit No. D-33 is located in the Town of Pawleys Island, which allegation is denied.

46. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 46 of Plaintiffs' Fourth Amended Complaint except the allegation that Blaylock's Condominium Unit No. D-34 is located in the Town of Pawleys Island, which allegation is denied.

47. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 47 of Plaintiffs' Fourth Amended Complaint except the allegation that Covington's Condominium Unit No. D-35 is located in the Town of Pawleys Island, which allegation is denied.

48. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 48 of Plaintiffs' Fourth Amended Complaint except the allegation that LCQ's Condominium Unit No. D-36 is located in the Town of Pawleys Island, which allegation is denied.

49. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 49 of Plaintiffs' Fourth Amended Complaint except the allegation that Schubert's Condominium Unit No. D-41 is located in the Town of Pawleys Island, which allegation is denied.

50. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 50 of Plaintiffs' Fourth Amended Complaint except the allegation that Duvall's Condominium Unit No. D-42 is located in the Town of Pawleys Island, which allegation is denied.

51. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 51 of Plaintiffs' Fourth Amended Complaint

except the allegation that Medina's Condominium Unit No. D-44 is located in the Town of Pawleys Island, which allegation is denied.

52. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 52 of Plaintiffs' Fourth Amended Complaint except the allegation that Unit D-52, Phase III's Condominium Unit No. D-52 is located in the Town of Pawleys Island, which allegation is denied.

53. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 53 of Plaintiffs' Fourth Amended Complaint except the allegation that Stewart South's Condominium Unit No. D-54 is located in the Town of Pawleys Island, which allegation is denied.

54. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 54 of Plaintiffs' Fourth Amended Complaint except the allegation that Quarter South's Condominium Unit No. D-55 is located in the Town of Litchfield, which allegation is denied.

55. Defendant lacks knowledge and information sufficient to form a belief as to the truth of all allegations of paragraph 55 of Plaintiffs' Fourth Amended Complaint except the allegation that Frame's Condominium Unit No. D-56 is located in the Town of Pawleys Island, which allegation is denied.

56. Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations of the first clause of paragraph 56 of Plaintiffs' Fourth Amended Complaint. All remaining allegations of paragraph 56 are denied.

57. The allegations of paragraph 57 of Plaintiffs' Fourth Amended Complaint are admitted, with the exception of the words "from 1989", which are denied.

58. Defendant admits only so much of paragraph 58 of Plaintiffs' Fourth Amended Complaint as alleges that the property which is the subject of this action is located in Georgetown County, South Carolina. As to all remaining allegations of paragraph 58, which purport to be a legal description of the subject property, Defendant craves reference to the public records of Georgetown County, South Carolina, including, but not limited to, the Master Deed and By-Laws for Shipyard Village Horizontal Property Regime (hereinafter "Master Deed" and "By-Laws", respectively), and denies any allegations of paragraph 58 inconsistent therewith.

59. The allegations of paragraph 59 of Plaintiffs' Fourth Amended Complaint are admitted.

60. Paragraph 60 of Plaintiffs' Fourth Amended Complaint states legal conclusions to which no response is necessary or required. To the extent a response to paragraph 60 is necessary or required, Defendant denies the allegations therein.

61. The allegations of paragraph 61 of Plaintiffs' Fourth Amended Complaint are admitted.

62. In response to paragraph 62 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article II, §2.1 of the Master Deed, and any amendments thereto, and denies any allegations of paragraph 62 inconsistent therewith.

63. In response to paragraph 63 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article III, Section 3.4 of the Master Deed, and any amendments thereto, and denies any allegations of paragraph 63 inconsistent therewith.

64. In response to paragraph 64 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article III, Section 3.7 of the Master Deed, and any amendments thereto, and denies any allegations of paragraph 64 inconsistent therewith.

65. In response to paragraph 65 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to the By-Laws and denies any allegations of paragraph 65 inconsistent therewith.

66. In response to paragraph 66 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article VI, Section 6.4 of the By-Laws and denies any allegations of paragraph 66 inconsistent therewith.

67. In response to paragraph 67 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article XII, §12.1 of the Master Deed, and any amendments thereto, and denies any allegations of paragraph 67 inconsistent therewith.

68. In response to paragraph 68 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article V, §5.2 of the By-Laws and denies any allegations of paragraph 68 inconsistent therewith.

69. In response to paragraph 69 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to the Master Deed, and any amendments thereto, and Article VI, §6.3 of the By-Laws and denies any allegations of paragraph 69 inconsistent therewith.

70. In response to paragraph 70 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article VI of the By-Laws and denies any allegations of paragraph 70 inconsistent therewith.

71. Defendant lacks knowledge and information sufficient to form a belief as to the truth of the allegations of paragraph 71 of Plaintiffs' Fourth Amended Complaint.

72. In response to paragraph 72 of Plaintiffs' Fourth Amended Complaint, Defendant admits that on July 8, 2009 the Defendant's Managing Agent sent a letter and notice of meeting to all unit owners (hereinafter "Gallagher's Letter Dated 7/8/09"). By way of further response, Defendant craves reference to Gallagher's Letter Dated 7/8/09 and denies any allegations of paragraph 72 inconsistent therewith. Defendant denies that Gallagher's Letter Dated 7/8/09 is "Exhibit No. 2" to the Fourth Amended Complaint.

73. In response to paragraph 73 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Gallagher's Letter Dated 7/8/09 and denies any allegations of paragraph 73 inconsistent therewith. Defendant denies that Gallagher's Letter Dated 7/8/09 is "Exhibit No. 2" to the Fourth Amended Complaint.

74. In response to paragraph 74 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Gallagher's Letter Dated 7/8/09 and denies any allegations of paragraph 74 inconsistent therewith. Defendant denies that Gallagher's Letter Dated 7/8/09 is "Exhibit No. 2" to the Fourth Amended Complaint.

75. The allegations of paragraph 75 of Plaintiffs' Fourth Amended Complaint are denied.

76. In response to paragraph 76 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

77. In response to paragraph 77 of Plaintiffs' Fourth Amended Complaint, Defendant admits only that it "owed" any "duties" imposed by the Master Deed, the By-Laws, and/or the common or statutory law of the State of South Carolina. All allegations of paragraph 77 inconsistent therewith are denied.

78. The allegations of paragraph 78 of Plaintiffs' Fourth Amended Complaint, including all subparts, are denied.

79. The allegations of paragraph 79 of Plaintiffs' Fourth Amended Complaint are denied.

80. In response to paragraph 80 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

81. The allegations of paragraph 81 of Plaintiffs' Fourth Amended Complaint are denied.

82. The allegations of paragraph 82 of Plaintiffs' Fourth Amended Complaint are denied.

83. The allegations of paragraph 83 of Plaintiffs' Fourth Amended Complaint are denied.

84. In response to paragraph 84 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

85. The allegations of paragraph 85 of Plaintiffs' Fourth Amended Complaint are denied.

86. The allegations of paragraph 86 of Plaintiffs' Fourth Amended Complaint are denied.

87. The allegations of paragraph 87 of Plaintiffs' Fourth Amended Complaint are denied.

88. The allegations of paragraph 88 of Plaintiffs' Fourth Amended Complaint are denied.

89. The allegations of paragraph 89 of Plaintiffs' Fourth Amended Complaint are denied.

90. The allegations of paragraph 90 of Plaintiffs' Fourth Amended Complaint are denied.

91. In response to paragraph 91 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

92. In response to paragraph 92 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article II, Section 2.1 of the By-Laws and denies any allegations of paragraph 92 inconsistent therewith.

93. In response to paragraph 93 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article VI, Section 6.1 of the By-Laws and denies any allegations of paragraph 93 inconsistent therewith.

94. In response to paragraph 94 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article VI, Section 8.3 of the By-Laws and denies any allegations of paragraph 94 inconsistent therewith.

95. The allegations of paragraph 95 of Plaintiffs' Fourth Amended Complaint set forth legal conclusions to which no response is necessary or required. To the extent a response is necessary or required, the allegations of paragraph 95 are denied.

96. The allegations of paragraph 96 of Plaintiffs' Fourth Amended Complaint, including all subparts, are denied.

97. The allegations of paragraph 97 of Plaintiffs' Fourth Amended Complaint are denied.

98. The allegations of paragraph 98 of Plaintiffs' Fourth Amended Complaint are denied.

99. The allegations of paragraph 99 of Plaintiffs' Fourth Amended Complaint are denied.

100. The allegations of paragraph 100 of Plaintiffs' Fourth Amended Complaint are denied.

101. The allegations of paragraph 101 of Plaintiffs' Fourth Amended Complaint are denied.

102. The allegations of paragraph 102 of Plaintiffs' Fourth Amended Complaint are denied.

103. The allegations of paragraph 103 of Plaintiffs' Fourth Amended Complaint are denied.

104. In response to paragraph 104 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

105. In response to paragraph 105 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to Article VII, Section 7.3 of the By-Laws and denies any allegations of paragraph 105 inconsistent therewith.

106. The allegations of paragraph 106 of Plaintiffs' Fourth Amended Complaint are denied.

107. The allegations of paragraph 107 of Plaintiffs' Fourth Amended Complaint are denied.

108. In response to paragraph 108 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

109. Paragraph 109 of Plaintiffs' Fourth Amended Complaint states legal conclusions to which a response is neither necessary nor required. To the extent a response is necessary or required, the allegations of paragraph 109 are denied.

110. In response to paragraph 110 of Plaintiffs' Fourth Amended Complaint, Defendant craves reference to S. C. Code Section 15-53-30 and denies any allegations of paragraph 110 inconsistent therewith.

111. The allegations of paragraph 111 of Plaintiffs' Fourth Amended Complaint are denied.

112. The allegations of paragraph 112 of Plaintiffs' Fourth Amended Complaint are denied.

113. The allegations of paragraph 113 of Plaintiffs' Fourth Amended Complaint, including all subparts, are denied.

114. In response to paragraph 114 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

115. The allegations of paragraph 115 of Plaintiffs' Fourth Amended Complaint are denied.

116. The allegations of paragraph 116 of Plaintiffs' Fourth Amended Complaint are denied.

117. The allegations of paragraph 117 of Plaintiffs' Fourth Amended Complaint are denied.

118. The allegations of paragraph 118 of Plaintiffs' Fourth Amended Complaint are denied.

119. In response to paragraph 119 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

120. The allegations of paragraph 120 of Plaintiffs' Fourth Amended Complaint are denied.

121. The allegations of paragraph 121 of Plaintiffs' Fourth Amended Complaint are denied.

122. The allegations of paragraph 122 of Plaintiffs' Fourth Amended Complaint are denied.

123. The allegations of paragraph 123 of Plaintiffs' Fourth Amended Complaint are denied.

124. In response to paragraph 124 of Plaintiffs' Fourth Amended Complaint, Defendant realleges the foregoing paragraphs of its Answer as fully as if set forth verbatim herein.

125. Paragraph 125 of Plaintiffs' Fourth Amended Complaint states legal conclusions to which a response is neither necessary nor required. To the extent a response is necessary or required, Defendant craves reference to the provisions of S.C. Code Ann. §33-31-1430 (2006) and denies any allegations of paragraph 125 inconsistent therewith.

126. The allegations of paragraph 126 of Plaintiffs' Fourth Amended Complaint are denied.

127. The allegations of paragraph 127 of Plaintiffs' Fourth Amended Complaint are admitted, except for the allegation that the Council of Co-Owners' principal office is located in the Town of Pawleys Island, which allegation is denied.

128. Defendants admit so much of Paragraph 128 as alleges that Johnston, Bray, Poag, Carter, Postiglione, Eblin and Cassidy are the current directors. All remaining allegations are denied.

129. The allegations of paragraph 129 of Plaintiffs' Fourth Amended Complaint are denied.

130. The allegations of paragraph 130 of Plaintiffs' Fourth Amended Complaint are denied.

131. The allegations of paragraph 131 of Plaintiffs' Fourth Amended Complaint, including all subparts, are denied.

132. The allegations of paragraph 132 of Plaintiffs' Fourth Amended Complaint are denied.

133. The allegations of paragraph 133 of Plaintiffs' Fourth Amended Complaint, including the WHEREFORE clause, are denied.

FOR A FIRST AFFIRMATIVE DEFENSE
(Rule 12(b)(6), SCRCP)

134. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

135. Plaintiffs' Third Amended Complaint fails to state facts sufficient to constitute a cause of action against Defendant and should therefore be dismissed.

FOR A SECOND AFFIRMATIVE DEFENSE
(Rule 12(b)(7) and Rule 19, SCRCP)

136. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

137. Plaintiff's Complaint fails to join a party or parties in whose absence complete relief cannot be afforded among those already parties and should be dismissed pursuant to Rules 12(b)(7) and 19, South Carolina Rules of Civil Procedure.

FOR A THIRD AFFIRMATIVE DEFENSE
(Motion to Dismiss and/or Motion for Judgment on the Pleadings)

138. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

139. To the extent Plaintiffs' Third Amended Complaint purports to be a derivative action, the Plaintiffs have not met the conditions precedent to a derivative action pursuant to S. C. Code Ann. §33-31-630 (2006) and Rule 23, SCRCP.

FOR A FOURTH AFFIRMATIVE DEFENSE
(S. C. Nonprofit Corporation Act)

140. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

141. Plaintiffs are not entitled to recover damages pursuant to the South Carolina Nonprofit Corporation Act.

FOR A FIFTH AFFIRMATIVE DEFENSE
(Accord and Satisfaction/Release)

142. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

143. Each and every one of the Plaintiffs' claims regarding the disposition of the settlement proceeds from Civil Action No. 2002-CP-22-447 or that the Plaintiffs are entitled to a credit for these proceeds, or arising in any way from this settlement are barred by the doctrines of accord and satisfaction and release because this matter was resolved by agreement.

FOR A SIXTH AFFIRMATIVE DEFENSE
(Statute of Limitations)

144. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

145. Plaintiffs' claims are barred, in whole or in part, by the applicable statute of limitations and/or statute of repose.

FOR A SEVENTH AFFIRMATIVE DEFENSE
(Laches)

146. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

147. Plaintiffs' claims are barred by the doctrine of laches.

FOR AN EIGHTH AFFIRMATIVE DEFENSE
(Waiver)

148. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

149. Plaintiffs' claims are barred by the doctrine of waiver.

FOR A NINTH AFFIRMATIVE DEFENSE
(Estoppel)

150. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

151. Plaintiffs' claims are barred by the doctrine of estoppel.

FOR A TENTH AFFIRMATIVE DEFENSE
(Equitable Estoppel)

152. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

153. Plaintiffs' claims are barred by the doctrine of equitable estoppel.

FOR AN ELEVENTH AFFIRMATIVE DEFENSE
(Business Judgment Rule)

154. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

155. Defendant pleads the business judgment rule as an affirmative defense.

FOR A TWELFTH AFFIRMATIVE DEFENSE
(Substantial Compliance)

156. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

157. Defendant will show that any actions undertaken by it, its agents, employees, officers, directors, and representatives were taken in substantial compliance with the Master Deed and By-Laws.

FOR A THIRTEENTH AFFIRMATIVE DEFENSE
(Acts of Others)

158. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

159. Plaintiffs' damages, if any, were caused by the acts of others not related to or under the control of the Defendant.

FOR A FOURTEENTH AFFIRMATIVE DEFENSE
(Punitive Damages Unconstitutional)

160. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

161. Plaintiffs are not entitled to an award of punitive damages because such damages violate the Fifth and Fourteenth Amendments of the United States Constitution and Article I, Section 3 of the South Carolina Constitution.

FOR A FIFTEENTH AFFIRMATIVE DEFENSE

162. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

163. Plaintiffs are not entitled to recover attorney's fees.

FOR A SIXTEENTH AFFIRMATIVE DEFENSE
(Res Judicata)

164. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

165. Plaintiffs' claims are barred by the doctrine of *res judicata*.

FOR A SEVENTEETH AFFIRMATIVE DEFENSE
(Unclean Hands)

166. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

167. Plaintiffs' claims are barred by the doctrine of unclean hands.

FOR AN EIGHTEENTH AFFIRMATIVE DEFENSE
(Set-off)

168. The foregoing paragraphs of Defendant's Answer are incorporated herein by reference as fully as if repeated verbatim.

169. The remediation projects at issue in this civil action are being paid for by funds obtained from all unit owners of the Shipyard Village Horizontal Property Regime. To the extent that those projects cost less, whether by virtue of cost savings, liquidated damages provisions of the contracts, or otherwise, the unit owners, including Plaintiffs, may receive a partial refund. Defendant has denied and continues to deny that Plaintiffs have suffered any damages in this action. However, and as an alternative defense, to the extent that Plaintiffs are entitled to any damages, then, such damages

and/or verdict should be offset, reduced and recouped by the amount of any refund realized by Plaintiffs.

FOR A NINETEENTH AFFIRMATIVE DEFENSE
(Contributory/Comparative Negligence)

170. Plaintiffs' negligence-based claims are barred, in whole or in part, by Plaintiffs contributory and/or comparative negligence.

FOR A TWENTIETH AFFIRMATIVE DEFENSE
(Failure to Mitigage)

171. . Plaintiffs' damages claims are barred, in whole or in part, by their failure to mitigate any damages they have allegedly suffered.

WHEREFORE, having fully answered the Plaintiffs' Complaint, Defendant prays that the same be dismissed with prejudice and that Defendant is entitled to recover all of its costs, including reasonable attorney's fees, incurred in defending this action, together with such other and further relief as this Court may deem just and proper.

MCNAIR LAW FIRM, P.A.

David J. Mills, SC Bar #10194
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(843) 235-4100 – Telephone
(843) 235-4101 – Facsimile

Attorneys for Defendant

Pawleys Island, South Carolina
April 13, 2012

STATE OF SOUTH CAROLIN
COUNTY OF GEORGETOWN

IN THE ☒ COUF" OF COMMON PLEAS
☐ FAMILY COURT

CASE NO. 2009-CP-22-01655

Richard Fisher, *et al.*,)
☒ Plaintiff)
vs.)
Shipyard Village Council of Co-Owners, Inc.)
☐ Defendant)

check box above indicating submitting party

MOTION AND ORDER INFORMATION FORM AND COVER SHEET

Name, SC Bar No. & Address of Plaintiff's attorney	Name, SC Bar No. & Address of Defendant's attorney
Howell V. Bellamy, Jr. SC Bar #00642 Howell V. Bellamy, III Bellamy Law Firm P.O. Box 357 Myrtle Beach, SC 29578 Telephone: 843-448-2400 Fax: 843-448-3022 E-Mail: Other: 843-915-7162	David Mills and Leigh Boan SC Bar # McNair Law Firm, PA P.O. Box 1469 Pawleys Island, SC 29585 Telephone: 843-546-6102 Fax: 843-546-0092 E-Mail: Direct:

☒ **MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III)**
☐ **FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III)**
☐ **PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)**

SECTION I: Hearing Information

Nature of Motion: Motion for Summary Judgment and/or Partial Summary Judgment Against Defendant

Estimated Time Needed: 1 hour Court Reporter Needed: ☒ YES / ☐ NO

SECTION II: Motion/Order Type

☒ Written motion attached
☐ Form Motion --

I hereby move for relief or action by the court as set forth in the attached proposed order.

Howell V. Bellamy III May 4, 2012

Signature of Attorney for ☒ Plaintiff ☐ Defendant Date submitted

SECTION III: Motion Fee

☒ PAID - AMOUNT: $25.00

☐ EXEMPT: (check reason)
- ☐ Rule to Show Cause in Child or Spousal Support
- ☐ Domestic Abuse or Abuse and Neglect
- ☐ Indigent Status ☐ State Agency v. Indigent Party
- ☐ Sexually Violent Predator Act ☐ Post-Conviction Relief
- ☐ Motion for Stay in Bankruptcy
- ☐ Motion for Publication ☐ Motion for Execution (Rule 69, SCRCP)
- ☐ Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions

Name of Court Reporter:

- ☐ Other:

FILED
GEORGETOWN COUNTY, S.C.
2012 MAY -4 PM 1:43
ALMA K. WHITE
CLERK OF COURT

JUDGE'S SECTION

☐ Motion Fee to be paid upon filing of the attached order.
☐ Other:

JUDGE CODE: Date:

CLERK'S VERIFICATION

Collected by: Vickie Tompkins (print name)

DATE FILED 4-5-12

☑ MOTION FEE COLLECTED: $25
☐ CONTESTED - AMOUNT DUE:

SCCA/233 (11/03)

BELLAMY, RUTENBERG, COPELAND, EPPS, GRAVELY & BOWERS, P.A.
Post Office Box 357
Myrtle Beach, SC 29578-0357
(843)448-2400
Attorneys for the Plaintiffs

Howell V. Bellamy, Jr.
Howell V. Bellamy, III

Myrtle Beach, South Carolina

May 4, 2012.

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
) FIFTEENTH JUDICIAL CIRCUIT
COUNTY OF GEORGETOWN) CIVIL ACTION NO. 2009-CP-22-01655

Richard Fisher, Platte B. Moring, Jr., Marianne Kochanski, and Jim H. Markley, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Owned Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright and Carolyn Lee Wright; Carmen J. and Ann D. Savoca, William J. Savoca and Donna Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC.; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Captains Quarters 32, LLC.; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Fisher-Canning, LLC.; James D. Reynolds; Fuller Family, LLC.; Richard T. and Rory L. White; Propst and Dawson, LLC.; Litchfield Quarters, LLC; William C. Hammond Trust and Shawn S. Hammond Trust; GAB IV, LLC.; Robert C. McBride Family Trust and Susan R. McBride Family Trust; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC.; Harry L. Belk and Jan C. Belk; Dennis E. Barrett and Wilma J. Barrett, JT WROS; First Family Properties, Inc.; Joseph P. Heaton and Frances H. Heaton; Robert N. Kelly; Sandra Keeter and Hoyt S. Keeter; Linda A. Mendicino; Captains Quarters D-24 Association of Owners, Inc.; Michael C. Foster and Laura L. Foster; Captains Quarters Unit D-31 Association of Multiple Ownerships, Inc.; Howard L. Pruitt, Jr. and Georgia M. Pruitt; Jean T. Blaylock; William C. Covington, Jr. and Donna C. Covington; Litchfield Captains Quarters, LLC.; James A. Schubert and Laraine C. Schubert; Daniel P.

FILED
GEORGETOWN COUNTY, S.C.
2012 MAY -4 PM 4:43
ALICIA Y. WHITE
CLERK OF COURT

NOTICE OF AND MOTION FOR SUMMARY JUDGMENT AND/OR PARTIAL SUMMARY JUDGMENT AGAINST THE DEFENDANT

Duvall and Mary Lynn Duvall; Victor A. and Melinda L. Medina; Judy Hamer; Stewart South, LLC.; Quarter South, LLC.; Steven H. Frame and Kay B. Frame,

Plaintiffs,

v.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

TO: DAVID MILLS, ESQ. AND LEIGH BOAN, ESQ., ATTORNEYS FOR DEFENDANT SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.

YOU WILL PLEASE TAKE NOTICE that the Plaintiffs, by and through their undersigned attorneys, Howell V. Bellamy, Jr., and Howell V. Bellamy, III, and in accordance with the provisions of Rule 56 of the *South Carolina Rules of Civil Procedure*, will move before the Court for Summary Judgment and/or Partial Summary Judgment as the case may be against the Defendant Shipyard Village Council of Co-Owners, Inc. (sometimes referred to hereinafter as the "Association") on the grounds that the Defendant, by and through its Board of Directors, was negligent and breached its fiduciary duty and duty of care to the Plaintiffs in this action. The Motion will be based upon the following enumerated sections of the Master Deed and Bylaws of the Shipyard Village Horizontal Property Regime (hereinafter "Shipyard Village HPR"), which are as follows:

1. That Shipyard Village HPR, by and through its Board of Directors, has an affirmative duty to maintain, replace, and repair the common elements of Buildings A, B, C, and D as required by § 5.5 of the Master Deed and

§§ 2.2(1) and 6.1 of the Bylaws of Shipyard Village HPR. (**Exhibit A**, Defendant's response to Plaintiffs' Request for Admissions of Fact dated March 24, 2010; *see* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

2. That "the [Defendant] and the administration of the regime shall be governed by (1) the Bylaws attached to [the] Master Deed as Exhibit E . . .", as required by § 7.4 of the Master Deed. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

3. That Shipyard Village HPR is governed by the Defendant, an incorporated association, which acts by and though its elected Board of Directors as required by § 7.1 of the Master Deed. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of the Shipyard Village HPR);

4. That the Defendant failed to require defaulting Co-owners with compliance with the provisions of the Master Deed and the Bylaws as enumerated in § 4.3 of the Master Deed and § 6.2 of the Bylaws ["[e]ach Co-owner shall comply strictly with the By-laws and with the administrative rules and regulations adopted pursuant thereto . . .", as required by § 16.2 of the Master Deed.] (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

5. That the Defendant as a matter of law is required "to rebate to the members excess . . . assessments" as required by the Fourth Paragraph of the Certificate of Incorporation for Defendant Shipyard Village Council of Co-owners, Inc., which was filed with Secretary of State of South Carolina on July 7, 1982. (*See* **Exhibit C**, Certificate of Incorporation of Shipyard Village Council of Co-owners, Inc.);

6. That "[t]he [Defendant], shall keep accurate and detailed records, in chronological order; of receipts and disbursement connected with the operation, administration, maintenance, repair, and replacement of the Regime property. Such records, together with the vouchers authorizing payment shall be available for examination by the co-owners at convenient hours on working days, with appropriate hours being set and announced for general knowledge", as required by § 6.7 of the Master Deed. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

7. That the Bylaws §§ 1.12(6), 5.2, and 5.3 impose a legal and affirmative duty on the Defendant to reasonably fund the reserves for the payment of future common expenses and contingencies regarding the repair and maintenance of the common elements of Buildings A, B, C and D. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

8. That § 5.6 of the Master Deed and §§ 2.2(1) and (6), 6.1, and 7.3 of the Bylaws impose a legal and affirmative duty on the Defendant to timely maintain, replace, and repair the common elements of Buildings A, B, C, and D. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

9. That the Defendant has a legal and affirmative duty "to enforce the terms of the Act, the Master Deed and its Bylaws by taking prompt and appropriate action to correct any violations" as required by § 7.3, Article VII of the Bylaws. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

10. That the Defendant has a legal and affirmative duty "to prepare, adopt and present to the co-owners at their annual meeting an annual budget (the Budget) for the Regime for the next fiscal year" for their review and amendment as required by § 1.12(8), Article I, and §§ 5.2 and 5.3, Article V of the Bylaws. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

11. That the Defendant has a legal and affirmative "duty to pursue a recovery for any alleged construction defects in the common elements which it maintains" by taking prompt and appropriate action per the governing documents: § 5.6 of the Master Deed, and §§ 2.2(1) and (6), 6.1, and 7.3 of the Bylaws, and recorded Amendments of the Shipyard Village HPR and common law.[1] (*See*

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[1] A condominium association has standing to bring an action for construction defects in the common elements which it has duty to maintain. Queen's Grant Villas Horizontal Prop. Regimes I-V v. Daniel Int'l Corp., 286 S.C. 555, 335 S.E.2d 365 (1985). Queen's Grant involved an action brought by the association against the developer "**for alleged defects in the construction of the common elements of a condominium project**," which the lower court disposed of on summary judgment for lack of standing. Id. at 556, 335 S.E.2d at 365. The Supreme Court of South Carolina reversed, holding that the "**Property regime ha[d] standing to bring an action for construction defects in common elements that the regime ha[d] the duty to maintain**," particularly when (continued...)

[1](...continued)
"**master deeds and the by-laws**" charged the association with "**the obligation to maintain the common elements.**" Id. at 556, 335 S.E.2d at 366. The Court went on to state,"**[s]hould the Regime not uphold its duty to pursue a recovery for any alleged construction defects in the common elements which it maintains, it may be liable to the homeowners for its omissions.**" Id. (emphasis added).

One year later, in Murphy v. Yacht Cove Homeowners Ass'n, 289 S.C. 367, 345 S.E. 2d 709 (1986), the Supreme Court of South Carolina held "**that a member of a condominium association**" had standing to "**bring an action in contract or tort against the association.**" Id. at 369, 345 S.E.2d at 710.

In that case, joint owners of a condominium unit brought a negligence action against Yacht Cove Homeowner's Association ("the Association"), an unincorporated condominium association, for failure to maintain the common elements after one of the owners suffered physical injury in the common area. Id. at 368, 345 S.E.2d at 709. The Association raised imputed negligence as a defense, arguing that, as members of an unincorporated association, each member is both a principal an agent for the other members of the Association, and thus the negligence of each member must be imputed to every other member. Id. Accordingly, the Association concluded that the joint owners "should be precluded from maintaining an action for negligence against the Association." Id.

The Supreme Court of South Carolina disagreed with the Association, reasoning that, "**since the association can sue a member for failure to adhere to the bylaws, rules, and regulations, a member necessarily can sue the association for this same failure.**" Id. at 369, 345 S.E.2d at 710. In so holding, the Court relied on its opinion in Queen's Grant, supra, stating:

> **This Court has addressed the question of whether a property regime has standing to sue for defects in the common elements which it has a duty to maintain. Queen's Grant Villas Horizontal Property Regimes I-V v. Daniel International Corporation, 286 S.C. 555, 335 S.E.2d 365 (1985); Roundtree Villas Association v. 4701 Kings Corporation, 282 S.C.415, 321 S.E.2d 46 (1984). We have noted that "[s]hould the Regime not uphold its duty to pursue a recovery for any alleged construction defects in the common elements which it maintains, it may be liable to the homeowners for its omissions." Queen's Grant, 286 S.C. at 556, 335 S.E.2d at 366. This necessarily implies that an association can be sued by the unit owners for its failure to discharge its duties.**

Murphy, supra, at 368, 345 S.E.2d at 710 (alterations in original) (emphasis added).

(continued...)

Exhibit B, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

12. That the Defendant was negligent and breached its fiduciary duty and duty of care in failing to adequately fund the reserves for the payment of future common expenses and contingencies regarding the repair and maintenance of the common elements of Buildings A, B, C, and D per the Master Deed and Bylaws, and more specifically § 1.12, Article I, and §§ 5.2 and 5.3, Article V of the Bylaws. (*See* **Exhibit B**, Master Deed and Bylaws and recorded Amendments of Shipyard Village HPR);

13. That the Defendant's assessment of Eleven Million and No/100ths Dollars ($11,000,000.00) for the repair and reconstruction of Buildings A and B constitutes an ultra vires act (and is null and void as matter of law) due to Defendant's non-compliance with the requirements of the Master Deed and Bylaws, and more specifically § 1.12, Article I, and §§ 5.2 and 5.3, Article V of the Bylaws. (*See* **Exhibit B**, Master Deed and Bylaws of Shipyard Village HPR);

14. The Plaintiffs would further show to the Court that by a plan and scheme of operation the Defendant attempted to deny the Plaintiffs the legal right to object to the imposition of the controverted assessment on the grounds that Defendant knew or should have known that the procedure utilized by the Defendant to impose through an unlawful budget denied the Plaintiffs due process and equal protection under the law;

15. That the Defendant was negligent and breached its fiduciary duty and duty of care in failing to individually assess the Building A and B Co-owners for the documented water intrusion damage to the inside of their units and, also, the common elements caused by their failure to properly maintain, repair, and

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[1](...continued)

Although Queen's Grant and Murphy focus on the issue of standing, both cases endorse the proposition that a condominium association has a "duty to pursue a recovery for any alleged construction defects in the common elements which it maintains," Queen's Grant, supra. at 556, 335 S.E.2d at 366 (emphasis added), and that if they fail to do so individual owners have a cause of action against the association for its negligence. Such a proposition is pertinent to the instant case, as Buildings C and D Plaintiffs initiated a lawsuit against the Defendant, alleging among other things, negligence in failing to bring a legal action against developer/builder prior to the expiration of the three year statute of limitations.

waterproof around the thresholds of their unit's windows and sliding glass doors as required by Master Deed and Bylaws, and more specifically § 3.6, Article III, and § 4.3, Article VI of the Master Deed. (*See* **Exhibit B**, Master Deed and Bylaws of Shipyard Village HPR); **Exhibit D**, E-mail from Kellie Diehl to BOD members dated September 18, 2007);

16. That the Defendant was, furthermore, grossly negligent in discharging its affirmative duties under the governing documents as described above in the following particulars:

(a) in failing to timely hire a structural engineer to investigate reported defects in the concrete structural slabs, and water infiltration affecting the common elements in Buildings A and B;

(b) in failing to timely repair the reported defects in the concrete structural slabs, and water infiltration affecting the common elements in Buildings A and B;

(c) in failing to timely file a lawsuit within the three year statute of limitations regarding the reported defects in the concrete structural slabs, and water infiltration affecting the common elements in Buildings A and B; and

(d) in failing to reassess the Unit owners in Buildings A and B for the damages created to the common elements of the Regime property in that the clear evidence is based upon the Defendant's documentation that it was clear that Unit owners of Buildings A and B had failed to keep their windows and doors in good repair and having such knowledge the Association Board failed to properly levy an assessment upon all of the Unit owners after holding the Unit owners of Buildings A and B account able for their default and the resulting damage to the common elements.

It is undisputed that the Defendant had been properly advised of the serious nature of these existing defects and deficiencies in the design and construction of Buildings A and B from a licensed, experienced, and qualified contractor known as Bob Gallagher in the years of 1993 and 1994, respectively. (*See* **Exhibit E**, Letter to Waccamaw Management dated April 9, 1993 from Bob Gallagher of PROCON Waterproofing, Inc., regarding preliminary inspection of the structural slabs at the properties of Shipyard Village Buildings A and B;

Exhibit F, Investigation Report of Buildings A and B dated March 9, 1994 prepared by Bob Gallagher of PROCON Waterproofing, Inc, attached to the Regular Meeting Minutes of the BOD for Shipyard Village Council of Co-owners, Inc., dated March 11, 1994; and, **Exhibit G**, Letter to Waccamaw Management dated August 11, 1994 from Bob Gallagher of PROCON Waterproofing, Inc., regarding issues about balcony wall to slab sealants at the properties of Shipyard Village Buildings A and B; and, **Exhibit H**, Letter to Eddie Stokes of MEC Engineering, Inc. regarding a preliminary Concrete Inspection Report of Buildings A and B dated October 22, 2007, prepared by Bob Gallagher of Procon & Associates, Inc.). Accordingly, had the Defendant timely discharged its affirmative duties with respect to issues described in subparagraphs (a), (b), and (c) above between the years of 1993 through 1997 on behalf of the Building A and B Co-owners, the fifty (50) C and D Plaintiffs would not have had to pay a Three Million Two Hundred Thousand And No/100ths Dollars ($3,200,000.00) assessment some sixteen (16) years later as part of a larger Eleven Million and No/100ths Dollars ($11,000,000.00) repair and reconstruction assessment for Buildings A and B. (*See* **Exhibit B**, Master Deed and Bylaws of Shipyard Village HPR);

The Plaintiffs contend no genuine issue of material fact exists concerning the above described issues, and, accordingly, they are entitled to Partial Summary Judgment as a matter of law.

Through the course of discovery and the taking of the depositions of a representative group of the Defendant Board of Directors, it is clear based upon the documentation presented and marked in their respective depositions that the Defendant Board of Directors failed to enforce their legal obligation with regard to those sections of the Master Deed and the Bylaws which applied to the responsibilities and duties of the Association by and through its Board. These documents clearly, as a matter of law, verify and remove from any factual dispute that the Association, by and through its Board of Directors, knew of the condition of Buildings A and B and failed to timely act so as to remedy the problems that were associated

with the deficiencies in the said Buildings. Furthermore, the Board delayed taking action to act on the repair of Buildings A and B until sometime after 1998, when in fact had the Board properly exercised the duties and responsibilities as set out in the Master Deed and Bylaws, such Buildings would have been timely and properly repaired. The effect of the negligent breach of their duties and responsibilities, the Board allowed Buildings A and B to deteriorate to a point and then by using its overall majority on the Board and the percentage interest maintained by the Unit owners in Buildings A and B, the Board attempted to impose upon the Plaintiffs herein an assessment which should not have under any circumstances been imposed on the Plaintiffs herein, when in fact the Board should have acted more diligently in repairing Buildings A and B before the year 1998.

YOU WILL PLEASE TAKE FURTHER NOTICE that this Motion is based on the pleadings, affidavits, discovery responses, request to admit, depositions of the parties, and the record heretofore made in this matter, together with any and all applicable laws, statutes, rules, regulations, judicial decisions or other matters, which may constitute controlling or persuasive on, including, but not limited to, any issues raised herein and at the hearing, and such other and further matter as the court deems just and proper.

A memorandum with points of authority will be submitted in support of Plaintiffs' Motion for Partial Summary Judgment on liability and other relevant legal issues at the hearing.

BELLAMY, RUTENBERG, COPELAND,

BELLAMY, RUTENBERG, COPELAND, EPPS, GRAVELY & BOWERS, P.A.
Post Office Box 357
Myrtle Beach, SC 29578-0357
(843)448-2400
Attorneys for the Plaintiffs

Howell V. Bellamy, Jr.
Howell V. Bellamy, III

Myrtle Beach, South Carolina

May 4, 2012.

2009-CP-22-01655

EXHIBIT NO. "A"

Richard Fisher, Platte, B. Moring, Jr., Marianne G. Kochanski, and Jim H. Markley, on Behalf of all Persons Similarly Situated Who Owned Units in Buildings C & D of the Shipyard Village Property Regime vs Shipyard Village Council of Co-Owners, Inc.
Civil Action Number: 2009-CP-22-0152
Civil Action Number: 2009-CP-22-01655

McNAIR
ATTORNEYS

Leigh Powers Boan

lboan@mcnair.net
T (843) 546-6102
F (843) 546-0096

June 27, 2011

Howell V. Bellamy, III, Esquire
Bellamy Rutenberg Copeland Epps
Gravely & Bowers, PA
Post Office Box 357
Myrtle Beach, SC 29578

Re: Richard A. Fisher; Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust Dated March 13, 2001; Marianne Kochanski; and Jim H. Markley, et al. v. Shipyard Village Council of Co-Owners, Inc.
Civil Action No.: 2009-CP-22-01655

Dear Howell:

Please find enclosed Defendant Shipyard Village Council of Co-Owners, Inc.'s Answers to Plaintiffs' 2nd Set of Request to Admit in the above referenced matter which is herewith served upon you.

Sincerely,

McNAIR LAW FIRM, P.A.

Leigh P. Boan

Leigh Powers Boan

Enclosures

cc: Shipyard Village Council of Co-Owners, Inc.

JUN 29 2011

McNair Law Firm, P.A.
14361 Ocean Hwy
3rd Floor
Pawleys Island, SC 29585

Mailing Address
Post Office Box 1469
Pawleys Island, SC 29585

mcnair.net

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	FOR THE FIFTEENTH JUDICIAL CIRCUIT
COUNTY OF GEORGETOWN)	CIVIL ACTION NO.: 2009-CP-22-01655

Richard A. Fisher, Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust dated March 13, 2001; Marianne Kochanski, and Jim H. Markley, III, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Own Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright, H. Allen Wright, Joyce Y. Wright and Carolyn L. Wright; Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC, a South Carolina Limited Liability Company; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Enrico S. Piraino and Giusto Piraino; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Brenda E. Fisher and Joseph R. Canning and Kathleen B. Canning; James D. Reynolds, Jr.; Fuller Family, LLC; Richard T. White and Rory L. White; Propst and Dawson, LLC; Litchfield Quarters, LLC, and Larry O. Snider and Paula D. Snider; William C. Hammond, Jr., Living Trust and the Shawn S. Hammond Living Trust; GAB IV, LLC, a Virginia Limited Liability Company; Robert C. McBride and Susan R. McBride, Trustees of the Robert C. McBride Family Trust u/d/t July 24, 2008 and Susan R. McBride and Robert C. McBride, Trustees of the Susan R. McBride Family Trust u/d/t July 24, 2008; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC;

DEFENDANT SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.'S ANSWERS TO PLAINTIFFS' 2ND SET OF REQUEST TO ADMIT

JUN 2 8 2011

Harry L. Belk and Jan C. Belk; Dennis)
E. Barrett and Wilma J. Barrett; First)
Family Properties, Inc., Cynthia L.)
Jones, Sandra D. Huggins and)
Margaret S. Dover, Thomas Franklin)
Huggins, Frank S. Krouse and Barbara)
T. Krouse, Judith W. Mill, William Mill)
and Susan Mill, Gene R. Riley and)
Patricia C. Riley, Harold LeMaster and)
Patti LeMaster; Joseph P. Heaton and)
Frances H. Heaton; Robert N. Kelly;)
H.S. Keeter and Sandra C. Keeter;)
Linda A. Mendicino; Captains Quarters)
D-24 Association of Owners, Inc.,)
Michael H. Sanders and Rebecca H.)
Sanders, Ruth Gray Wheliss, David B.)
Shivell and Nicki M. Shivell, Debra B.)
Leeke, Joseph Alan Capobianco and)
Lara Serro, Sharon Gibson Daniel, Gary)
C. Andes and Andrea W. Andes, Jay)
Hendler and Laura Hendler, Joy P.)
McConnell, Charles W. Fortner, Judith)
C. Woodson, Warren W. Riggs and)
Charles G. Martin, Riggs Ventures, LLC)
and SGS Beach Partners, LLC; Morgan)
J. Mann and Angela M. Mann; Michael)
Cameron Foster, Sr. and Laura Lee)
Foster; Captains Quarters Unit D-31)
Association of Multiple Ownerships,)
Inc., Evelyn Gail Earnest, Francis G.)
Thomson and Arleen S. Thomson,)
Robert W. Dalton, Red Oak Limited)
Partnership, William R. McKeown and)
Margaret A. McKeown, Norman K.)
Moon and Barbara W. Moon, David T.)
McGill and Carol G. McGill, Rick L.)
Bledsoe and Susan H. Bledsoe,)
Geoffrey A. Wienke and Pamela L.)
Wienke, A. Donald Ross, III and Nancy)
Kay Ross, Dennis J. Straw and)
Roxanne B. Straw, and Resort)
Investments of Litchfield, LLC; Georgia)
M. Pruitt and Howard M. Pruitt, Jr.; Jean)
T. Blaylock; William C. Covington, Jr.)
and Donna C. Covington; Litchfield)
Captain's Quarters, LLC; James A.)

Schubert and Laraine C. Schubert; Daniel P. Duvall and Mary Lynn Duvall; Victor A. Medina and Melinda Leigh Medina; Judy P. Hamer; Boyce F. Miller and Carole L. Miller, Raymond A. Shingler and Louise O. Shingler, Paul Larry Barnette and Carol Jane Barnette, James R. Walker and Erika T. Walker, Kathy W. Underwood, Andrew J. Wingo, Jr. and Susan A. Wingo, Melanie S. Franklin, Lois E. Cooley, Trustee of the Lois E. Cooley Living Trust, B. Lee Smith and Margaret H. Smith, Jason A. Underwood and Camilla J. Wilson; Stewart South, LLC; Quarter South, LLC; Steven H. Frame and Kay B. Frame,

Plaintiffs,

vs.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

TO: HOWELL V. BELLAMY, III, ESQUIRE, JEFFREY W. KING, ESQUIRE AND HOWELL V. BELLAMY, JR., ESQUIRE, ATTORNEYS FOR PLAINTIFFS ABOVE NAMED:

The Defendant Shipyard Village Council of Co-Owners, Inc. (hereinafter "Defendant"), responding to the Plaintiffs' 2nd Set of Request to Admit hand delivered on May 31, 2011 and mailed May 27, 2011(received June 1, 2011), hereby states that each Request to Admit not specifically admitted, qualified or explained in the answer thereto is denied. Additionally, Defendant objects to Plaintiffs' Request to Admit, including Plaintiffs' Second Request to Admit, as they exceed the twenty (20) Request

to Admit authorized by Rule 36, SCRCP, and Defendant's responses herein do not constitute, and should not be deemed to effect, any waiver of such objection.

Subject to the foregoing, Defendant hereby responds to Plaintiffs' 2nd Set of Request to Admit as follows:

RESPONSES TO REQUEST FOR ADMISSION OF FACT

1. Admit that Shipyard Village Condominium Development is a Horizontal Property Regime under South Carolina Law and is subject to the South Carolina Horizontal Property Act ("Act") under S.C. Code Ann. §27-31-10 *et seq.*, 1976, as amended. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Defendant admits only so much of the first sentence of Request to Admit No. 1 as alleges that the Shipyard Village Horizontal Property Regime as defined in the Master Deed, including the amendments thereto, is a horizontal property regime formed pursuant to South Carolina law and is subject to South Carolina law, including but not limited to the South Carolina Horizontal Property Act ("Act"). Defendant denies all remaining allegations of the first sentence of Request to Admit No. 1 inconsistent with such admission. The second sentence of Request to Admit No. 1 is denied.**

2. Admit that other Horizontal Property Regimes (in the State of South Carolina), like Shipyard Village, are administered by its By-Laws inserted in or appended to its Master Deed (*See* S.C. Code §27-31-150 (1991); Ortega v. Kingfisher Homeowners Association, Inc., 314 S.C. 180, 442 S.E.2d 202 (Ct. App. 1994)). A copy

of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Denied.**

3. Admit that Master Deed, as amended, and By-Laws, as amended, of the Shipyard Village Horizontal Property Regime ("HPR"), are required to be strictly enforced by the Defendant pursuant to the South Carolina Horizontal Property Act ("Act") under S.C. Code Ann. §27-31-10 *et seq.*, 1976, as amended, and the case law of the State of South Carolina interpreting the Act. (*See* Kneale v. Bonds, 317 S.C. 262, 452 S.E.2d 840 (Ct. App. 1994)). A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Defendant admits only so much of the first sentence of Request to Admit No. 3 as alleges that Kneale v. Bonds, 317 S.C. 262, 452 S.E.2d 840 (Ct. App. 1994) includes language that the Master Deed at issue in that particular case "should be strictly enforced." Defendant denies all remaining allegations of the first sentence of Request to Admit No. 3. The second sentence of Request to Admit No. 3 is denied.**

4. Admit that the Defendant is subject to the jurisdiction of the South Carolina Horizontal Property Act ("Act"), §§27-31-10 et seq., 1976, as amended, and is legally bound by the act and required to strictly comply with and enforce its provisions. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Defendant admits only so much of the first sentence of Request to Admit No. 4 as alleges that it is subject to the Act, as amended, and is bound by the Act. All remaining allegations of the first sentence of Request to Admit No. 4 are denied. The second sentence of Request to Admit No. 4 is denied.**

5. Admit that Defendant is required to strictly enforce the provisions of the Master Deed, as amended, and By-Laws, as amended, of the Shipyard Village Horizontal Property Regime ("HPR"), based on the language of South Carolina Horizontal Property Act ("Act") under S.C. Code Ann. §27-31-10 *et seq.*, 1976, as amended, and the appellate opinions and/or case law interpreting the Act. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Denied.**

6. Admit that Sections 3.6, 4.3, 5.5, 5.6, 7.1, 7.4, 9.4, 9.6, 9.9, 12.1, 16.1, 16.2, and 16.4 of the Master Deed, as amended, are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners of the Shipyard Village HPR. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Responding to the first sentence of Request to Admit No. 6, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 6 inconsistent with such admission are denied. The second sentence of Request to Admit No. 6 is denied.**

7. Admit that Sections 3.6, 4.3, 5.5, 5.6, 7.1, 7.4, 9.4, 9.6, 9.9,12.1, 16.1, 16.2, and 16.4 of the Master Deed, as amended, impose affirmative duties on the Defendant and the individual A, B, C and D Unit Co-Owners regarding the maintenance, replacement, and repair of their individual units and the regime's common elements. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4**.

ANSWER: Responding to the first sentence of Request to Admit No. 7, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 7 inconsistent with such admission are denied. The second sentence of Request to Admit No. 7 is denied.

8. Admit that Sections 2.2, 5.2, 5.3, 6.1, 6.2, 6.3, 6.4, 6.5, 7.1, 7.3 and 11.5 of the By-Laws, as amended, are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners of the Shipyard Village HPR. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4**.

ANSWER: Responding to the first sentence of Request to Admit No. 8, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 8 inconsistent with such admission are denied. The second sentence of Request to Admit No. 8 is denied.

9. Admit that Sections 2.2, 5.2, 5.3, 6.1, 6.2, 6.3, 6.4, 6.5, 7.1, 7.3 and 11.5 of the By-Laws, as amended, impose affirmative duties on the Defendant and the

individual A, B, C and D Unit Co-Owners regarding the maintenance, replacement and repair of their individual units and the regime's common elements. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 9, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 9 inconsistent with such admission are denied. The second sentence of Request to Admit No. 9 is denied.

10. Admit that the provisions of **Section 3.6(c) of Article III (Boundaries of Units in Phase I)** of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 10, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 10 inconsistent with such admission are denied. The second sentence of Request to Admit No. 10 is denied.

11. Admit that the provisions of **Section 4.3(c) of Article IV (Maintenance and Repair)** of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners. A copy of

the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 11, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 11 inconsistent with such admission are denied. The second sentence of Request to Admit No. 11 is denied.

12. Admit the provisions of **Section 4.3 of Article IV (Maintenance and Repair)** of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 12, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 12 inconsistent with such admission are denied. The second sentence of Request to Admit No. 12 is denied.

13. Admit that the provisions of **Section 5.6 of Article V (Operation and Maintenance)** of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 13, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 13 inconsistent with such admission are denied. The second sentence of Request to Admit No. 13 is denied.

14. Admit that the provisions of Section 7.4 of Article VII (Bylaws and Regulations) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C and D Unit Co-Owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as Exhibit Nos. 1-4.

ANSWER: Responding to the first sentence of Request to Admit No. 14, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 14 inconsistent with such admission are denied. The second sentence of Request to Admit No. 14 is denied.

15. Admit that the provisions of Section 9.4 of Article IX (Covenant to Comply with Restrictions and Obligations) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as Exhibit Nos. 1-4.

ANSWER: Responding to the first sentence of Request to Admit No. 15, Defendant admits that it and all Co-Owners are bound by the Master Deed, as

amended. All remaining allegations of the first sentence of Request to Admit No. 15 inconsistent with such admission are denied. The second sentence of Request to Admit No. 15 is denied.

16. Admit that the provisions of Section 9.6 of Article IX (Right of Access) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as Exhibit Nos. 1-4.

ANSWER: Responding to the first sentence of Request to Admit No. 16, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 16 inconsistent with such admission are denied. The second sentence of Request to Admit No. 16 is denied.

17. Admit that the provisions of Section 9.9 of Article IX (Covenant to Comply with Restrictions and Obligations Expenses) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as Exhibit Nos. 1-4.

ANSWER: Responding to the first sentence of Request to Admit No. 17, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No.

17 inconsistent with such admission are denied. The second sentence of Request to Admit No. 17 is denied.

18. Admit that the language of Paragraph three (3) of Section 12.1 (Reconstruction and Repair) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as Exhibit Nos. 1-4.

ANSWER: Responding to the first sentence of Request to Admit No. 18, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 18 inconsistent with such admission are denied. The second sentence of Request to Admit No. 18 is denied.

19. Admit that Section 16.1 of Article XVI (Application) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as Exhibit Nos. 1-4.

ANSWER: Responding to the first sentence of Request to Admit No. 19, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 19 inconsistent with such admission are denied. The second sentence of Request to Admit No. 19 is denied.

20. Admit that **Section 16.2 of Article XVI (Compliance)** of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4**.

ANSWER: Responding to the first sentence of Request to Admit No. 20, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 20 inconsistent with such admission are denied. The second sentence of Request to Admit No. 20 is denied.

21. Admit that Section 16.4 of Article XVI (Conflicts) of the Master Deed, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4**.

ANSWER: Responding to the first sentence of Request to Admit No. 21, Defendant admits that it and all Co-Owners are bound by the Master Deed, as amended. All remaining allegations of the first sentence of Request to Admit No. 21 inconsistent with such admission are denied. The second sentence of Request to Admit No. 21 is denied.

22. Admit that **Section 2.2 of Article II (Authorities and Duties)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-

Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 22, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 22 inconsistent with such admission are denied. The second sentence of Request to Admit No. 22 is denied.

23. Admit that **Section 5.2 of Article V (Budget)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 23, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 23 inconsistent with such admission are denied. The second sentence of Request to Admit No. 23 is denied.

24. Admit that **Section 5.3 of Article V (Approval of Budget)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Responding to the first sentence of Request to Admit No. 24, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 24 inconsistent with such admission are denied. The second sentence of Request to Admit No. 24 is denied.**

25. Admit that **Section 6.1 of Article VI (Maintenance by Manager)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Responding to the first sentence of Request to Admit No. 25, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 25 inconsistent with such admission are denied. The second sentence of Request to Admit No. 25 is denied.**

26. Admit that **Section 6.2 of Article VI (Maintenance by Co-Owners)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: **Responding to the first sentence of Request to Admit No. 26, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No.**

26 inconsistent with such admission are denied. The second sentence of Request to Admit No. 26 is denied.

27. Admit that **Section 6.3 of Article VI (Default by Co-Owner)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 27, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 27 inconsistent with such admission are denied. The second sentence of Request to Admit No. 27 is denied.

28. Admit that **Section 6.4 of Article VI (Expenses)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 28, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 28 inconsistent with such admission are denied. The second sentence of Request to Admit No. 28 is denied.

29. Admit that **Section 6.5 of Article VI (Improvements)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 29, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 29 inconsistent with such admission are denied. The second sentence of Request to Admit No. 29 is denied.

30. Admit that **Section 7.1 of Article VII (Restrictions)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 30, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 30 inconsistent with such admission are denied. The second sentence of Request to Admit No. 30 is denied.

31. Admit that **Section 7.3 of Article VII (Enforcement)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of

the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 31, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 31 inconsistent with such admission are denied. The second sentence of Request to Admit No. 31 is denied.

32. Admit that **Section 11.5 of Article XI (Conflicts)** of the By-Laws, as amended, of the Shipyard Village HPR are legally binding on the Defendant and the individual A, B, C, and D Unit Co-owners. A copy of the Master Deed and By-Laws of the Shipyard Village HPR, including their amendments, are attached hereto, and marked as **Exhibit Nos. 1-4.**

ANSWER: Responding to the first sentence of Request to Admit No. 32, Defendant admits that it and all Co-Owners are bound by the By-Laws, as amended. All remaining allegations of the first sentence of Request to Admit No. 32 inconsistent with such admission are denied. The second sentence of Request to Admit No. 32 is denied.

RESPONSES TO GENUINENESS OF DOCUMENTS

1. Exhibit 1: Denied.
2. Exhibit 2: Denied.
3. Exhibit 3: Admitted.
4. Exhibit 4: Admitted.

MCNAIR LAW FIRM, P.A.



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Attorneys for Defendant

Pawleys Island, South Carolina
June 27, 2010

STATE OF SOUTH CAROLINA)		IN THE COURT OF COMMON PLEAS
)		FOR THE FIFTEENTH JUDICIAL CIRCUIT
COUNTY OF GEORGETOWN)		CIVIL ACTION NO.: 2009-CP-22-01655

Richard A. Fisher, Platte B. Moring, Jr., Trustee of the Platte B. Moring, Jr. Living Trust dated March 13, 2001; Marianne Kochanski, and Jim H. Markley, III, Individually, and in a Representative Capacity on Behalf of All Persons Similarly Situated Who Own Units in Buildings C and D of the Shipyard Village Horizontal Property Regime; Robert A. Wright, Mary Beth C. Wright, H. Allen Wright, Joyce Y. Wright and Carolyn L. Wright; Carmen J. Savoca, Ann D. Savoca, William John Savoca and Donna S. Strom; James T. Hunter and Mary D. Hunter; Dwain C. Andrews; WWS, LLC, a South Carolina Limited Liability Company; Donald L. Henson and Sandra L. Henson; Allen M. Funk; Norman J. Rish and Mary T. Rish; Angela M. Markley; Walter C. Worsham and Carolyn W. Worsham; Enrico S. Piraino and Giusto Piraino; Otis T. Harrison and Rose C. Harrison; James E. Newman, Jr.; Brenda E. Fisher and Joseph R. Canning and Kathleen B. Canning; James D. Reynolds, Jr.; Fuller Family, LLC; Richard T. White and Rory L. White; Propst and Dawson, LLC; Litchfield Quarters, LLC, and Larry O. Snider and Paula D. Snider; William C. Hammond, Jr., Living Trust and the Shawn S. Hammond Living Trust; GAB IV, LLC, a Virginia Limited Liability Company; Robert C. McBride and Susan R. McBride, Trustees of the Robert C. McBride Family Trust u/d/t July 24, 2008 and Susan R. McBride and Robert C. McBride, Trustees of the Susan R. McBride Family Trust u/d/t July 24, 2008; Evelyn J. Valuska; Barbara W. Beymer; Montrose Associates, LLC; Harry L. Belk and Jan C. Belk; Dennis E. Barrett and Wilma J. Barrett; First Family Properties, Inc., Cynthia L.

CERTIFICATE OF SERVICE

Jones, Sandra D. Huggins and)
Margaret S. Dover, Thomas Franklin)
Huggins, Frank S. Krouse and Barbara)
T. Krouse, Judith W. Mill, William Mill)
and Susan Mill, Gene R. Riley and)
Patricia C. Riley, Harold LeMaster and)
Patti LeMaster; Joseph P. Heaton and)
Frances H. Heaton; Robert N. Kelly;)
H.S. Keeter and Sandra C. Keeter;)
Linda A. Mendicino; Captains Quarters)
D-24 Association of Owners, Inc.,)
Michael H. Sanders and Rebecca H.)
Sanders, Ruth Gray Wheliss, David B.)
Shivell and Nicki M. Shivell, Debra B.)
Leeke, Joseph Alan Capobianco and)
Lara Serro, Sharon Gibson Daniel, Gary)
C. Andes and Andrea W. Andes, Jay)
Hendler and Laura Hendler, Joy P.)
McConnell, Charles W. Fortner, Judith)
C. Woodson, Warren W. Riggs and)
Charles G. Martin, Riggs Ventures, LLC)
and SGS Beach Partners, LLC; Morgan)
J. Mann and Angela M. Mann; Michael)
Cameron Foster, Sr. and Laura Lee)
Foster; Captains Quarters Unit D-31)
Association of Multiple Ownerships,)
Inc., Evelyn Gail Earnest, Francis G.)
Thomson and Arleen S. Thomson,)
Robert W. Dalton, Red Oak Limited)
Partnership, William R. McKeown and)
Margaret A. McKeown, Norman K.)
Moon and Barbara W. Moon, David T.)
McGill and Carol G. McGill, Rick L.)
Bledsoe and Susan H. Bledsoe,)
Geoffrey A. Wienke and Pamela L.)
Wienke, A. Donald Ross, III and Nancy)
Kay Ross, Dennis J. Straw and)
Roxanne B. Straw, and Resort)
Investments of Litchfield, LLC; Georgia)
M. Pruitt and Howard M. Pruitt, Jr.; Jean)
T. Blaylock; William C. Covington, Jr.)
and Donna C. Covington; Litchfield)
Captain's Quarters, LLC; James A.)
Schubert and Laraine C. Schubert;)
Daniel P. Duvall and Mary Lynn Duvall;)
Victor A. Medina and Melinda Leigh)
Medina; Judy P. Hamer; Boyce F. Miller)
and Carole L. Miller, Raymond A.)
Shingler and Louise O. Shingler, Paul)

Larry Barnette and Carol Jane Barnette, James R. Walker and Erika T. Walker, Kathy W. Underwood, Andrew J. Wingo, Jr. and Susan A. Wingo, Melanie S. Franklin, Lois E. Cooley, Trustee of the Lois E. Cooley Living Trust, B. Lee Smith and Margaret H. Smith, Jason A. Underwood and Camilla J. Wilson; Stewart South, LLC; Quarter South, LLC; Steven H. Frame and Kay B. Frame,

Plaintiffs,

vs.

Shipyard Village Council of Co-Owners, Inc.,

Defendant.

I, Kathy Roberts, hereby certify that on the 27th day of June 2011, I caused a true and correct copy of a **Defendant Shipyard Village Council of Co-Owners, Inc.'s Answers to Plaintiffs' 2nd Set of Request to Admit** in the above captioned matter to be served via United States Mail, postage prepaid, addressed as follows:

Howell V. Bellamy, III, Esquire
Howell V. Bellamy, Jr., Esquire
Bellamy Gutenberg Copeland
Epps Gravely & Bowers, P.A.
1000 29th Avenue North
Myrtle Beach, SC 29577

Kathy Roberts

Pawleys Island, South Carolina

2009-CP-22-01655

EXHIBIT NO. "B"

Master Deed, dated 7-7-1982
By-Laws, dated 7-9-1982
First Amendment to Master Deed, dated 8-5-1998
First Amendment to Master Deed, dated 10-7-1998
Second Amendment to Master Deed, dated 10-16-1998
Second Amendment to Master deed, date 1-19-1999
First Amendment to Master Deed , dated 1-19-1999
Amendment to the Master Deed, dated 10-16-2006
Correction and Clarification of Amendment to the Master Deed, dated 11-14-2007

Richard Fisher, Platte, B. Moring, Jr., Marianne G. Kochanski, and Jim H. Markley, on Behalf of all Persons Similarly Situated Who Owned Units in Buildings C & D of the Shipyard Village Property Regime vs Shipyard Village Council of Co-Owners, Inc.
Civil Action Number: 2009-CP-22-0152
Civil Action Number: 2009-CP-22-01655

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FILED
PETER L. WILLIAMS
CLERK OF COURT
GEORGETOWN COUNTY, S.C.
JAN 9 2 41 PM '82
BOOK ____ PAGE ____

CERTIFIED A TRUE
AND CORRECT COPY
Wanda S. Crevatte
REGISTER OF DEEDS
GEORGETOWN COUNTY, S.C.

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TO

MASTER DEED

EXHIBIT A	Survey Plat of Phase 1, Pool Easement Area and Survey Plat of Land from Which Future Phases Will be Derived [1].
EXHIBIT B	Architectural Plans of Buildings and Units of Phase 1[2].
EXHIBIT C	Determination of Percentage Interest in Common Elements upon Submission of all Phases to Condominium Ownership
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EXHIBIT E	Bylaws of Shipyard Village Council of Co-owners
EXHIBIT F	Legal Description of Phase 1 Regime Property
EXHIBIT G	Legal Description of Land for Future Phases
EXHIBIT H	Legal Description of Pool Easement Area

1. Recorded in the office of the Clerk of Court of Georgetown County in Plat Book 2, at page 25.

2. Recorded in the office of the Clerk of Court of Georgetown County in Miscellaneous Plat Book ____, at page 31.

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

BOOK 201 PAGE 883

MASTER DEED

OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

THIS MASTER DEED is made, published and declared by LITCHFIELD-BY-THE-SEA, a joint venture organized under the Uniform Partnership Act of South Carolina (hereinafter referred to as the "Grantor"), pursuant to the Horizontal Property Act of South Carolina for the purpose of creating a horizontal property regime and establishing certain easements, covenants and restrictions to run with the land, this 7th day of July, 1982.

ARTICLE I

ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME

Section 1.1. General. The purpose of this Master Deed is to establish, pursuant to the Horizontal Property Act of the State of South Carolina, a phased horizontal property regime to be known as SHIPYARD VILLAGE HORIZONTAL PROPERTY REGIME. The land and improvements to be submitted in phases to the provisions of the Act and to the terms of this Master Deed are defined in Article III as the "Property". The Grantor, by filing of record this Master Deed, publishes and declares that upon the express submission of each Phase to condominium ownership, that portion of the Property so submitted shall be owned, occupied, used, conveyed, encumbered, leased, and improved in accordance with the provisions of the Act, and in accordance with the easements, covenants, restrictions, encumbrances, obligations, reservations, liens and charges set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the Property and shall bind and inure to the benefit of the Grantor, its successors and assigns, and all subsequent owners of any interest in the Property, their grantees, successors, heirs, executors, administrators, devisees or assigns.

The Grantor hereby submits to condominium ownership the Regime Property constituting Phase I which is defined in Article III hereof. Upon no event shall Grantor be deemed obligated hereby to submit any additional portion of the Property or any additional Phase to condominium ownership, and this Master Deed shall not be deemed to create any restriction upon the use of any portion of the Property or future Phase if the same is not submitted by Grantor to condominium ownership.

Section 1.2. General Description of Plan of Development. Grantor intends to develop the Property as a four (4) phase condominium regime. Phase I will consist of two (2) five (5) story Buildings each containing forty (40) Units. Accordingly, the maximum number of Units in Phase 1 shall be eighty (80) Units. Each subsequent Phase shall consist of one or more buildings containing such number of Units as Grantor may determine, provided, however, the number of Units in each subsequent Phase shall not exceed forty (40) Units per Phase for an aggregate in Phases II, III and IV of one hundred twenty (120) Units. The maximum number of Units for the entire horizontal property regime may be two hundred (200) Units. Grantor shall elect whether or not to submit additional Phases to condominium ownership by December 31, 2001. Grantor hereby reserves the right in its sole discretion to elect to develop and to submit to condominium ownership or ownership under any type of Vacation Time Sharing Plan any Phase or group of Phases without regard to the location, order or sequence in which Phases are developed. The Regime Property submitted herewith to condominium ownership in Phase I is defined and described in Section 3.2 of Article III. That portion of the Property (the "Land") which will be submitted in subsequent Phases, if all Phases are developed, is defined and described in Section 3.3 of Article III. Grantor hereby reserves the right in its sole discretion to select and determine the exact portion of the Land which will be

submitted to condominium ownership or ownership under any type of vacation time sharing plan in any subsequent Phase or group of Phases. Grantor further reserves the right in its sole discretion to elect to increase the amount of Land submitted to condominium ownership or ownership under any type of vacation time sharing plan in any future Phase or group of Phases provided that no such expansion shall substantially increase the proportionate amount of the Common Expenses payable by the then existing Co-owners. Grantor further reserves the right in its sole discretion to revise, modify or change in whole or in part the Buildings or Units to be developed in any subsequent Phase or group of Phases or to alter the mix and type of Units to be built in any subsequent Phase or group of Phases, including the right to build one bedroom through four bedroom Units. Grantor further reserves the right in its sole discretion to construct Buildings and Units in any subsequent Phase or group of Phases which are different in exterior design or interior plan from Phase I Buildings and Units, and such Buildings may consist of any number or mixture of Unit types within a single Building as elected by Grantor. Grantor has built a pool on property designated "Pool Easement Area" as described on Exhibit H attached hereto. Grantor has leased the Pool Easement Area to the Shipyard Village Council of Co-owners, Inc. for a term of five years. The rights of Grantor, Co-owners and others to the swimming pool are more particularly described in Article IX, Subsection 9.8, hereof. A chart showing the maximum reduction in Percentage Interest in the Common Elements of each Co-owner in Phase I at each stage of development, if the Grantor herein submitting the Land to condominium ownership elects to proceed with all Phases of development, is attached hereto as Exhibit C.

Section 1.3. Rights and Obligations. As stated above, Grantor has reserved its right to elect to proceed with any subsequent Phase or group of Phases. Each election to proceed shall

be evidenced by the recording of an amendment to this Master Deed submitting such Phase or group of Phases to condominium ownership. The Co-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 required by South Carolina law. The Co-owners by purchasing and accepting a Unit in any Phase acknowledge that further Phase construction and dedication by Grantor shall diminish the percentage of ownership in the Common Elements as described and provided in Exhibit C and in other applicable portions of this Master Deed.

Section 1.4. Reservation to Grantor. Grantor hereby reserves unto itself, its successors and assigns, the following options to be exercised in its sole discretion:

(a) To develop or not to develop and to submit or not to submit to condominium ownership any or all future phases.

(b) The rights, easements and reservations to the Pool Easement Area are set forth in Article IX, Section 9.8 hereof.

(c) To mortgage the Land prior to the submission to condominium ownership of any subsequent Phase or group of Phases; provided, however, that each Unit conveyed in any subsequent Phases shall be conveyed free and clear of such mortgage.

(d) To submit or not to submit any or all of the condominiums or Units in any Phase to any type of Vacation Time Sharing Plan.

The Grantor does not grant easements to the property for view of the dunes, ocean, lakes and marshes, except such view of the dunes and ocean located directly along the ocean front of the Property. Each Co-owner acknowledges that Grantor shall construct additional Buildings which may limit the views from Buildings of Shipyard Village Horizontal Property Regime.

Section 1.5. Phase I Construction. Each of the Buildings and Units submitted herewith to condominium ownership in Phase I shall be constructed substantially in accordance with the survey plat and architectural plans set forth in Exhibits A and B, attached hereto and by reference specifically incorporated herein, which show the Buildings and the number and identity of the Units. The Grantor expressly reserves the right, during the course of construction, to revise, modify or change in whole or in part any of such Units or Buildings, provided, however, (i) Grantor shall adhere to the general plan of development described in Section 1.2 of this Article and (ii) Grantor shall not make any substantial alterations to any Unit sold or under a valid sales contract without having first obtained the express written consent of the Co-owner or prospective Co-owner.

ARTICLE II

DEFINITIONS

Section 2.1. Unless defined herein or unless the context requires otherwise, the words defined in Section 27-31-20 of the Code of Laws of South Carolina, 1976, when used in this Master Deed or any amendment hereto shall have the meaning therein provided. The following words when used in this Master Deed or any amendment hereto, unless the context requires otherwise shall have the following meaning:

(a) "Act" shall mean and refer to the Horizontal Property Act of South Carolina, Chapter 31, Title 27, Code of Laws of South Carolina, 1976.

(b) "Assessment" shall mean and refer to a Co-owner's share of the Common Expenses assessed against such Co-owner and his Unit from time to time by the Council in the manner hereinafter provided.

(c) "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Shipyard Village Council of Co-owners, Inc., and "director" or "directors" shall mean a member or members of the Board.

(d) "Building(s)" shall mean and refer to one or more of the buildings constructed on and being a part of the Property and containing the condominium Units described in this Master

Deed. The Phase I Buildings are shown in Exhibit A and Exhibit B to this Master Deed.

(e) "Bylaws" shall mean and refer to the Bylaws established by Exhibit E attached hereto and specifically incorporated by reference herein for the administration of Shipyard Village Council of Co-owners, Inc. and the Regime Property.

(f) "Common Elements" shall mean and refer to both the General Common Elements and Limited Common Elements and include all portions of the Regime Property not included within the Units.

(g) "Common Expenses" shall mean and refer to (a) all expenses incident to the administration, maintenance, repair and replacement of the General Common Elements and the Limited Common Elements, after excluding therefrom such expenses which are the responsibility of a Co-owner as set forth herein, (b) expenses determined by the Council to be Common Expenses and which are lawfully assessed against Co-owners, and (c) expenses incident to the General Common Elements and Limited Common Elements as defined in the Act or declared to be Common Expenses by this Master Deed.

(h) "Co-owner" shall mean and refer to persons, firms, corporations, partnerships, associations, trusts or other legal entities or any combination thereof, who own of record a Unit within a Building; furthermore, and except as otherwise provided in this Master Deed, "Co-owner" shall mean and refer to persons, firms, corporations, partnerships, associations, trusts or other legal entities or any combination thereof, who have an ownership or leasehold interest in a Time Sharing Unit.

(i) "General Common Elements" shall mean and refer to all Regime Property exclusive of Units and Limited Common Elements.

(j) "Grantor" shall mean and refer to Litchfield-by-the-Sea, a joint venture organized under the Uniform Partnership Act of South Carolina, its successors and assigns.

(k) "Limited Common Elements" shall mean and refer to those special Common Elements designated as appurtenant to and reserved for the exclusive use of a specific Unit.

(l) "Master Deed" shall mean and refer to this Master Deed dated July 7, 1982, with all Exhibits hereto specifically incorporated by reference thereto and to all amendments to this Master Deed.

(m) "Of Record" shall mean recorded in the Office of the Clerk of Court for Georgetown County, South Carolina.

(n) "Percentage Interest" shall mean and refer to the percentage of undivided interest each Co-owner owns as a tenant in common in the Common Elements.

(o) "Phase" or "Phases" shall mean and refer to each stage or group of stages of development of the Property as set forth in Section 1.2 of Article I.

(p) "Property" shall mean and refer to Regime Property and Land as set forth in Section 3.1 of Article III.

(q) "Regime Property" shall mean and refer to that portion of the Property submitted in each Phase to condominium ownership as set forth in Section 3.2 of Article III.

(r) "Time Sharing Unit(s)" shall mean and refer to a Unit which the Grantor, in its sole discretion, has declared to be subject to a Vacation Time Sharing Plan.

(s) "Unit(s)" shall mean and refer to the apartment (as defined by the Act) and described herein. For purposes other than describing the physical boundaries of a Unit and unless the context clearly indicates otherwise, the term "Unit" shall also mean and refer to a Time Sharing Unit.

(t) "Vacation Time Sharing Plan(s)" shall mean and refer to either a vacation time sharing ownership plan or a vacation time sharing lease plan as defined in Chapter 32, Title 27, Code of Laws of South Carolina, 1976.

ARTICLE III

THE PROPERTY

Section 3.1. Property. The term "Property" means and includes the Regime Property and the Land hereinafter described and all improvements and structures now existing or hereafter placed thereon and all easements, rights and appurtenances belonging thereto.

Section 3.2. Regime Property. The "Regime Property" shall mean and refer to that portion of the Property owned in fee simple absolute by Grantor and submitted to condominium ownership in each Phase. The Regime Property being submitted to condominium ownership in Phase I is shown by the Plat set forth in Exhibit A attached hereto and specifically incorporated by reference herein

and is more particularly described in Exhibit F attached hereto and specifically incorporated by reference herein. The Regime Property which will be submitted to condominium ownership in subsequent Phases shall be described in each amendment to this Master Deed.

Section 3.3. Land. The term "Land" shall mean and refer to that portion of the Property owned in fee simple absolute by Grantor and expressly reserved for the possible future submission to condominium ownership in subsequent Phases or groups of Phases. The Land is shown by the Plat set forth in Exhibit A hereto and is more particularly described in Exhibit G attached hereto and specifically incorporated by reference herein.

Section 3.4. Building Locations for Phase I. The site locations of the Buildings are shown on the Plat of Phase I Regime Property set forth in Exhibit A, attached hereto and specifically incorporated by reference herein. The Buildings are of the general design as graphically depicted in the certified architect's plans which are compiled and set forth in Exhibit B, attached hereto and specifically incorporated by reference herein. Each Building has five (5) floors and contains eight (8) Units on each floor.

(a) Building A of Phase I contains forty (40) Units designated as Units A11 through A18, A21 through A28, A31 through A38, A41 through A48, A51 through A58, inclusive.

(b) Building B of Phase I contains forty (40) Units designated as Units B11 through B18, B21 through B28, B31 through B38, B41 through B48, B51 through B58, inclusive.

Section 3.5. Description of Units in Phase I. The individual Units in Phase I are depicted by the architectural plans set forth as Exhibit B, and are described as follows:

All units in Phase I are three bedroom Units having an interior heated area of 1,387 square feet. The interior of the Units includes rooms as follows: three bedrooms, 12 x 14, 12 x 12 and 19 x 11; two baths, 8 x 10 and 5 x 8; living room, 19 x 15; dining room, 14 x 9; kitchen, 8 x 15; together with halls and closets. The kitchen is equipped with sink, garbage disposal, dishwasher, range and oven combination, refrigerator and range hood. The Units have hot water units, heating and air conditioning units.

All floors are carpeted except kitchen, foyer and baths. The closet in hallway is equipped with a washer and dryer. The two smaller bedrooms include lavatories. The bath off the master bedroom includes a tub and shower. The dining area includes a bar equipped with sink and ice maker. The master bedroom has a walk-in closet.

Section 3.6. Boundaries of Units in Phase I. Each Unit is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building material enclosed within the following boundaries:

(a) The upper boundary of the Unit shall extend to the unfinished interior surfaces of the unfinished sheetrock ceiling. The lower boundary of the Unit shall extend to the unfinished surface of the structural slab constituting the floor.

(b) The perimetrical boundaries of the Unit shall extend to the unfinished interior surfaces of the perimeter walls of the Unit, excluding load-bearing structural interior walls or components.

(c) Each Unit shall also encompass and include the following: (i) the doors (including screen doors) opening into the Unit and onto any balcony reserved to the use of a Unit, including the frames, casings, hinges, handles, and other fixtures which are part of the doors; (ii) the window glasses, screens, frames, and casings which are part of the window openings of the Unit; (iii) the plumbing, wiring and mechanical vents which exclusively serve the Unit; (iv) the appliances, air conditioning and heating units (including the condenser and all piping, wiring and attachments), hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, insulation and other fixtures and furnishings which are within or serve the Unit when delivered to the initial Co-owner; (v) all appurtenances which are integral and exclusive to the Unit, including but not limited to lamps attached to the exterior of the Unit, and water and sewer pipes within the Unit exclusively serving the Unit.

Section 3.7. Common Elements. The Common Elements include all of the Property submitted to condominium ownership which is not included within the Units. Exhibits A and B of this Master Deed graphically depict the areas encompassing the

Common Elements in Phase I.

(a) General Common Elements. The General Common Elements shall include, without limitation, the following:

(i) Except for such portion reserved as Limited Common Elements, all land within the boundaries of the Regime Property, together with all easements, rights and hereditaments appurtenant thereto.

(ii) All improvements, exclusive of the Units and Limited Common Elements, erected upon the Property, including without limitation: (a) the roof covering the Buildings including built-up asphalt roof of roofing felt and tar and gravel; (b) the exterior of stucco over reinforced concrete masonry, including those limited exterior areas having plywood over masonry; (c) the pipes, wires, conduits, pumps, motors, and other equipment installed to provide utility service to the Units or to portions of the Common Elements; (d) certain parking areas, street signs, storm draining, guttering, retaining walls, walkways, paths, trees, gardens, irrigation systems, outside electric lighting systems and landscaping and (e) the foundations, pilings and structural members, subflooring, girders, beams, supports, load bearing interior walls and interior walls enclosing pipe chases and utility installations serving more than one Unit; (f) pool easement area subject to all rights and reservations set forth in this Master Deed; and (g) all other elements rationally of common use.

(b) Limited Common Elements. The Limited Common Elements shall include those special elements designated in each Phase as for the exclusive use of a specific Unit. The Limited Common Elements are more specifically designated in Exhibits A and B and include ground floor storage rooms, covered parking and decks.

Section 3.8. Future Phases. The Common Elements of future Phases shall be similar to and compatible with the Common Elements designated in Phase I and no amendment of this Master Deed by the Grantor alone shall alter the designation of Common Elements in Phase I.

Section 3.9. Values. Values are fixed for the sole purpose of complying with the Horizontal Property Act and shall not prevent each Co-owner from fixing a different circumstantial value to his Unit in all types of acts or contracts. The assigned value of that portion of the Property submitted to condominium ownership in Phase I is $6,400,000. The value of each Unit is set forth in Exhibit D attached to this Master Deed and specifically incorporated by reference herein. The value of that portion of the Property submitted at the sole election of the Grantor to condominium ownership in future Phases shall be established by the Grantor in each amendment to this Master Deed; provided that the assigned values for each Unit which shall be a part of future Phases must be one of the the following:

Type	Value
A	$50,000
B	$55,000
C	$60,000
D	$65,000
E	$70,000
F	$75,000
G	$80,000
H	$85,000
I	$90,000
J	$95,000
K	$100,000
L	$105,000

The Grantor may construct in any future Phase or group of Phases any combination or mixture of the above Units using the values assigned above, but in no event shall the Percentage Interest for any Unit in Phase I be reduced more than is set forth in Exhibit C.

ARTICLE IV

UNITS: OWNERSHIP AND USE

Section 4.1. Ownership of Units. Each Unit, together with its undivided interest in Common Elements, shall constitute a separate parcel of real property; and each Co-owner shall be entitled to exclusive ownership and possession of his Unit, subject to: (i) the provisions of this Master Deed and the easements, restrictions, covenants, and encumbrances set forth herein and (ii) the Bylaws of the Council, as they may be amended from time to time, together with the regulations and resolutions

that may be adopted by the Council or its Board pursuant to the Bylaws. In addition to the provisions of the Master Deed and Bylaws of the Council, the ownership and possession rights of each Co-owner of a Time Sharing Unit shall be subject to any supplemental declarations or plans filed of record together with such easements, restrictions, covenants, and encumbrances set forth therein and in any bylaws of any associations or management entities established by Grantor in connection with Vacation Time Sharing Plans.

Section 4.2. Legal Description. Each Unit may be sufficiently described for purposes of deeds, mortgages, leases, and other conveyances by referring to its designated unit number and by reciting that it is part of Shipyard Village Horizontal Property Regime 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 Unit. The ownership of an undivided interest in Common Elements appurtenant to a Unit shall be inseparable from the Unit, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Unit.

Section 4.3. Maintenance and Repair. Every Co-owner (except Co-owners of Time Sharing Units), shall be responsible at his own expense for maintaining, repairing, and decorating all walls, ceilings and floors of his Unit. However, no Co-owner shall do any work nor make any addition, improvement, structural modification or alteration of his Unit, nor shall any Co-owner alter the appearance of any external door, window, vent, flue, or other external element of his Unit without obtaining prior written approval of the Board. Written notice of any intended modification, addition, improvement, painting or alteration 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 may require the deposit of funds sufficient in the sole discretion of the Board to

defray all costs, including attorney's fees, of modifying this Master Deed and recording such modification. The Board shall advise the Co-owner of its decision in writing within ninety (90) days from the receipt of the request. Nothing in this Section shall relieve any Co-owner from obtaining approval for alterations required by other applicable covenants, restrictions or governmental authority. No Co-owner shall undertake to modify, alter, improve, paint or repair any portion of the Common Elements.

The maintenance and repair of all Time Sharing Units shall be the responsibility of the associations or management entities created pursuant to the establishment of Vacation Time Sharing Plans.

ARTICLE V

COMMON ELEMENTS: OWNERSHIP AND USE

Section 5.1. Ownership of Common Elements. The Co-owners shall own the General Common Elements and Limited Common Elements as tenants in common with each Unit in Phase 1 having appurtenant thereto the Percentage Interest in said General Common Elements and Limited Common Elements as set forth in Exhibit D, attached hereto and incorporated herein by reference. The Percentage Interest appurtenant to each Unit in Phase I has been determined by finding the percentage equivalent to the value of the individual Unit in relation to the value of all Units in Phase I as a whole. In the event the Grantor elects to construct an additional Phase or Phases, the Percentage Interest appurtenant to each Unit will automatically change to the Percentage Interest in the General Common Elements and Limited Common Elements to be set forth in the amendment to be recorded at the time the Grantor elects to submit additional Phases to condominium ownership. This Percentage Interest shall express the value of each Unit in relation to the cumulative value of the Units in all Phases. In the event the Grantor does not elect to proceed with the development of any additional Phases in accordance with the provisions of Section 1.2, Article I, the Percentage Interest appurtenant to

each Unit in Phase I will remain as set forth in Exhibit D, or if Grantor elects to proceed with some but not all Phases, the Percentage Interest will be determined as provided in this Article and Exhibit C. The stated Percentage Interest is permanent in character and cannot be altered except as provided in this Article and by the formula expressed in Exhibit C without the consent of all (100%) of the Co-owners expressed in an amendment to the Master Deed duly recorded.

Section 5.2. Appurtenancy of Percentage Interest. The Percentage Interest in the General Common Elements and the Limited Common Elements cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the deed or other instrument of conveyance.

Section 5.3. No Partition. The General Common Elements and Limited Common Elements shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Horizontal Property Act of South Carolina and this Master Deed.

Section 5.4. Use of Common Elements. A Co-owner shall use the General Common Elements and Limited Common Elements in accordance with the purpose for which they are intended so long as such Co-owner does not hinder the exercise of or encroach upon the rights of other Co-owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the General Common Elements is intended to be used. The Board shall have the right to promulgate rules and regulations limiting and regulating the use of the Limited and General Common Elements by Co-owners, their guests and tenants; restricting the number of guests or tenants who may use the Limited and General Common Elements; and providing for the exclusive use of a part of the General Common Elements by a Co-owner and his guests for special occasions which exclusive use may be conditioned, among

other things, upon the payment of a fee. Each Co-owner and his agents, tenants and guests shall have a non-exclusive easement appurtenant to his Unit for ingress and egress over the Common Elements for access to and from his Unit.

Section 5.5. Limited Common Elements. Ownership of each Unit shall entitle the Co-owner thereof to the exclusive use of the Limited Common Elements reserved for such Unit and so designated in Exhibits A and B as Limited Common Elements. This exclusive use may be delegated by a Co-owner to his guests or to the tenants of his Unit. With the permission of the Board of Directors, Co-owners may place plants, furniture, grills and other similar items within the balconies to their Units, but such use shall be subject to the right of the Board of Directors of the Council (i) to adopt rules and regulations limiting the use of the Limited Common Elements and (ii) to require, by resolution, any Co-owner to remove any item placed on the Limited Common Elements.

Section 5.6. Operation and Maintenance. Each Co-owner (except Co-owners of Time Sharing Units) shall, at his own expense, keep the Limited Common Elements to which his Unit has exclusive use clean and neat. The Limited Common Elements to which any Time Sharing Unit has the exclusive use shall be kept clean and neat by the association or management entity created pursuant to the establishment of a Vacation Time Sharing Plan. Except as specifically provided herein, the maintenance, repair, replacement, management, operation and use of the Common Elements and Limited Common Elements shall be the responsibility of the Board. The expenses incurred for such purpose shall be assessed as Common Expenses except in the case of the negligence of a Co-owner or his

tenants or guests, and in the event of such negligence, such expenses or a portion thereof may be assessed as an individual assessment pursuant to the terms of Article XII hereof.

ARTICLE VI

COMMON EXPENSES

Section 6.1. Enumeration of Expenses. Except as otherwise provided herein, each Co-owner shall bear in proportion to his respective interest in the Common Elements the following expenses:

(a) Expenses incurred in operating, maintaining, improving, repairing and replacing the Common Elements.

(b) Expenses incurred in administering the affairs of the Council including salaries, wages, and any compensation paid to a managing agent for such purpose.

(c) Expenses incurred in providing public liability insurance, hazard insurance or other insurance adequate to cover the Regime Property, exclusive of Unit contents and furnishings, as provided in Article XI of this Master Deed.

(d) Contributions to provide sufficient reserves to create a general reserve to operate and maintain the Regime Property and to administer the affairs of the Council.

(e) Contributions to provide sufficient reserves to make such major repairs or replacements to the Common Elements as may be required from time to time.

(f) Any other costs related to the operation of the Regime Property or administration of the affairs of Council which are declared by this Master Deed, the Bylaws or any amendment thereto to be Common Expenses, and any valid charge against the Regime Property as a whole.

Section 6.2. Assessments. All assessments of Common Expenses shall be determined as provided in the Bylaws.

Section 6.3. Liability of Unit Owners. No Co-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 6.4. Lien Upon Unit. All assessments of the Council for the share of Common Expenses chargeable to any Unit which are unpaid after becoming due shall, upon the filing of a Notice of Lien in the R.M.C. Office for Georgetown County, South Carolina, and mailing of same by certified mail to the Co-owner, constitute a lien against such Unit 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 Co-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, on behalf of the Council, may bring suit for judgment against the Co-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 collecting.

Section 6.5. Sales of Unit. Except as set forth in Section 6.6 below, upon the sale or conveyance of a Unit, all unpaid assessments against a Co-owner for his pro rata share of Common Expenses shall first be paid out of the sale price or by the purchaser or grantee who shall be jointly and severally liable with the grantor for unpaid assessments in preference over any other assessments, charges, or liens, except the following:

(a) Lien for taxes and special assessments upon the Unit which are unpaid.

(b) Payment due under mortgages upon the Unit which are duly recorded prior to such sale or conveyance.

Section 6.6. Foreclosure Purchaser. If the mortgagee holding a first mortgage on a Unit acquires title by foreclosure

of its first mortgage, or by deed in lieu of foreclosure, or if a purchaser acquires title at a sale foreclosing such first mortgage, such mortgagee or purchaser shall not be liable for the share of Common Expenses assessed by the Council upon the Unit 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 Co-owners, including such mortgagee or purchaser or grantee, his successors, heirs and assigns. The provisions of this Section, however, shall not release any Co-owner from personal liability for unpaid assessments.

Section 6.7. Records. The Board of Directors of the Council, or any 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 Regime Property. Such records, together with the vouchers authorizing payment, shall be available for examination by the Co-owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

ARTICLE VII

SYSTEM OF ADMINISTRATION OF THE REGIME

Section 7.1. Council of Co-owners, Board of Directors and Manager. The Regime shall be administered by a Council of Co-owners, an incorporated association which shall act by and through a Board of Directors elected as herein provided. The Council may employ a managing agent ("Manager") for the Regime.

Section 7.2. Voting. On all matters relating to the Regime upon which a vote of the Co-owners is required, each Co-owner shall be entitled to cast the number of votes equal to his Percentage Interest in the Common Elements, provided, however, the election of the Board of Directors is subject to the provisions contained in Article XV, Section 15.2. When any Unit is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting Co-owner to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Council prior to the exercise

of a vote by joint owners. The Percentage Interest of Co-owners for each Unit in Phase I is set out in Exhibit D, and the Percentage Interest of Co-owners for Units subsequent to the addition of any Phase shall be determined as set forth in Exhibit C. The affirmative vote of the Co-owners of fifty-one percent or more of the value of the Regime Property shall be required to adopt decisions submitted to the Co-owners for a vote pursuant to this Master Deed or the Bylaws; unless, however, the Master Deed or Bylaws require a greater percentage for a particular act or decision and except as otherwise provided in Article XIV hereof.

Section 7.3. Incorporation. The Grantor (prior to the election of the first Board of Directors) shall incorporate the Council, and in such event:

(a) each Co-owner shall be a member of the Corporation.

(b) the Bylaws referred to in Section 7.4 shall be adopted as the Bylaws of the Corporation.

(c) the Articles of Incorporation shall not contain provisions inconsistent with this Master Deed.

(d) the name of the Corporation shall be "Shipyard Village Council of Co-owners, Inc." (the "Council"); and

(e) the Council and its Board of Directors shall have all of the powers, rights and obligations of corporations organized under the laws of the state of its incorporation, including but not limited to the power to borrow money and mortgage its property.

Section 7.4. Bylaws and Regulations. The Council and the administration of the Regime shall be governed by (1) the Bylaws attached to this Master Deed as Exhibit E and hereby incorporated by reference herein, and (2) any regulations ("Regulations") adopted pursuant to the Bylaws. The Bylaws may be modified or amended only in the manner set forth in the Bylaws.

ARTICLE VIII

CONDEMNATION

Section 8.1. Rights of Co-owners. If any portion of the Regime Property is condemned by any authority having the power of eminent domain, each Co-Owner shall be entitled to receive notice of such condemnation and to participate in the proceedings incident thereto unless otherwise prohibited by law. Each Co-owner shall be entitled to an individual award to be determined by the value of his

interest in the portion or portions of the Regime Property condemned.

Section 8.2. Duties of Council. In the event that any award is received by the Council on account of condemnation of any portion or portions of the Common Elements, the Board of Directors shall promptly call a special meeting of the Council to determine whether any condemned portion of the Common Elements shall be replaced. If the Council determines to replace any condemned portion of the Common Elements, the Board of Directors shall provide for the replacement of such portions in the same manner as if such portions had been destroyed by casualty.

ARTICLE IX

EASEMENTS, COVENANTS AND RESTRICTIONS

Section 9.1. Use of Property. Each Co-owner shall be entitled to the exclusive ownership and possession of the interest conveyed by his deed to a Unit or interest therein and may use his Unit and the Common Elements to the extent permitted by his deed in accordance with this Master Deed. In order to protect the Common Elements, preserve the property values of the community created by this Master Deed, retain the benefits and protection to Co-owners provided by the rules and regulations adopted from time to time by the Board of Directors of the Council of Co-owners and to provide for the orderly administration of the Regime, each Unit of Shipyard Village Horizontal Property Regime shall be subject to the following restrictions and covenants, which shall be covenants running with the land. Each Co-owner, his successors and assigns, shall comply with these covenants and restrictions, and with the rules and regulations adopted by the Board of Directors to carry out the purpose of these restrictions and covenants. The Board shall adopt reasonable penalties for the violation of its rules and regulations. Each Co-owner shall be responsible for the conduct of his tenants, guest, agents and members of his household.

(a) No "For Sale" or "For Rent" signs, advertising or other displays shall be maintained or permitted on any part of the Property except at such location and in such form as shall be determined by the Board. The right is reserved by the Grantor or his agent or agents, to place "For Sale" or "For Rent" signs on any unsold or unoccupied Units, and on any

part of the Common Elements, and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee.

(b) There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior consent of the Board except as herein expressly provided. The use and the covering of the interior surfaces of windows, whether by draperies, shades or other items visible on the exterior of the Building, shall be subject to the rules and regulations of the Board.

(c) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Building, or contents thereof, without the prior written consent of the Board. No Co-owner shall permit anything to be done or kept in his Unit or in the Common Elements which will result in the cancellation of any insurance maintained by the Regime, or which would be in violation of any law.

(d) Co-owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls of the Building and no sign, awning, canopy, shutter, radio or television antenna (except as installed as of the date of this Master Deed is recorded or except as thereafter installed by Grantor) shall be affixed to or placed upon the exterior walls or roof or any part thereof, without the prior written consent of the Board.

(e) Upon the express written consent of the Board, certain household pets may be kept in Units, subject to rules and regulations adopted by the Board, which rules or regulations may exclude any kind of pet by type or category, provided that permitted household pets are not kept, bred, or maintained for any commercial purpose; and provided further that any authorized pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Property upon three (3) days written notice from the Board.

(f) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either wilfully or negligently, which may be or become an annoyance or nuisance to the other Co-owners or Occupants.

(g) Nothing shall be done in any Unit or in, on or to the Common Elements which would impair the structural integrity of the Building or which would structurally change the Building except as constructed or altered by or with the permission of the Grantor or the Board.

(h) Each Co-owner and the Council hereby waives and releases any or all claims which he or it may have against any other Co-owner, the Council, members of the Board, the Grantor, and their respective employees and agents, for damage to the Common Elements, the Unit, or to any personal property located in the Units or Common Elements caused by fire or other casualty or any act or omission referred to in sub-paragraph (i) below, to the extent that such damage is covered by fire or other form of hazard insurance.

(i) If the act or omission of a Co-owner, or of a member of his family, a household pet, guest, tenant, occupant or visitor of such Co-owner, shall cause damage to the Common Elements or to a Unit or Units owned by others, or maintenance, repairs or replacements shall be required which would otherwise be at the Common Expense, then such Unit Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Board, to the extent such payment is not waived or released under the provisions of subparagraph (h) above.

(j) Any release or waiver referred to in subparagraph (h) and (i) hereof shall be valid only if such release or waiver does not affect the right of the insured under the applicable insurance policy to recover thereunder.

(k) No Co-owner shall overload the electric wiring in the Building, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others. Nor shall any Co-owner connect any machine, appliance, accessory or equipment to the heating, cooling or plumbing system, without the prior written consent of the Board.

(1) This Article shall not be construed to prevent or prohibit a Co-owner from maintaining his personal professional library, keeping his personal business or professional records or accounts, handling his personal business or professional telephone calls, or conferring from time to time with business or professional associates, clients or customers, in his Unit.

Section 9.2. Future Easements. Provided that the Board of Directors determines it to be in the best interest of all of the Co-owners, the Board of Directors may hereafter grant easements for the benefit of the Regime Property and the Co-owners. Each Co-owner, by the acceptance of the deed or lease to his Unit does hereby grant to the Board of Directors an irrevocable power of attorney to execute, deliver and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

Section 9.3. Utility Easements. Each Co-owner shall have a non-exclusive easement appurtenant to his Unit for the use in common with other Co-owners of all pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements, if any, located in any other Unit or within the Common Elements and serving his Unit. Each Unit shall be subject to an easement in favor of the owners of all other Units to use the pipes, wires, ducts, flues, cables, conduits, public utility lines, and other Common Elements located in such Unit which serve other Units. The Regime Property is subject to utility easements for installation, operation, and maintenance of electric and telephone and television distribution lines, water and sewer lines, and the Board of Directors may grant additional easements and relocate existing easements for installation of any type of utilities.

Section 9.4. Covenant to Comply with Restrictions and Obligations. Each Co-owner by acceptance of a deed or lease to a Unit ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns this Master Deed, the Regime Bylaws and the decisions, resolutions and regulations of the Council, Board of Directors or their representatives, as lawfully amended from time to time.

The violation of any rule or regulation adopted by the Board or the breach of any covenant or provision herein contained, shall, in addition to any other rights provided for in the Act, this Master Deed and the Bylaws, give the Board the right: (a) to enter upon the Unit, or any portion of the Property upon which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Co-owner, any structure, thing or condition that may exist thereon contrary to the intent and meaning of the provisions hereof, and neither the Board nor the officers, employees or agents thereof shall thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either by law or in equity, the continuance of any breach; or (c) to take possession of such Co-owner's interest in the Property and to maintain an action for possession of such Unit in the manner provided by law.

Provided, however, that, except in cases of emergency where damage to persons or property is threatened, the Board shall not take any such action unless (a) it has first given the Co-owner alleged to have violated any restriction, condition or regulation adopted by the Board or to be in breach of any covenant or provision herein contained, a hearing on such allegations pursuant to rules and regulations adopted by the Board; and (b) the Board shall have determined such allegations to be true and (c) the Co-owner shall not have desisted from such violation or breach or shall not have taken steps as shall be necessary to correct such violation or breach within such reasonable period of time as determined by the Board and communicated to the Co-owner. Any and all costs and expenses incurred by the Board in the exercise of its authority as granted in this Article, including but not limited to court costs, reasonable attorneys fees as determined by a court of competent jurisdiction, and cost of labor and materials shall be paid by the Co-owner in violation, and, until paid by such Co-owner shall constitute a lien on the interest of such Co-owner in the Property, which lien may be perfected and

foreclosed in the manner provided herein or by the Act with respect to liens for failure to pay a share of the Common Elements.

Furthermore, if the Co-owner refuses to come to the hearing or if after hearing and finding as aforesaid and failure of the Co-owner to desist from such violation or to take such corrective action as may be required, the Board shall have the power to issue to the defaulting Co-owner a ten (10) day notice in writing to terminate the rights of the said defaulting Co-owner to continue as a Co-owner and to continue to occupy, use or control his Unit and thereupon an action in equity may be filed by the Board against the defaulting Co-owner for a decree declaring the termination of the defaulting Co-owner's right to occupy, use or control the Unit owned by him on account of the violation of a rule or breach of covenant or provision as aforesaid and ordering that all right, title and interest of the Co-owner in the Property shall be sold at a judicial sale upon such notice and terms as the court shall establish, except that the court shall enjoin and restrain the defaulting Co-owner from re-acquiring his interest at such judicial sale or by virtue of the exercise of any right of redemption which may be established, and except that the court shall direct that any existing first mortgage be retired out of the proceeds of such judicial sale.

The proceeds of any such judicial sale shall first be paid to discharge court costs, reasonable attorneys fees and all other expenses of the proceeding and sale, and all such items shall be taxed against the defaulting Co-owners in said decree. Any balance of proceeds after satisfaction of such charges and any unpaid assessments hereunder or any liens shall be paid to the Co-owner. Upon the confirmation of such sale, the purchaser thereat shall thereupon be entitled to a deed or lease to the Unit and to immediate possession of the Unit sold and may apply to the court for a writ of assistance for the purpose of acquiring such possession and it shall be a condition of any such sale, and the decree shall so provide, that the purchaser shall take the interest in the Property sold subject to this Master Deed.

Section 9.5. Encroachments. If any portion of the Common Elements now encroaches upon any Unit or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of (1) the settling of the building, (2) the repair, alteration or reconstruction of the Common Elements made by or with the consent of the Council, (3) the repair or reconstruction of a Unit following damage by fire or other casualty, or (4) condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Property remains subject to the Act and this Master Deed.

Section 9.6. Right of Access. The Council shall have the right of access to each Unit during reasonable hours and with reasonable notice for maintaining, repairing, or replacing any Common Elements located within or accessible through the Unit, and the right of immediate access for making emergency repairs within the Unit necessary to prevent damage to the Common Elements or to another Unit. This easement and right of access may be exercised by the Board, by its agents and employees, or by a managing agent to whom the responsibility of maintaining has been delegated. Damages resulting to any Unit because of such maintenance and repairs shall be corrected promptly at the expense of the Council.

Section 9.7. Construction and Sales Easement. The Regime Property shall be subject to a non-exclusive easement in favor of Grantor and its employees, agents, independent contractors and invitees for entry upon and passage over the Regime Property for purposes of constructing the Units and of exhibiting and selling the Units.

Section 9.8. Lease, Grant, and Reservation of Rights to Swimming Pool. Grantor has entered into a Lease Agreement ("Lease") leasing to the Shipyard Village Council of Co-owners, Inc. a certain parcel of land contiguous to the boundary of Phase I, together with the pool and all other improvements constructed thereon, as more particularly described on Exhibits A and H incorporated herein by reference and made a part hereof, and

referred to as "Pool Easement Area". The Lease provides for a term of five years commencing on the date of the recording of this Master Deed. At any time during the term of the Lease, the Grantor may convey the Pool Easement Area to Shipyard Village Council of Co-owners, Inc. At the expiration of the Lease, Grantor may either convey the Pool Easement Area to the Shipyard Village Council of Co-owners, Inc. or to the Litchfield-by-the-Sea Community Association, Inc. free and clear of the interest of Shipyard Village Council of Co-owners, Inc. Grantor hereby reserves unto itself, its successors and assigns, certain rights, easements of enjoyment, use and ingress and egress (as herein described) in and to the Pool Easement Area. Such reservation of rights and easements shall continue beyond the date of recording of this Master Deed and the date of recording of any amendment electing a subsequent phase of Shipyard Village Horizontal Property Regime. The Lease and any conveyance of the Pool Easement Area to the Shipyard Village Council of Co-owners, Inc. is expressly subject to the following reservations, restrictions and limitations:

(a) Grantor, its successors and assigns reserve easements for ingress and egress over the property of Phase I, Phase II, Phase III and Phase IV to the Pool Easement Area subject to the restrictions and limitations herein and specifically excluding all buildings, covered parking and Units existing at any time in any phase outside of the boundary of designated Pool Easement Areas. The Shipyard Village Council of Co-owners, Inc. may limit access within the regime property by persons not owners, guests or lessees of Units at Shipyard Village (i) to regulate and prohibit access by private vehicles if access by shuttle or similar transportation on a reasonable schedule is provided by the Litchfield-by-the-Sea Community Association, Inc.; (ii) to limit access for parking of any type of vehicle to designated parking areas, and (iii) to limit access for ingress and egress to designated paved walkways within elected phases of the Shipyard Village Horizontal Property Regime.

(b) Any rules established by the Shipyard Village Council of Co-owners, Inc. governing use of the facility must be applicable to all persons entitled to use the facility from time

to time, including Co-owners or their assigns and guests of Units in Shipyard Village Horizontal Property Regime and members or their assigns and guests of Litchfield-by-the-Sea Community Association, Inc.

(c) No user fee may be charged by the Shipyard Village Council of Co-owners, Inc. to users not owners of Shipyard Village except with the express permission of the Board of Directors of Litchfield-by-the-Sea Community Association, Inc.

(d) During the term of the Lease and until or unless the Pool Easement Area is conveyed to the Litchfield-by-the-Sea Community Association, Inc., the Shipyard Village Council of Co-owners, Inc. shall be responsible for all insurance, maintenance, taxes and expenses of the Pool Easement Area and the cost of all said insurance, maintenance, taxes and expenses shall be Common Expenses.

Section 9.9. Covenant to Comply with Restrictions and Obligations. Each Co-owner by acceptance of a deed or lease to a Unit ratifies and covenants to observe on behalf of himself, his tenants, guests, household members, heirs, successors and assigns, the following:

(a) The Declaration of Covenants, Restrictions and Affirmative Obligations Applicable to All Property at Litchfield-by-the-Sea dated June 15, 1978, and recorded in the Office of the Clerk of Court for Georgetown County in Book 159, Page 306, and all applicable recorded additions and amendments thereto (hereinafter called "General Covenants").

(b) The Declaration of Covenants and Restrictions of Litchfield-by-the-Sea Community Association, Inc., dated June 15, 1978, and recorded in the Office of the Clerk of Court for Georgetown County in Book 159, Page 264, and all applicable recorded additions and amendments thereto.

(c) This Master Deed, the Bylaws of Shipyard Village Council of Co-Owners, decisions, resolutions and Regulations of the Council, Board of Directors or their representatives, as lawfully amended from time to time.

In addition to the observation of the covenants, restrictions and obligations contained in subsections 9.9(a), (b) and (c) above, each Co-owner of a Time Sharing Unit, by acceptance of

a deed or lease to a Time Sharing Unit, also ratifies and covenants to observe on behalf of himself, his tenants, guests, household members, heirs, successors and assigns, any supplemental declarations or plans filed of record together with such easements, restrictions, covenants and encumbrances set forth therein and in any bylaws of any association or management entity established by Grantor in connection with any Vacation Time Sharing Plan.

ARTICLE X

LIENS

Section 10.1. Attachment. No lien arising subsequent to the recording of this Master Deed and any amendment hereto, or while any portion of Regime Property remains subject to the Act, shall be effective against the Regime Property. During such period liens or encumbrances shall arise or be created in the Units and Common Elements appurtenant thereto in the same manner and under the same conditions and in every respect as liens or encumbrances may arise or be created upon or against any other separate parcel of real property subject to individual ownership; provided, that no labor performed or materials furnished with the consent or at the request of a Co-owner, his agent, contractor, or subcontractor shall be the basis for the filing of a mechanic's or materialman's lien against any property (including the Unit) of any other Co-owner not expressly consenting to or requesting the same, except that such express consent shall be deemed to be given by each and every Co-owner should the need for emergency repairs arise. Labor performed or materials furnished for the Common Elements, if duly authorized by the Council, the Manager, or the Board of Directors in accordance with the Act, this Master Deed, or the Bylaws, shall be deemed to be performed or furnished with the express consent of each Co-owner, and shall be the basis for the filing of a mechanic's or materialman's lien against each of the Units and may be discharged as provided in Section 10.2 of this Article.

Section 10.2. Discharge. In the event a lien against two or more Units becomes effective, the respective Co-owners may remove their Unit from the lien by payment of the

fractional or proportional amounts attributable to each of the Units affected. Such individual payment shall be computed by reference to the Percentage Interest appearing in this Master Deed or, as to Time Sharing Units, such Percentage Interest appearing in the applicable Vacation Time Sharing Plan. Subsequent to any such payment, discharge, or other satisfaction, the Unit and the percentage of undivided interest in the Common Elements appurtenant thereto shall thereafter be free and clear of the lien so paid, satisfied, or discharged. Such partial payment, satisfaction, or discharge shall not prevent the lienor from proceeding to enforce his rights against any Unit (and the percentage of undivided interest in the Common Elements appurtenant thereto) with respect to which such lien is not paid, satisfied, or discharged.

Section 10.3. Taxes. Taxes, assessments, and other charges of this State, of any political subdivision, of any special improvement district, or of any other taxing or assessing authority may be assessed against and collected on each Unit, which shall be carried on the tax books as separate and distinct entities for that purpose, and not on the Buildings or the Regime Property as a whole. No forfeiture or sale of the Buildings or any portion of the Regime Property for delinquent taxes, assessments, or charges shall ever divest or in anywise affect the title to an individual Unit so long as taxes, assessments, and charges on the individual Unit are currently paid.

ARTICLE XI

INSURANCE

Section 11.1. Hazard Insurance. The Board of Directors shall insure the Regime Property against loss or damage due to fire and lightning, with extended all-risk hazard coverage, including flood, windstorm, earthquake and wind-driven water in an amount equal to the full replacement cost of the Regime Property. The Board of Directors shall obtain hazard coverage without any co-insurance requirements or, if co-insurance requirements cannot be waived, an agreed value endorsement must be obtained each year and coverage must be at least in the amount of the agreed value. All hazard insurance

shall cover the entire insurable real estate of the Regime Property, including each Unit as delivered to a Co-owner by the Grantor, regardless of whether or not such portion of the Regime Property is a General Common Element, a Limited Common Element or a Unit, exclusive only of the contents, decoration and furnishings of an individual Unit supplied by a Co-owner and any additions or improvements made by the Co-owner of a Unit. The Board may establish reasonable deductibles for each category of insurance and shall establish reasonable reserves for such deductibles; provided, however, deductibles shall not exceed $1,000,000 except for deductibles for damages due to earthquake or flood, which deductibles shall not exceed $25,000.

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

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

If obtainable, all hazard insurance policies upon the Regime Property shall include provisions waiving: (i) any rights of the insurer to subrogation against the Council, its agents and employees, and against the individual Co-owners and their servants, agents and guests; and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Co-owners upon the contents and furnishings of their Units.

Section 11.2. Public Liability Insurance. The Board of Directors may obtain comprehensive public liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Council, to an individual Co-owner and to liabilities of one Co-owner to another Co-owner.

Section 11.3. Workmen's Compensation Insurance. The Board of Directors, as necessary, shall obtain Workmen's Compensation Insurance to meet the requirements of law.

Section 11.4. Premiums. All premiums upon insurance policies purchased by the Board of Directors shall be assessed as Common Expenses and paid as a Common Expense.

Section 11.5. Insurance by Co-owner. Each Co-owner (except Co-owners of Time Sharing Units) shall be responsible for obtaining, at his sole expense, insurance covering the personal property, decorations, and furnishings within his own Unit, and the additions and improvements made by him to the Unit. Each Co-owner (except Co-owners of Time Sharing Units) shall be responsible for obtaining, at his own expense, insurance covering his liability for the safety of the premises within his Unit. The personal property and liability insurance for the safety of the premises within Time Sharing Units will be obtained and maintained by the association or management entity created in connection with the establishment of any Vacation Time Sharing Plans. If obtainable, all such insurance policies shall include, however, provisions waiving: (i) any right of the insurer to subrogation to claims against the Council and against individual Co-owners, as well as their agents, servants, employees, and guests; and (ii) any right of the insurer to contribution or proration because of the master hazard policy.

Section 11.6. Substitution of Insurance Trustee. The Board of Directors in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in Georgetown or Horry County, South Carolina. Any substitute Insurance Trustee appointed by the

Board of Directors shall succeed to all of the powers and responsibilities vested in the Board of Directors as Insurance Trustee under the terms of this Master Deed.

ARTICLE XII

RECONSTRUCTION AND REPAIR

Section 12.1. Reconstruction. In the event of casualty loss, condemnation or damage to the Regime Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance or condemnation to the repair or reconstruction of the Regime Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory for any casualty, loss or damage to the Regime Property occurring before December 31, 2001 or ten years after the sale by Grantor of eighty percent (80%) of the Units authorized by this Master Deed, whichever last occurs ("Mandatory Reconstruction Period") and, thereafter, reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Regime Property is destroyed, condemned or substantially damaged. After the Mandatory Reconstruction Period, if two-thirds (2/3) or more of the Regime Property is destroyed, condemned or substantially damaged, the condemnation proceeds or insurance indemnity received by the Board of Directors, unless otherwise unanimously agreed upon by the Co-owners, shall be distributed jointly in proportion to their respective interests in Common Elements. The remaining portion of the Regime Property shall be subject to any action for partition at the suit of any Co-owner or lienor as if owned in common. In the event of suit for partition, the net proceeds of sale, together with the net proceeds of condemnation or insurance policies, shall be considered one fund and distributed prorata among all Co-owners and their mortgagees jointly in proportion to their respective interest in Common Elements. If any casualty, loss or damage occurs to the Regime Property prior to the expiration of the Mandatory Reconstruction Period, and thereafter, if less than two-thirds (2/3) of the Regime Property is destroyed, condemned or substantially damaged, the Regime Property shall be reconstructed or repaired in the following manner:

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

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

If the damage to the Regime Property is not insured or if the amount of the loss is within the deductible provisions of the insurance policy or if the proceeds of insurance or condemnation are insufficient to cover the cost of reconstruction or repair, the deficiency shall be paid as a Common Expense of all Co-owners; provided, however, any such deficiency resulting from damage to the Regime Property as a result of the neglect, willful act or abuse of the Regime Property by any Co-owner or his guests shall be charged to such Co-owner as an individual assessment.

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

Section 12.2. Insurance Trust. In the event of casualty loss to the Regime Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Board of Directors as Insurance Trustee. The Board of Directors, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purpose stated in this Article, and for the benefit of the Council, the Co-owners, and their respective mortgagees in the following shares:

Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interest in the Common Elements which are appurtenant to each of the Units.

Insurance proceeds paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the Co-owners of the damaged Units in proportion to the costs of repairing each damaged Unit.

Insurance proceeds paid when the Regime Property is not to be restored shall be held for the benefit of all Co-owners, the share of each being equal to the undivided share in Common Elements appurtenant to his Unit.

In the event a Certificate of Insurance has been issued to a Co-owner bearing a mortgagee endorsement, the share of the Co-owner shall be held in trust for the mortgagee and the Co-owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Co-owners and their respective mortgagees pursuant to the provisions of this Master Deed.

Section 12.3. Adjustment. Each Co-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 Council, subject to the rights of mortgages of such Co-owners.

ARTICLE XIII

TERMINATION

Section 13.1. Casualty or Condemnation. If after the expiration of the Mandatory Reconstruction Period, two-thirds (2/3) or more of the Regime Property is substantially destroyed or taken by condemnation, the Regime Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article XII.

Section 13.2. Voluntary Termination. This horizontal property regime may also be terminated, removing the Regime Property from the provisions of this Master Deed and the Act, if the record Co-owners of title to the Units and the record owners of mortgages upon each Unit agree in a written instrument to termination unanimously or in such percentage as may be required for termination by the Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Co-owners and mortgagees.

Section 13.3. Ownership After Termination. After termination of this horizontal property regime, the Co-owners shall own the Regime Property as tenants in common in undivided shares and the holders of mortgages and liens upon the Units shall have mortgages and liens upon the respective undivided common interests of the Co-owners. The undivided share of each tenant in common shall be the same as his undivided interests in Common Elements prior to termination. Any asset of the Council, any funds held by the Board of Directors, and any insurance proceeds shall also be the property of the former Co-owners and tenants in common in the same undivided shares as their interest in Common Elements prior to termination. The costs incurred by the Board of Directors in connection with the termination shall be considered a Common Expense.

Section 13.4. Partition. After termination, the Regime Property shall be subject to an action for partition by any Co-owner or any lienor in which event the net proceeds from the judicial sale shall be divided among all Co-owners

in proportion to their respective interests in Common Elements and paid to each Co-owner and mortgagee.

ARTICLE XIV

AMENDMENTS

Section 14.1. Co-owners. This Master Deed and all Exhibits incorporated by reference herein, including the By-Laws, may be amended from time to time by resolution adopted by the affirmative vote of the Co-owners of two-thirds (2/3) of the total interest in the Common Elements subject to the following conditions: No amendment by the Co-owners shall be in violation of the Act and no amendment shall alter the dimensions of a Unit or the Percentage Interest in the Common Elements appurtenant thereto without the consent of the Co-owners of such Unit.

Section 14.2. By Grantor-General. Grantor reserves the right to amend this Master Deed and the By-Laws without the consent of the Co-owners at any time prior to the sale by Grantor of eighty percent (80%) of the Units authorized by this Master Deed to be constructed in all Phases of the Regime Property or December 31, 1987, whichever first occurs, and provided that no amendment by Grantor shall divest a Co-owner of any portion of his Unit or the percentage interest in the Common Elements appurtenant thereto without the consent of such Co-owner (but reapportionment of the ownership of the Common Elements upon the incorporation of additional Phases as provided herein or amendments affecting Common Elements shall not be deemed to divest any Co-owner of a portion of his Unit or to require his consent).

Section 14.3. By Grantor-Future Phases. Subject to the expiration dates and general conditions set forth in Section 1.2 of Article I for the election by Grantor to proceed with any future Phase, Grantor further reserves the right to amend this Master Deed without the consent of the Co-owners to take such action set forth in Article I, including but not limited to:

(a) Elect to select and incorporate any portion of the Land to be submitted to condominium ownership for any future Phase or group of Phases whether or not such portions are contiguous.

(b) Elect to construct on the portion of Land incorporated in any future Phase a maximum of Forty (40) Units.

(c) Elect to revise, modify or change in whole or in part the Buildings and Units to be incorporated in any future Phase or to alter the mix and type of Units to be built subject to the limitations set forth in Section 3.9 of Article III with respect to the valuation of the Units.

(d) Elect to increase or decrease the amount of land which may be submitted to condominium ownership.

(e) Elect to record all additional documents required by this Master Deed or the Act to effect the submission of the Land and improvements of any future Phase to condominium ownership.

(f) Elect to submit or not to submit any or all of the condominiums or Units in any Phase to any type of Vacation Time Sharing Plan.

Section 14.4. Power of Attorney. Each Co-owner shall be deemed by his acceptance of a deed or lease to a Unit to have consented to the powers of amendment herein reserved by Grantor and to any amendments previously or thereafter executed by Grantor pursuant thereto. Each Co-owner shall further be deemed by his acceptance of a deed to a Unit to have appointed Grantor his attorney-in-fact to give, execute and record the consent of said Co-owner to any and all amendments to this Master Deed which Grantor may wish to execute pursuant to the powers herein reserved.

Section 14.5. Recording. No amendments to this Master Deed shall be effective unless and until recorded in accordance with the Act.

ARTICLE XV

GRANTOR

Section 15.1. Rights as Owner. Grantor is the initial owner of each Unit and shall be entitled to exercise all rights appurtenant thereto until such time as Grantor has conveyed title to the Unit to another person. For purposes of the exercise of the rights appurtenant thereto by Grantor, all Units shall be deemed in existence at such time as they are incorporated into the Regime Property, regardless in each case of whether construction has been commenced or completed; however the Grantor shall not be required to pay assessments to the Council of Co-owners with respect to any Unit owned by it until (i) such Unit has been completed suitable for occupancy and (ii) the Grantor has owned such completed Unit for two (2) months.

Section 15.2. Rights and Powers. Until the sale by Grantor of eighty percent (80%) of the Units authorized by this Master Deed to be constructed in all Phases of the Regime Property or December 31, 1987, whichever shall first occur, Grantor shall be entitled to exercise, without the consent of the Co-owners, all rights granted to the Co-owners to elect the members of the Board of Directors by the Act, this Master Deed, or the Bylaws.

Section 15.3. Successors. The term "Grantor" as used in this Master Deed and in the Bylaws shall be deemed to include any person who succeeds to the title of Grantor to the Property by sale or assignment of the interest of Grantor in the Property, or by exercise of a right of foreclosure or power of sale granted in or conveyed by any mortgage, deed of trust or deed to secure debt given by Grantor and duly recorded prior to the recording of this Master Deed. Any such person shall be entitled to exercise all rights and powers conferred upon Grantor by the Act, this Master Deed, or the By-Laws.

ARTICLE XVI

MISCELLANEOUS

Section 16.1. Application. All Co-owners, guests, family members, tenants, or any other person who may in any manner use the Regime Property or any part thereof shall be subject to the Act and to this Master Deed, the By-laws and the Regulations.

Section 16.2. Compliance. Each Co-owner shall comply strictly with the By-laws and with the administrative rules and regulations adopted pursuant thereto, as either of the same may be amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to the Unit of such Co-owner. Failure to comply with any of the same shall be grounds for an action to recover sums due, or damages or injunctive relief, or both, maintainable by the Manager or the Board of Directors on behalf of the Council, or in a proper case, by an aggrieved Co-owner.

Section 16.3. Waiver. No provisions hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 16.4. Conflicts. This Master Deed is intended to comply with the requirements of the Act, and in the event that any of the provisions hereof conflict with the provisions of the Act, the Act shall control.

Section 16.5. Severability. The provisions of this Master Deed are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder hereof.

Section 16.6. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Master Deed or the intent of any provision hereof.

Section 16.7. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.

Section 16.8. Acceptance of Deed to a Unit. The acceptance of a deed of conveyance, the entering into a lease, or any other occupancy or use of a Unit shall constitute (i) an acceptance and ratification of the provisions of the Master Deed by such Co-owner, tenant or occupant, and (ii) the acknowledgment by the Co-owner, tenant, or occupant that the Grantor makes no implied or express warranties relating to the Unit or to the Common Elements except for such warranties as are contained in the special warranty deed conveying the same or in the contract of sale between Grantor and the Co-owner.

Section 16.9. Assignment of Warranties. All contractual warranties running in favor of the Grantor in connection with the construction of Buildings and Units and installation of material, equipment, and appliances therein, shall accrue to the benefit of and are hereby assigned to the respective Co-owners or the Council as appropriate.

Section 16.10. Failure to Enforce. No terms, obligations, covenants, conditions, restrictions, rules, regulations or provisions imposed hereby or contained herein shall be abrogated or waived by any failure to enforce the same, no matter how many violations or breaches may occur.

Section 16.11. Rule Against Perpetuities. If any of the terms, covenants or rights created by this Master Deed shall be void or unlawful for violation of the rule against perpetuities or any analogous statutory or common law provision, then such provision shall continue only until twenty-one (21) years after the death of the survivor of now living descendants of the now incumbent President and Vice-President of the United States of America.

IN WITNESS WHEREOF, LITCHFIELD-BY-THE-SEA, a joint venture organized under the Uniform Partnership Act of South Carolina, has caused these presents to be executed by its duly authorized Managing General Partner this 7th day of July, 1982.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

LITCHFIELD-BY-THE-SEA,
a joint venture organized
under the Uniform Partner-
ship Act of South Carolina

By: THE LITCHFIELD COMPANY
OF SOUTH CAROLINA, INC.,
its Managing General
Partner

By: _____
A. Foster McKissick,
President

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STATE OF SOUTH CAROLINA)
PROBATE
COUNTY OF GEORGETOWN)

PERSONALLY appeared before me Oleane H. O'Quinn who, being duly sworn, says that she saw the within named LITCHFIELD-BY-THE-SEA, a joint venture organized under the Uniform Partnership Act of South Carolina, by The Litchfield Company of South Carolina, Inc., its Managing General Partner, by A. Foster McKissick, its President, sign, seal, attest and, as its act and deed deliver the within written Master Deed of Shipyard Village Horizontal Property Regime and that she with Cathey C. Furr witnessed the execution thereof.

Oleane H. O'Quinn

SWORN to before me this 7th day of July, 1982.

Cathey C. Furr (L.S.)
Notary Public for South Carolina

My Commission Expires: 12/4/90

EXHIBIT C

to

Master Deed of
Shipyard Village
Horizontal Property Regime

The percentage of interest in common elements appurtenant to each Unit in Phase I is set forth in Exhibit D of this Master Deed.

The Grantor may construct in Phases II, III and IV any combination of mixture of Unit types and based on said type construction assign values to Units as set forth in Article III, Section 3.9 of the Master Deed. The values assigned by Grantor shall be one of the types with corresponding values set forth in Article III, Section 9.3.

At the time the Grantor chooses to elect to submit a subsequent phase or phases to condominium ownership it shall record an amendment to this Master Deed which shall specify the percentage interest for each Unit in the Shipyard Village Regime as then constituted.

The election by Grantor will not exceed a maximum number of forty (40) Units per phase and will not reduce the percentage of interest appurtenant to any Unit in Phase I and as to each stage, any other prior phase, by more than the following percentages:

Maximum Reduction in Unit Percentage of Interest in Prior Phases

Future Phases	Phase I	Phase II	Phase III	Phase IV
Phase II	.7547169	.990566	.990566	.990566
Phase III	.5405405	.7094594	.7094594	.7094594
Phase IV	.4210526	.5526315	.5526315	.5526315

EXHIBIT D

to

Master Deed of
Shipyard Village
Horizontal Property Regime

The assigned value of each Unit in Phase I and the percentage interest appurtenant to each Unit in Phase I is as follows:

Unit No.	Valuation for Purposes of Act Only	Percentage Interest in Common Elements
A11	$80,000.00	1.25%
A12	$80,000.00	1.25%
A13	$80,000.00	1.25%
A14	$80,000.00	1.25%
A15	$80,000.00	1.25%
A16	$80,000.00	1.25%
A17	$80,000.00	1.25%
A18	$80,000.00	1.25%
A21	$80,000.00	1.25%
A22	$80,000.00	1.25%
A23	$80,000.00	1.25%
A24	$80,000.00	1.25%
A25	$80,000.00	1.25%
A26	$80,000.00	1.25%
A27	$80,000.00	1.25%
A28	$80,000.00	1.25%
A31	$80,000.00	1.25%
A32	$80,000.00	1.25%
A33	$80,000.00	1.25%
A34	$80,000.00	1.25%
A35	$80,000.00	1.25%
A36	$80,000.00	1.25%
A37	$80,000.00	1.25%
A38	$80,000.00	1.25%
A41	$80,000.00	1.25%
A42	$80,000.00	1.25%
A43	$80,000.00	1.25%
A44	$80,000.00	1.25%
A45	$80,000.00	1.25%
A46	$80,000.00	1.25%
A47	$80,000.00	1.25%
A48	$80,000.00	1.25%
A51	$80,000.00	1.25%
A52	$80,000.00	1.25%
A53	$80,000.00	1.25%
A54	$80,000.00	1.25%
A55	$80,000.00	1.25%
A56	$80,000.00	1.25%
A57	$80,000.00	1.25%
A58	$80,000.00	1.25%
B11	$80,000.00	1.25%
B12	$80,000.00	1.25%
B13	$80,000.00	1.25%
B14	$80,000.00	1.25%
B15	$80,000.00	1.25%
B16	$80,000.00	1.25%
B17	$80,000.00	1.25%
B18	$80,000.00	1.25%
B21	$80,000.00	1.25%
B22	$80,000.00	1.25%
B23	$80,000.00	1.25%
B24	$80,000.00	1.25%
B25	$80,000.00	1.25%
B26	$80,000.00	1.25%
B27	$80,000.00	1.25%
B28		

Unit No.	Valuation for Purposes of Act Only	Percentage Interest in Common Elements
B31	$80,000.00	1.25%
B32	$80,000.00	1.25%
B33	$80,000.00	1.25%
B34	$80,000.00	1.25%
B35	$80,000.00	1.25%
B36	$80,000.00	1.25%
B37	$80,000.00	1.25%
B38	$80,000.00	1.25%
B41	$80,000.00	1.25%
B42	$80,000.00	1.25%
B43	$80,000.00	1.25%
B44	$80,000.00	1.25%
B45	$80,000.00	1.25%
B46	$80,000.00	1.25%
B47	$80,000.00	1.25%
B48	$80,000.00	1.25%
B51	$80,000.00	1.25%
B52	$80,000.00	1.25%
B53	$80,000.00	1.25%
B54	$80,000.00	1.25%
B55	$80,000.00	1.25%
B56	$80,000.00	1.25%
B57	$80,000.00	1.25%
B58		

If the Grantor elects to add any future phases, the percentage interest will change as set forth in Exhibit C of the Master Deed.

EXHIBIT F

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASE I

ALL that piece, parcel or tract of land known as Phase I situate, lying and being Southeast of U. S. Highway #17 between U. S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel N. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith,* as follows:

"Building A:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A;" thence with the line of Phase II S. 62-13 E. 101.6 feet to the point of beginning; thence S. 00-46 W. 172.8 feet to a point; thence S. 81-40 E. 288.5 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 111 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 37-16 W. 260 feet to a point; thence N. 78-14 W. 44.2 feet to a point; thence S. 60-46 W. 147 feet to a point; thence with the line of "Driveway A" S. 27-07 W. 27 feet to the point of beginning.

"Building B:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway B;" thence N. 85-33 E. 81.2 feet to a point; thence S. 58-57 E. 175.9 feet to a point, the point of beginning; thence S. 00-46 W. 171.5 feet to a point; thence S. 81-59 E. 279.3 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 112 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 36-29 W. 282.5 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence along the line of "Driveway B" S. 27-57 W. 30 feet to a point, the point of beginning.

*in the office of the Clerk of Court of Georgetown County in Plat Book 7, at page 25.

EXHIBIT G

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASES II THROUGH IV

ALL that piece, parcel or tract of land, situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel H. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith," as follows: Beginning on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A", South Dunes Drive being a private road leading from U.S. Highway #17, and running thence with the line of "Driveway A" S. 62-13 E. 101.6 feet to a point; thence with the line of Phase I (Building A) S. 00-46 W. 172.8 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 30-46 W. 136.2 feet to a point in the line with Phase III; thence S. 34-49 E. 90 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence with the line of "Driveway B" N. 55-04 W. 148.6 feet to a point; thence N. 30-49 W. 140 feet to a point on the Southeastern side of South Dunes Drive; thence with the Southern side of South Dunes Drive the following: N. 35-45 E. 81.8 feet, N. 50-46 E. 165.1 feet, N. 59-54-44 E. 219.7 feet to a point, the point of beginning.

SAVING AND EXCEPTING THEREFROM, the road and area within "Driveway A" consisting of .345 acres and the areas in which roads are constructed in future phases of Shipyard Village Horizontal Property Regime.

*in the office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25.

EXHIBIT B

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

POOL EASEMENT AREA

ALL that piece, parcel or tract of land known as Pool Easement Area situate, lying and being Southeast of U. S. Highway #17 between U. S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith, as follows:

BEGINNING at a point at the Northeastern corner of Phase III and the Southeastern corner of Phase II and running thence with the line of Phase III S. 30-46 W. 68.1 feet to a point; thence S. 34-49 E. 90 feet to a point; thence S. 36-29 E. 282.5 feet to a point on the mean high water mark of the Atlantic Ocean and running thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 430 feet to a point; thence N. 81-40 W. 298.5 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 30-46 W. 68.1 feet to the point of beginning.

*In the office of the Clerk of Court of Georgetown County in Plat Book 1 at page 25.

73.00 M3rD

BOOK 201 PAGE 952

FILED
BETTY L. WILLIAMS
CCCP&R.E.

Jul 9 2 42 PM '82

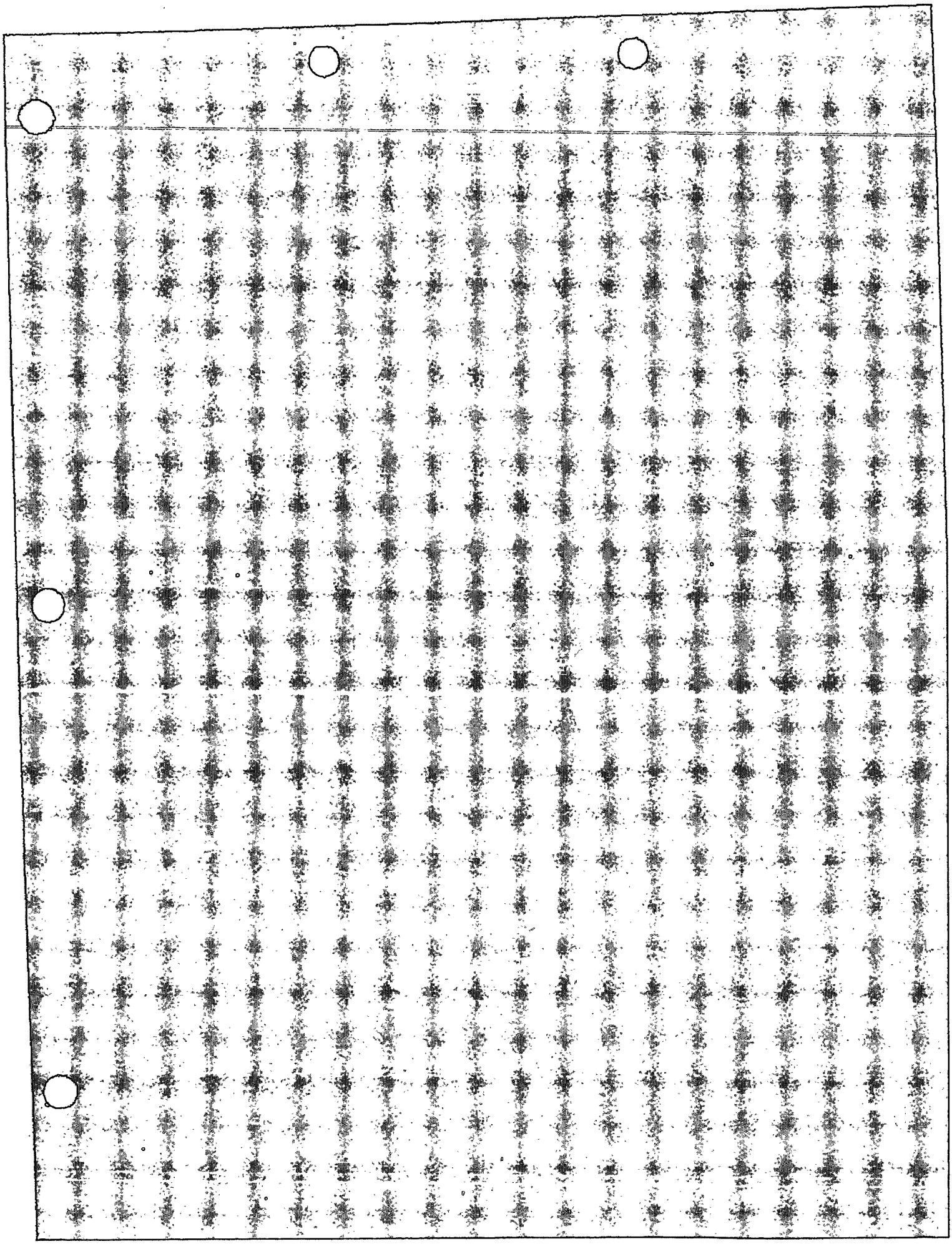
GEORGETOWN COUNTY, S. C.
BOOK 201 PAGE 980
Cynthia J. Howard,
Deputy CCCP

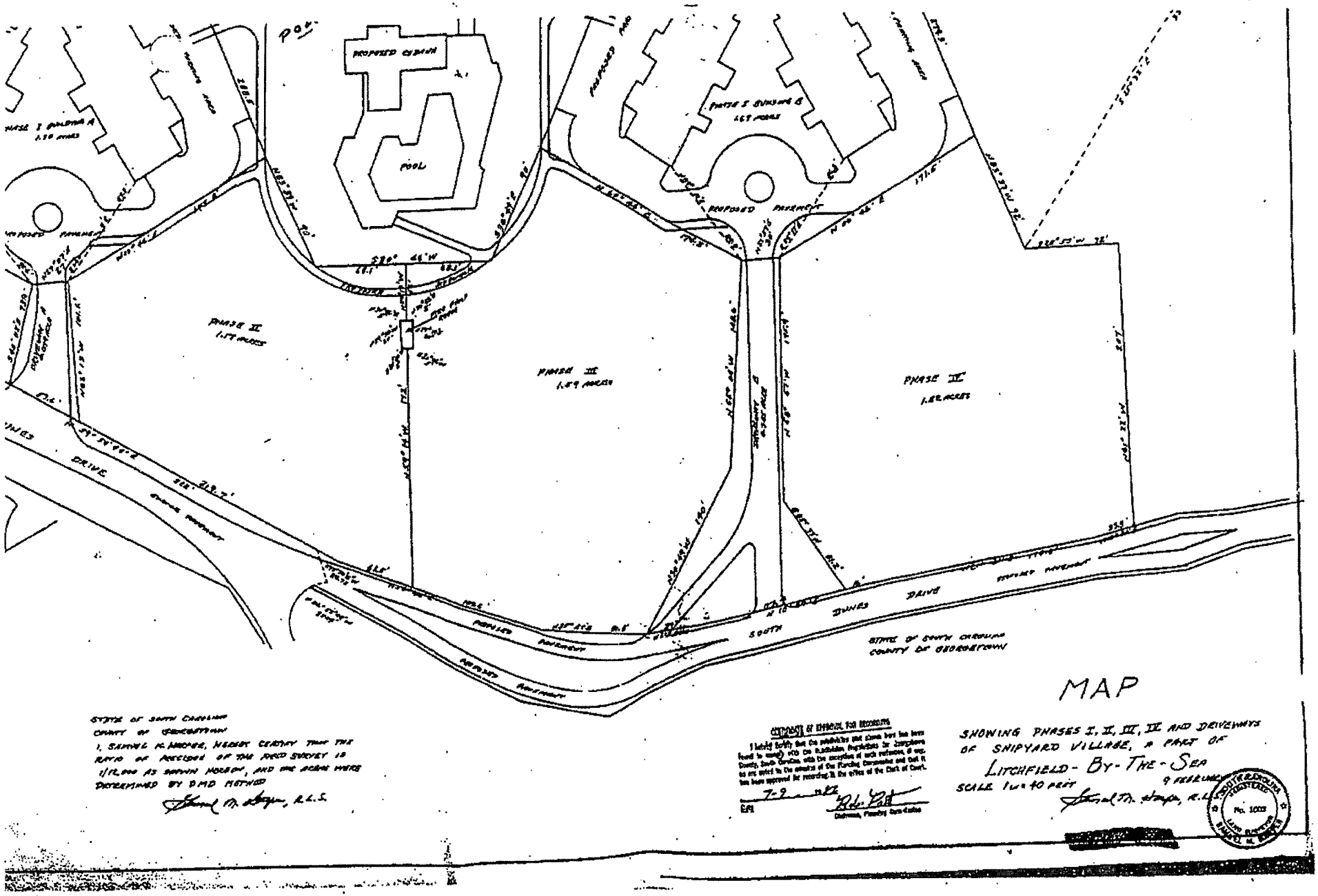
Shipyard Village Hospital
Property Regime
PO Drawer 48
Georgetown, S.C. 29440

Master Deed

Recorded this 12TH day of
July A.D. 1982
in Book R 5 Page 751
Auditor, Georgetown Co., S.C.

COUNTY PARCEL 14-140-1




POOL
PROPOSED CABANA
PROPOSED PARKING
PHASE II
1.17 ACRES
PHASE III
1.49 ACRES
PHASE IV
1.62 ACRES
PHASE V BUILDING B
1.67 ACRES
PHASE I BUILDING A
1.10 ACRES
PROPOSED DRIVEWAY
SOUTH DUNES DRIVE
STATE OF SOUTH CAROLINA
COUNTY OF GEORGETOWN
MAP
SHOWING PHASES I, II, III, IV AND DRIVEWAYS
OF SHIPYARD VILLAGE, A PART OF
LITCHFIELD - BY - THE - SEA
SCALE 1" = 40 FEET
9 FEBRUARY
STATE OF SOUTH CAROLINA
COUNTY OF GEORGETOWN
I, SAMUEL M. HOOPER, HEREBY CERTIFY THAT THE
RATIO OF PRECISION OF THE FIELD SURVEY IS
1/10,000 AS SHOWN HEREON, AND THE ACTUAL METES
DETERMINED BY DMD METHOD
S. M. Hooper, R.L.S.
CERTIFICATE OF APPROVAL FOR RECORDING
7-9
SOUTH CAROLINA
REGISTERED
No. 1003
LAND SURVEYOR
SAMUEL M. HOOPER

LEGEND

1. ---- PLOTTED BOUNDARY OF STRUCTURE
2. LIMITED COMMON ELEMENT
3. INTERIOR LOAD BEARING PARTITION
4. BOUNDARY OF UNIT

NOTES

1. THE PLANS SHOWN ON THIS DRAWING CONSIST OF THREE BEDROOM FLAT TYPE UNITS.
2. EACH UNIT CONSISTS OF THE SPACE BOUNDED BY THE UNDECORATED AND/OR UNFINISHED SURFACES OF THE FLOORS, CEILINGS AND PERIMETER OR LOAD BEARING WALLS.
3. UNLESS MARKED, INTERIOR AND EXTERIOR ANGLES ARE RIGHT DEGREES.
4. MASONRY WALL AND DINING ROOM WINDOW LOCATED IN UNITS DH, D5, D24, D39, D54, AND D76 ONLY.

ARCHITECT'S CERTIFICATE

I, [illegible] MILLER, DO HEREBY CERTIFY THAT THIS PLAN FULLY DEPICTS WITH REASONABLE CONSTRUCTION TOLERANCES, THE LAYOUT, LOCATION, NUMBER, LETTER IDENTIFICATION, AND THE DIMENSIONS OF THE UNITS.

[illegible]

DRAWN BY: [illegible]
DATE:
REVISED:

PT BOX 5898 - B
GREENVILLE, S.C.

SHIPYARD VILLAGE

LEGEND
INTERIOR LOAD BEARING PARTITION
UNITED COTTON ELEMENT
60'-0"
20'-0"
10'-0"
PIVOT POINT

to Master Deed of Shipyard Village Horizontal Property Regime

BYLAWS

THE BYLAWS of SHIPYARD VILLAGE HORIZONTAL PROPERTY REGIME (the "Regime") are promulgated pursuant to the Horizontal Property Act of South Carolina, Chapter 31, Title 27, Code of Laws of South Carolina, 1976, as amended, and as may be further amended from time to time (the "Act") for the purposes of governing the Council of Co-owners (the "Council") and the administration of the Regime. All terms not defined in these Bylaws have the meaning set out in the Act or the Master Deed dated July 7, 1982, from LITCHFIELD-BY-THE-SEA, a joint venture organized under the Uniform Partnership Act of South Carolina, as Grantor, with all Exhibits incorporated therein and all amendments thereto (the "Master Deed").

ARTICLE I

COUNCIL OF CO-OWNERS

Section 1.1. Membership. Each Co-owner shall be a member of the Council. A person who holds a mortgage on a Unit as security for payment of a debt shall not be a member entitled to exercise the rights of a Co-owner unless such person holds a proxy conferring such rights.

Section 1.2. Quorum. The presence in person or by proxy of Co-owners owning fifty-one (51%) percent of the Percentage Interest in the Common Elements shall constitute a quorum for the transaction of business at meetings of the Council.

Section 1.3. Voting. A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article VII and Exhibit C and D of the Master Deed. Holders of fifty-one (51%) percent or more of the value of the Regime Property as a whole must vote affirmatively to adopt any matter before the Council. Votes can be cast only at meetings of the Council convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer

thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof. When any Unit is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners in partnership or any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Council prior to the exercise of a vote by joint owners. All votes appurtenant to a single Unit must be cast together and may not be split.

Section 1.4. Proxies. Each Co-owner entitled to vote may vote in person or by proxy at any meetings of the Council. Each proxy shall be executed in writing by the Co-owner or by his duly authorized attorney-in-fact, dated as of its execution and shall be filed with the Secretary of the Council. No proxy shall confer authority to vote at any meeting other than the next meeting, or adjournment thereof, held after the date on which the proxy was executed.

Section 1.5. Consents. Any action which may be taken by a vote of the Co-owners may also be taken by written consent to such action signed by all Co-owners entitled to vote, or, in the case of Units owned by two or more Co-owners, by the designated voting member.

Section 1.6. Annual Meetings. An annual meeting of the Council shall be held on the third Saturday in April of each year or at such other time as may be determined by the Board of Directors. Any business which is appropriate for action of the Co-owners may be transacted at an annual meeting.

Section 1.7. Special Meetings. Special meetings of the Council may be called at any time by the President of the Council or by a majority of the Board of Directors and shall be called upon the written request of Co-owners owning a majority of the value of the Regime Property. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-owners entitled to vote waive notice of any additional business.

Section 1.8. Notice of Meetings. Written notice of every annual or special meeting of the Council stating the time, date and place of the meeting and, in the case of a special meeting, the business proposed to be transacted, shall be given to every Co-owner entitled to vote not fewer than ten (10) nor more than thirty (30) days in advance of the meeting. Written notice given to the association or managing entity created pursuant to Vacation Time Sharing Plans shall constitute written notice hereunder to all of the Co-owners of Time Sharing Units within the Regime. Failure to give proper notice of a meeting of the Co-owners shall not invalidate any action taken at such meeting unless (1) a Co-owner entitled to vote who is present but was not given proper notice objects at such meeting, in which case the matter to which such Co-owner objects shall not be taken up, or (2) a Co-owner entitled to vote who is not present and was not given proper notice within thirty (30) days following such meeting, in which case the action to which such Co-owner objects shall be void.

Section 1.9. Waiver of Notice. Waiver of notice of a meeting of the Council shall be deemed the equivalent of proper notice. Any Co-owner may in writing waive notice of any meeting either before or after such meeting. Attendance at an annual meeting by a Co-owner, whether in person or by proxy, shall be deemed waiver by such Co-owner of notice of the time, date, and place thereof unless such Co-owner specifically objects to the lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote.

Section 1.10. Place of Meeting. All meetings of the Council shall be held upon the Regime Property or at such other convenient place as the President of the Council or the Board of Directors may direct.

Section 1.11. Adjournment. Any meeting of the Council may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of Co-owners holding a majority of the vote represented at such meeting, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

Section 1.12. Order of Business. The order of business at all meetings of the Co-owners shall be as follows:

1. Roll Call and certifying of proxies;
2. Proof of proper notice of the meeting or waiver of notice;
3. Reading of minutes of preceding meeting;
4. Report of the Board of Directors;
5. Reports of Officers;
6. Reports of Committees;
7. Report of Manager;
8. Presentation of Budget;
9. Election of Directors (when required);
10. Unfinished business;
11. New business.

Section 1.13. Minutes of Meeting. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Council. Such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

ARTICLE II

BOARD OF DIRECTORS OF THE COUNCIL

Section 2.1. Form of Administration. The Council shall act by and through its Board of Directors. Initially the number of Directors shall be three (3) and in subsequent years the number shall be set by the Board of Directors at three (3), five (5), seven (7) or nine (9) members as the Board of Directors deems appropriate.

Section 2.2. Authorities and Duties. In its discretion and as required by the Act, the Master Deed, and these Bylaws, the Board of Directors shall provide for the following:

(1) The contracting with a managing agent to provide for the surveillance and security of the Regime Property, the maintenance, repair and replacement of the Common Elements, and the designation and dismissal of the personnel necessary to accomplish the same;

(2) The collection of assessments from the Co-owners from the association or managing entities created pursuant to Vacation Time Sharing Plans with respect to Co-owners of Time Sharing Units;

(3) The procuring and keeping in force of insurance on the Regime Property;

(4) The enactment of reasonable regulations governing the operation and use of Common Elements;

(5) The leasing and/or owning of the Pool Easement Area by the Council;

(6) The enforcement of the terms of the Master Deed, these Bylaws, and any Regulations promulgated pursuant to the Bylaws;

(7) The general administration of the Council and the Regime on behalf of and for the benefit of all Co-owners.

Section 2.3. Election and Term. Until the sale by Grantor of eighty percent (80%) of the Units authorized by the Master Deed to be constructed in all Phases of the Regime Property or December 31, 1992, whichever shall first occur, Grantor shall be entitled to exercise, without the consent of the Co-owners, all rights granted to the Co-owners to elect the members of the Board of Directors by the Act, the Master Deed or these Bylaws.

The initial Board of Directors shall be elected at the organizational meeting of the Council and shall serve until the first annual meeting of the Co-owners. At the first annual meeting the Co-owners shall elect one Director for a term of one (1) year and two (2) Directors for a term of two (2) years. In the event the number of Directors is increased, one-half (1/2) of such new Directors shall be elected for an initial term of one (1) year and one-half shall be elected for an initial term of two (2) years. At the expiration of the initial term of a Director, his successor shall be elected to succeed himself, and a Director shall be deemed to continue in office until his successor has been elected and has assumed office.

Section 2.4. Removal. A Director may be removed from office with or without cause by the affirmative vote of Co-owners holding two-thirds (2/3) of the total interest in the Common Elements. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of the Co-owners holding a majority of the Percentage Interest in the Common Elements.

Section 2.5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the Co-owners shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

Section 2.6. Voting. Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these Bylaws. Proxies shall not be permitted in any vote of the Board of Directors. The affirmative vote of a simple majority of the Directors present at the time of a vote, if a quorum is present at such time, shall be sufficient for any action unless otherwise specified in these Bylaws.

Section 2.7. Quorum. A majority of Directors shall constitute a quorum for the transaction of business.

Section 2.8. Consents. Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

Section 2.9. Annual Meetings. An annual meeting of the Board of Directors shall be held during each fiscal year immediately following the annual meeting of the Co-owners. The time, date and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the Co-owners by mutual agreement of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at an annual meeting.

Section 2.10. Special Meetings. Special meetings of the Board of Directors may be called from time to time by the President of the Council and shall be called upon the written request of two (2) of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

Section 2.11. Notice of Meetings. Except for the annual meeting, written notice of every regular or special meeting of the Board of Directors stating the time, date and place of the meeting and, in the case of special meetings the business proposed to be transacted shall be given to every Director not fewer than three (3) nor more than ten (10) days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless (1) a Director who was present but was not given proper notice objects at such meeting, in which case the matter to which such Director objects shall not be taken up, or (2) a Director who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Director objects shall be void.

Section 2.12. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed waiver by such Director of notice of the time, date, and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote. If notice is waived in advance of a special meeting of the Board of Directors, such waiver shall apply only to such matters transacted at the special meeting which have been communicated in advance to the Director who has waived notice.

Section 2.13. Place of Meeting. All meetings of the Board of Directors shall be held upon the Property or at such other convenient place as the Board of Directors may direct. Meetings may be conducted by conference telephone.

Section 2.14. Minutes of Meetings. The Secretary of the Council shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of such minutes shall be distributed to each Co-owner within thirty (30) days following each meeting, and all such minutes shall be made available for examination and copying by any Co-owner at any reasonable time.

Section 2.15. Compensation. The Directors shall serve without compensation but shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE III

OFFICERS OF THE COUNCIL

Section 3.1. Designation. The Council shall have a President, a Vice-President, a Secretary and a Treasurer. The Council may also have one or more assistants to any of such officers

as may be necessary from time to time. The offices of Secretary and Treasurer may be filled by the same individual. The officers shall have the authority, powers, duties and responsibilities provided by these Bylaws, or, to the extent not so provided, by the Board of Directors.

Section 3.2. Election and Term. Officers of the Council shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be re-elected to any number of terms.

Section 3.3. Removal. Any officer may be removed from office at any time with or without cause by the Board of Directors.

Section 3.4. President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the Council and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in a corporate president, including but not limited to the power to appoint committees from among the Co-owners from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Council.

Section 3.5. Vice President. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other Co-owner to take the place and perform the duties of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 3.6. Secretary. The Secretary shall prepare and keep, or cause to be prepared and kept, the minutes of all meetings of the Co-owners and of the Board of Directors, and shall have charge of such books and papers as the Board of Directors may direct.

Section 3.7. Treasurer. The Treasurer shall have custody of, and responsibility for Council funds and securities and shall

keep the financial records and books of account belonging to the Council. If a Manager is employed as hereinafter provided, custody of Council funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Manager if the Board of Directors so determines, but in such case the Treasurer shall verify the amount of Council funds and securities in the custody of the Manager and review and reconcile the accounts maintained by the Manager at such intervals as may be determined by the Board of Directors.

Section 3.8. Compensation. The officers may receive such compensation as the Board of Directors may determine and shall be entitled to reimbursement by the Council for expenses incurred in the conduct of their duties.

ARTICLE IV

MANAGER

Section 4.1. Employment. Unless the manager initially selected by the Board of Directors or its designee consents to a shorter time, for a period of one (1) calendar year from and including the date upon which the Master Deed is recorded, said manager or its designee shall be employed by the Council as the Manager of the Regime. After such period of time, the Board of Directors shall employ a management agent entirely of its own choosing.

Section 4.2. Qualification. The Manager may be a natural person or a corporation or other legal entity.

Section 4.3. Authority and Duties. The Manager shall provide the services and perform the duties set out in Article II, Section 2.1 of these Bylaws, and shall provide such other services and perform such other duties as authorized and directed from time to time by the Board of Directors. The Manager shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and of the Council when requested to so so by the Board.

ARTICLE V

FINANCES

Section 5.1. Fiscal Year. The fiscal year of the Council shall end December 31 unless the Board of Directors shall

otherwise determine.

Section 5.2. Budget. The Board of Directors shall prepare, adopt and present, or cause to be prepared and presented, to the Co-owners at their annual meeting an annual budget (the "Budget") for the Regime for the next fiscal year. The budget as adopted by the Board of Directors shall set forth with particularity the anticipated Common Expenses for the fiscal year together with the amount of reasonable reserves for the payment of future Common Expenses and contingencies.

Section 5.3. Approval of Budget. The Budget, as adopted by the Board, may be amended upon the motion and affirmative vote of Co-owners holding two-thirds (2/3) of the Percentage Interest in the Common Elements. The Budget persented and as amended if amendments are made, shall become the budget of the Regime for the fiscal year. The terms and the provisions of the Budget shall be binding upon the Co-owners and the Board of Directors until its terms are amended by action of the Board duly presented to a special meeting of Co-owners for approval by Co-owners owning fifty-one (51%) percent of the Percentage Interest in the Common Elements.

Section 5.4. Regular Assessments. The funds required by the Budget shall be collected by the Board of Directors from the Co-owners (except for Co-owners of Time Sharing Units) in proportion to their respective interests in the Common Elements in equal monthly or quarterly assessments of the Board of Directors may determine ("Regular Assessments"). Regular Assessments for Time Sharing Units shall be collected from the associations or management entities created pursuant to a Vacation Time Sharing Plans.

Section 5.5. Special Assessments. The funds required from time to time to pay any Common Expenses which are not covered by the Budget but which are approved by a majority of the Co-owners shall be collected from the Co-owners and from the associations or management entities created pursuant to Vacation Time Sharing Plans by the Board of Directors in such installments as the Co-owners shall determine ("Special Assessments").

Section 5.6. Individual Assessments. Any payments to the Council which one or more, but fewer than all, of the Co-owners shall be obligated to make pursuant to the terms of the Act, the Master Deed, or these Bylaws shall be due upon demand and shall be collected by the Board of Directors as individual assessments ("Individual Assessments").

Section 5.7. Collection. Co-owners shall be personally liable for all assessments and shall pay the same promptly when due. In its discretion, the Board of Directors may take appropriate action to establish reasonable late payment penalties, to collect by suit, foreclosure, or other lawful method any overdue assessment. If any overdue assessment is collected by an attorney or by action at law, the Co-owner owing the same shall be required to pay all reasonable costs of collection, including attorney's fees.

Section 5.8. Penalty. An assessment not paid within thirty (30) days following the date when due shall bear a penalty in an amount to be determined annually by the Board and consistently applied, plus interest on the principal amount of the assessment from the date when due at a rate to be determined by the Board of Directors not to exceed the maximum permitted by law. The penalty shall be added to and collected in the same manner as the assessment. For purposes of this paragraph only, an unpaid assessment shall not be deemed overdue until the Board of Directors has delivered to the Co-owner owing the same a demand for payment, unless the Board of Directors has within thirty (30) days prior to the date when due delivered to such Co-owner a written notice of the amount and the date due, in which case no further demand shall be necessary. The Board of Directors may in its discretion waive all or any portion of a penalty or interest imposed pursuant to this paragraph if it affirmatively appears that the failure to pay the assessment when due was caused by circumstances beyond the control of the Co-owner.

Section 5.9. Accounts. The Board of Directors shall maintain on behalf of the Council a checking account with a state- or federally-chartered bank of its choice. The Board of Directors

may also maintain on behalf of the Council an interest bearing account or interest bearing certificates with a state- or federally-chartered bank, savings and loan association, building and loan association or liquid capital income fund of its choice. All funds of the Council shall be promptly deposited in one of said accounts, except that the Board of Directors may maintain a petty cash fund of not more than fifty dollars ($50.00) for payment of minor current expenses of the Council. The books and records related to any account of the Council shall be made available for examination and copying by any Co-owner at any reasonable time.

Section 5.10. Payments. The Board of Directors shall provide for payment of all debts of the Council from the funds collected from Co-owners. Expenditures specifically approved in the Budget may be paid without further approval unless the Board of Directors shall otherwise determine. All other expenditures which are in excess of an amount to be determined by the Board of Directors shall be reviewed and approved by the President or the Board of Directors before payment is made. Unless the Manager is authorized by the Board of Directors to draw checks upon the account of the Council, any check or request for withdrawals drawn upon any account of the Council shall be signed by the President and the Treasurer or by any two (2) officers of the Council designated by the Board of Directors. The Board of Directors may also authorize the Manager to make disbursements from the petty cash fund, if any.

Section 5.11. Bonding. The Board of Directors may secure a fidelity bond in an amount of not less than ten thousand dollars ($10,000.00) covering every individual authorized to withdraw funds from any checking or savings account maintained by the Council. The cost of the bond shall be a Common Expense.

ARTICLE VI

MAINTENANCE AND IMPROVEMENTS

Section 6.1. Maintenance by Manager. The Manager or the Board of Directors shall provide for the maintenance, repair, and replacement of the Common Elements.

Section 6.2. Maintenance by Co-owners. Except for Time Sharing Units, the Units shall be maintained in good condition and repair by their respective Co-owners. Except for Co-owners of Time Sharing Units, each Co-owner shall also provide for the routine cleaning of all Limited Common Elements reserved for the use of his Unit. The maintenance, repair and routine cleaning of the Time Sharing Units and Limited Common Elements appurtenant to the Time Sharing Units shall be the responsibility of the associations or management entities created pursuant to Vacation Time Sharing Plans.

Section 6.3. Default by Co-owner. In the event that any Co-owner fails to perform the maintenance required of him by these Bylaws or by any lawful Regulation, and such failure creates or permits a condition which is hazardous to life, health, or property, or which unreasonably interferes with the rights of another Co-owner, or which substantially detracts from the value or appearance of the Regime Property, the Board of Directors shall, after giving such Co-owner reasonable notice and opportunity to perform such maintenance, cause such maintenance to be performed and charge all reasonable expenses of so doing to such Co-owner by an Individual Assessment.

Section 6.4. Expenses. The expenses of all maintenance, repair, and replacement provided by the Manager or the Board of Directors, including losses by storm, fire or other casualty insured by the Council, shall be Common Expenses, except that when such expenses are not fully reimbursed by insurance proceeds and when they are necessitated by (1) the failure of a Co-owner to perform the maintenance required by these Bylaws or by any lawful Regulation or (2) the willful act, neglect, or abuse of a Co-owner, they shall be charged to such Co-owner as an Individual Assessment.

Section 6.5. Improvements. The Board of Directors shall provide for the making of such improvements and additions to the

Common Elements as may be approved from time to time by a majority of the Co-owners. The cost of such improvements shall be Common Expenses; provided, however, that no Co-owner shall without his consent be assessed in any one (1) year for the making of improvements to the Common Elements an amount in excess of one (1%) percent of the value of his Unit as set forth in the Master Deed unless such improvements have been approved by Co-owners holding two-thirds (2/3) of the Percentage Interest in the Common Elements.

ARTICLE VII

RESTRICTIONS AND REGULATIONS

Section 7.1. Restrictions. The use of the Regime Property shall be subject to the restrictions set forth in the Master Deed and to the following restrictions:

(1) No Co-owner shall create or permit excessive noise, smoke, or offensive odors or any nuisance or unreasonably interfere with the use and enjoyment of the Regime Property by any other person entitled to the same. No person shall maintain on the Regime Property, and no Co-owner shall permit within his Unit, any condition which is unreasonably hazardous to the life, health or property of any other person.

(2) No Co-owner shall make any additions to, alter or perform any work upon the Common Elements (which term specifically includes the Limited Common Elements) without written authorization of the Board of Directors. No Co-owner shall make any additions to, alter or perform any work upon the exterior of his Unit without written authorization of the Board of Directors.

Section 7.2. Regulations. The Board of Directors shall adopt and amend from time to time such reasonable regulations

("Regulations") governing the operation and use of the Regume Property as it may deem necessary or desirable. It shall be necessary to publish Regulations newly adopted or the amendment or repeal of existing Regulations, and no Co-owner shall be bound by any newly adopted Regulation or any amendment or repeal of an existing Regulation until a copy of the same has been delivered to him.

Section 7.3. Enforcement. The Board of Directors shall enforce the terms of the Act, the Master Deed, and these Bylaws and the Regulations promulgated pursuant hereto by taking prompt and appropriate action to correct any violations. In addition to any other remedy to which the Council or any Co-owner may be entitled, the Board of Directors may impose against a Co-owner reasonable fines not to exceed an amount per day to be determined annually by the Board of Directors and consistently applied for any violation of the terms of the Act, the Master Deed, or these Bylaws or of the Regulations promulgated pursuant hereto. Such fines shall be collected by Individual Assessments. Each day during which a violation occurs or continues may be deemed a separate offense.

Section 7.4. Responsibility of Co-Owners. Each Co-owner shall be deemed responsible for the conduct of members of his household and his tenants, agents, guests and pets, but the responsibility of the Co-owner shall not relieve any member of his household or any of his tenants, agents, or guests for any liability to the Council or to a Co-owner for the acts of such member, tenant, agent or guest.

ARTICLE VIII

LIABILITIES AND INDEMNIFICATION

Section 8.1. Liability of Council. Shipyard Village Council of Co-owners, Inc. is a South Carolina corporation. No member of the Council is or shall be liable for the debts or torts of the Council. In the event, however, that the Council or any Co-owners were held liable by any court of law, no Co-owner shall be liable upon a debt or tort of the Council for any amount in excess of that percentage of total liability of the Council which is equal to his percentage ownership of the Common Elements.

Section 8.2. Indemnification Among Co-owners. Each Co-owner shall be entitled to contribution from and indemnification by every other Co-owner to the extent that such Co-owner discharges or is required to discharge any portion of any liability of the Council in excess of such Co-owner's proportionate share of such liability, except that no Co-owner shall be required to provide contribution or indemnification on account of a liability which was due and payable prior to the time such Co-owner became a Co-owner.

Section 8.3. Liability of Directors and Officers. No director or officer of the Council shall be liable to any Co-owner for any decision, action, or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Master Deed, or these Bylaws.

Section 8.4. Indemnification of Directors and Officers. The Council shall indemnify and defend each Director and each officer of the Council from any liability claimed or imposed against him by reason of his position or actions as a Director or any officer of the Council if all the following conditions are satisfied:

(1) Such Director of officer is not required to bear such liability by the terms of the Act, the Master Deed, or these Bylaws; and

(2) Such Director or officer gives the Council adequate notice of the claim or imposition of liability to permit the Council reasonable opportunity to defend against the same; and

(3) Such Director or officer cooperates with the Council in defending against the liability.

The expense of indemnifying a Director or an officer shall be a Common Expense. The Board of Directors may obtain insurance to provide in whole or in part for this indemnification, and the cost of such insurance shall be a Common Expense.

ARTICLE IX

ATTESTATIONS AND CERTIFICATIONS

Section 9.1. Attestation of Documents. The presence of the signature of the Secretary or an assistant secretary of the Council on any contract, conveyance, or any other document executed on behalf of the Council by another officer of the Council shall attest:

(1) That the officer of the Council executing the document does in fact occupy the official position indicated, that one in such position is duly authorized to execute such document on behalf of the Council, and that the signature of such officer subscribed on the document is genuine; and

(2) That the execution of the document on behalf of the Council has been duly authorized.

Section 9.2. Certification of Documents. When any document relating to the Regime Property or the Council is certified as authentic by the Secretary or an assistant secretary of the Council, a third party without knowledge or reason known to the contrary may rely on such document as being what it purports to be.

Section 9.3. Certification of Actions and Facts. When there is executed by the Secretary or an assistant secretary a written statement setting forth (1) actions taken by the Council or by the Board of Directors, or (2) facts relating to the Regime Property or the Council as determined by the Board of Directors, a third party without knowledge or reason to know to the contrary may rely on such statement as factually true and correct.

Section 9.4. Absence of Seal. The absence of the seal of the Council from any contract, conveyance or other document executed on behalf of the Council shall not impair the validity of such contract, conveyance or document or of any action taken pursuant thereto or in reliance thereon, but the person relying on the same shall bear the burden of establishing that the execution of the same was duly authorized and accomplished on behalf of the Council.

ARTICLE X

AMENDMENTS

Section 10.1. Procedure. Subject to the Master Deed, and specifically to the rights of the Grantor as set forth in Article XIV thereof, these Bylaws may be amended from time to time by resolution adopted by the affirmative vote of the Co-owners holding two-thirds (2/3) of the Percentage Interest in the Common Elements. No amendment shall be effective unless and until recorded as an amendment to the Master Deed in accordance with the Act.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Record of Ownership. Any person who acquires title to a Unit shall promptly inform the Board of Directors of his identity and the date upon and manner in which title was acquired. The Board of Directors shall maintain a record of the names of all Co-owners and of the dates upon which they acquired title to their Units.

Section 11.2. Notification of Transfer. A Co-owner shall promptly notify the Board of Directors of a proposed transfer of title to his Unit setting forth the closing date and the name and address of the transferee.

Section 11.3. Notices. Any notices or documents placed in the mail receptacle or affixed to the front door of a Unit by or at the direction of the Board of Directors shall be deemed delivered to the Co-owner of such Unit, unless the Co-owner has previously specified to the Board of Directors in writing another address for delivery of such notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a Co-owner shall be deemed delivered to the Board of Directors. Any notice to Directors shall be deemed to be given when such notice is deposited postpaid in the U.S. Mail addressed to such Director at his address as it appears in the records of the Council.

Section 11.4. Waiver. No provision of these Bylaws or of the Regulations promulgated pursuant hereto shall be deemed to

have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

Section 11.5. Conflicts. In the event of any conflict between these Bylaws and the Act or the Master Deed, the Act or the Master Deed shall control, as appropriate. In the event of a conflict between these Bylaws and the Regulations, these Bylaws shall control.

Section 11.6. Severability. The provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

Section 11.7. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

Section 11.8. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

EXHIBIT F

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASE I

ALL that piece, parcel or tract of land known as Phase I situate, lying and being Southeast of U. S. Highway #17 between U. S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith,* as follows:

"Building A:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A;" thence with the line of Phase II S. 62-13 E. 101.6 feet to the point of beginning; thence S. 00-46 W. 172.8 feet to a point; thence S. 81-40 E. 288.5 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 111 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 37-16 W. 260 feet to a point; thence N. 78-14 W. 44.2 feet to a point; thence S. 60-46 W. 147 feet to a point; thence with the line of "Driveway A" S. 27-07 W. 27 feet to the point of beginning.

"Building B:" Beginning at a point on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway B;" thence N. 85-33 E. 81.2 feet to a point; thence S. 58-57 E. 175.9 feet to a point, the point of beginning; thence S. 00-46 W. 171.5 feet to a point; thence S. 81-59 E. 279.3 feet to a point on the Atlantic Ocean at the mean high water mark (February, 1982); thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 112 feet to a point; thence leaving the mean high water mark of the Atlantic Ocean and running N. 36-29 W. 282.5 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence along the line of "Driveway B" S. 27-57 W. 30 feet to a point, the point of beginning.

*in the office of the Clerk of Court of Georgetown County in Plat Book 2, at page 25.

EXHIBIT G

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

PHASES II THROUGH IV

ALL that piece, parcel or tract of land, situate, lying and being Southeast of U.S. Highway #17 between U.S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith,* as follows: Beginning on the Southeastern side of South Dunes Drive at the corner of property designated on Exhibit A as "Driveway A", South Dunes Drive being a private road leading from U.S. Highway #17, and running thence with the line of "Driveway A" S. 62-13 E. 101.6 feet to a point; thence with the line of Phase I (Building A) S. 00-46 W. 172.8 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 00-46 W. 136.2 feet to a point in the line with Phase III; thence S. 34-49 E. 90 feet to a point; thence S. 60-46 W. 174.3 feet to a point; thence with the line of "Driveway B" N. 55-04 W. 148.6 feet to a point; thence N. 30-49 W. 140 feet to a point on the Southeastern side of South Dunes Drive; thence with the Southern side of South Dunes Drive the following: N. 35-45 E. 81.8 feet, N. 50-46 E. 165.1 feet, N. 59-54-44 E. 219.7 feet to a point, the point of beginning.

SAVING AND EXCEPTING THEREFROM, the road and area within "Driveway A" consisting of .345 acres and the areas in which roads are constructed in future phases of Shipyard Village Horizontal Property Regime.

*in the office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25.

EXHIBIT H

TO

MASTER DEED OF

SHIPYARD VILLAGE

HORIZONTAL PROPERTY REGIME

LEGAL DESCRIPTION OF

POOL EASEMENT AREA

ALL that piece, parcel or tract of land known as Pool Easement Area situate, lying and being Southeast of U. S. Highway #17 between U. S. Highway #17 and the Atlantic Ocean, being a portion of a tract conveyed by Fairlane/Litchfield Company, Inc. to Litchfield-by-the-Sea, a joint venture under the Uniform Partnership Act of South Carolina as described in a deed dated May 27, 1981 and recorded May 27, 1981 in the Office of the Clerk of Court for Georgetown County in Book 191, at Page 18, and having according to plat entitled Phases I, II, III, IV and Driveways of Shipyard Village a part of Litchfield-by-the-Sea dated February 9, 1982, prepared by Samuel M. Harper, R.L.S., said survey being incorporated herein as Exhibit A to the Master Deed and recorded simultaneously herewith,* as follows:

BEGINNING at a point at the Northeastern corner of Phase III and the Southeastern corner of Phase II and running thence with the line of Phase III S. 30-46 W. 68.1 feet to a point; thence S. 34-49 E. 90 feet to a point; thence S. 36-29 E. 282.5 feet to a point on the mean high water mark of the Atlantic Ocean and running thence with the mean high water mark of the Atlantic Ocean N. 31-35 E. 430 feet to a point; thence N. 81-40 W. 288.5 feet to a point; thence N. 83-39 W. 90 feet to a point; thence S. 30-46 W. 68.1 feet to the point of beginning.

*in the office of the Clerk of Court of Georgetown County in Plat Book 2 at page 25.

$3.00 M3+D

BOOK 201 PAGE 952

FILED
BETTY L. WILLIAMS
CCOPA.C.S.

Jul 3 2 41 PM '82

GEORGETOWN COUNTY, S.C.
BOOK 201 PAGE 980
Cynthia J. Howard,
Deputy CCOP

Shipyard Village Horizontal
Property Regime
PO Drawer 418
Georgetown, S.C. 29440
Master Deed

Recorded this 6th day of
July A.D. 1982
In Book Z-3 Page 7-1
Auditor, Georgetown Co., S.C.

COUNTY PARCEL # 4-140-1

00010407 08/05/1998 B891 P

McNair Law Firm (JBM)

STATE OF SOUTH CAROLINA)
) FIRST AMENDMENT TO MASTER DEED OF SHIPYARD VILLAGE HORIZONTAL PROPERTY REGIME
COUNTY OF GEORGETOWN)

This First Amendment to the Master Deed of Shipyard Village Horizontal Property Regime (the "First Amendment") is made, published and declared this 3rd day of August, 1998 by the Shipyard Village Development Corp., LLC, a South Carolina limited liability company, successor to the development rights of Litchfield-By-The-Sea, a South Carolina Joint Venture, (hereinafter called the "Grantor") pursuant to the Master Deed for Shipyard Village Horizontal Property Regime dated July 7, 1982 and recorded in the Register of Deeds Office for Georgetown County ("R.O.D.") in Deed Book 201 at page 883, (hereinafter referred to as the "Master Deed"), and the provisions of the Horizontal Property Act of South Carolina, 1976 as amended (the "Act"), Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976 as amended.

RECITALS

1. Litchfield-By-The-Sea, a South Carolina Joint Venture ("LBTS") was the Grantor in the Master Deed.

2. LBTS reserved various developer rights under the terms of the Master Deed including but not limited to the right to submit to the Shipyard Village Horizontal Property Regime all or any portion of the Land as well as those rights set forth in Articles I, XIV and XV of the Master Deed.

3. LBTS assigned all of its reserved developer rights under the Master Deed to The Litchfield Company of South Carolina Limited Partnership by Assignment dated December 29, 1988 and recorded February 7, 1989 in the R.O.D. in Deed Book 322 at page 282 and The Litchfield Company of South Carolina Limited Partnership assigned said reserved developer rights to the Shipyard Village Development Corp., LLC by Assignment dated August 3, 1998 and recorded August 5, 1998 in the R.O.D in Deed Book 890 at page 335.

ARTICLE I
Purpose and Submission - Condominium Ownership

By the recording of the Master Deed, the Declarant created a Horizonal Property Regime and established certain easements, covenants and restrictions which run with the property as more fully set forth in said Master Deed. By virtue of the Master Deed, the Grantor submitted to condominium ownership the Property (hereafter defined) constituting Phase I of Shipyard Village Horizontal Property Regime. The Declarant specifically reserved the right to amend the Master Deed in the future to elect to incorporate into Shipyard Village Horizontal Property

GEORGETOWN COUNTY PARCEL # 4-140-1
RLD

CERTIFIED A TRUE AND CORRECT COPY
Wanda J. Prevatte
REGISTER OF DEEDS
GEORGETOWN COUNTY, S.C.

Regime portions of the Land, which together with the Property originally submitted in the Master Deed may be developed into up to four phases, all of which is more fully set forth in Article I of the Master Deed.

This First Amendment to the Master Deed is made, published and filed of record by the Grantor in order to publish its election to develop a portion of the Land composing Phase II (as hereinafter described) pursuant to its rights reserved in Article I of the Master Deed. The Grantor hereby specifies that this First Amendment to the Master Deed shall constitute its election to submit to the Master Deed and the Act the property composing Phase II (the "Phase II Property") and shall bind and inure to the benefit of the Grantor, its successors and assigns, and all subsequent owners of any interest in the Phase II Property, their grantees, successors, heirs, executors, administrators, devisees or assigns. The Grantor publishes and declares that the portion of the Land as described in Exhibit A attached hereto composing Phase II is hereby integrated and combined with the property composing Phase I (the property composing Phases I and II shall be collectively referred to as the "Property") and shall be owned, occupied, used, conveyed, encumbered, leased, and improved in accordance with the provisions of the Act and in accordance with the covenants, restrictions, encumbrances, easements and obligations of record affecting the Property as set forth or incorporated by reference in the Master Deed as amended hereby, all of which shall be deemed to be covenants and obligations running with the Property.

ARTICLE II
Phase II Property

Section 1. The Property. The portion of the Land submitted to condominium ownership in Phase II is shown by the plat entitled "Asbuilt Survey of Phase II, Shipyard Village Horizontal Property Regime Phase II" dated July 28, 1998 prepared by ETS - Engineering and Technical Services, Inc., which plat is attached hereto as Exhibit B and incorporated herein by reference and is recorded in the R.O.D. in Slide 379 at page 7 (the "Phase II Plat"), and Phase II Property is furthermore described in Exhibit A attached hereto and specifically incorporated by reference herein.

PURSUANT TO SECTION 27-31-100 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976 AS AMENDED, NOTICE IS GIVEN THAT ALL ACTIVITIES ON OR OVER AND ALL USES OF ANY SUBMERGED LAND OR OTHER CRITICAL AREAS ARE SUBJECT TO THE JURISDICTION OF THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, INCLUDING, BUT NOT LIMITED TO, THE REQUIREMENTS THAT ANY ACTIVITY OR USE MUST BE AUTHORIZED BY THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT. PURSUANT THERETO, ANY OWNER IS LIABLE TO THE EXTENT OF HIS OWNERSHIP FOR ANY DAMAGES TO, ANY INAPPROPRIATE OR UNPERMITTED USES OF, AND ANY DUTIES OR RESPONSIBILITIES CONCERNING ANY SUBMERGED LAND, COASTAL WATERS OR OTHER CRITICAL AREA.

Section 2. Phase II Building Locations. Grantor has constructed upon the Phase II Property one building containing 30 Units, said building being designated as the "Captain's Quarters C" Building or the "Phase II Building" on the Unit Plans (as hereinafter defined). The Phase II Building is of concrete and steel construction on pilings with steel stud and synthetic stucco siding. The floors in the Phase II Building are post tensional concrete. The Phase II Building is five (5) floors in height above covered parking with six (6) Units located on each floor. The Phase II Plat and the Unit Plans (as hereinafter defined) show the horizontal and vertical location of the Phase II Building and the Units located therein. Each of the five (5) floors has a common walkway which is connected by two elevators and two common stairways, all of which are General Common Elements. All of the Units in the Phase II Building are adjacent to and are connected with a common walkway located on each floor of the Phase II Building. The location of the Phase II Building and other improvements on the Regime Property is shown on the Phase II Plat. The Phase II Building and the Units contained therein and the General Common Elements and Limited Common Elements constructed on and forming a part of the Regime Property are constructed in substantial accordance with the architectural plans identified as Exhibit C attached hereto and incorporated herein (the "Unit Plans"), which Unit Plans are certified to by a architect licensed to practice in the State of South Carolina, said certification attached hereto as Exhibit D. The Phase II Building is also referred to as the "Captain's Quarters at Shipyard Village." The Phase II Building contains the following Units:

Floor	Unit Numbers
1	C-11, C-12, C-13, C-14, C-15, C-16
2	C-21, C-22, C-23, C-24, C-25, C-26
3	C-31, C-32, C-33, C-34, C-35, C-36
4	C-41, C-42, C-43, C-44, C-45, C-46
5	C-51, C-52, C-53, C-54, C-55, C-56

Section 3. Description of Parking Areas. The Regime contains covered and uncovered parking areas for the use of Unit Owners in parking vehicles and for guest parking. Some of the covered parking areas are Limited Common Elements and their use is restricted exclusively to the Owner of the Unit to which said covered parking is appurtenant, members of his immediate family, guests and tenants. The covered parking is more fully shown in the Unit Plans attached hereto as Exhibit C. The parking will be subject to the rules and regulations promulgated by the Association from time to time.

Section 4. Description of Units in Phase II. The location of the Phase II Building and the Units contained therein are more fully shown on the Phase II Plat and in the Unit Plans attached hereto as Exhibits B and C, respectively and by reference incorporated herein. There are thirty (30) Units in the Phase II Building representing ten (10) different floor plans. The individual Units in Phase II and their floor plans, dimensions and location in the Phase II Building are depicted by the Phase II Plat and the Unit Plans and are described as follows:

a. "A" Floor Plan Unit. There are four (4) "A" Floor Plan Units in the Phase II Building located on the second, third, fourth and fifth floors (above the covered parking). Units C-21, C-31, C-41 and C-51 are "A" Floor Plan Units, as more fully shown on the Unit Plans. Each "A" Floor Plan Unit contains approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "A" Floor Plan Units include rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

b. "A-F" Floor Plan Unit. There is one (1) A-F Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-11 is the "A-F" Floor Plan Unit, as more fully shown on the Unit Plans. The "A-F" Floor Plan Unit contains approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "A-F" Floor Plan Unit includes rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

c. "B" Floor Plan Unit. There are four (4) "B" Floor Plan Units in the Phase II Building, located on the second, third, fourth and fifth floors (above the covered parking). Units C-22, C-32, C-42 and C-52 are "B" Floor Plan Units, as more fully shown on the Unit Plans. The "B" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

d. "B-F" Floor Plan Unit. There is one "B-F" Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-12 is the "B-F" Floor Plan Unit. The "B-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

e. "B-Opposite" Floor Plan Unit. There are eight (8) "B-Opposite" Floor Plan Units in the Phase II Building located on the second, third, fourth and fifth floors (above the covered parking). Units C-23, C-33, C-43, C-53, C-25, C-35, C-45 and C-55 are "B-Opposite" Floor Plan Units, as more fully shown on the Unit Plans. The "B-Opposite" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-Opposite" Floor Plan Units contain rooms as follows: foyer, laundry

room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

f. "B-F Opposite" Floor Plan Unit. There are two (2) "B-F Opposite" Floor Plan Units in the Phase II Building located on the first floor (above the covered parking). Units C-13 and C-15 are the "B-F Opposite" Floor Plan Units, as more fully shown on the Unit Plans. The "B-F Opposite" Floor Plan Units contain approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F Opposite" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

g. "C" Floor Plan Unit. There are four (4) "C" Floor Plan Units in the Phase II Building, located on the second, third, fourth and fifth floors (above the covered parking). Units C-24, C-34, C-44 and C-54 are "C" Floor Plan Units, as more fully shown on the Unit Plans. The "C" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

h. "C-F" Floor Plan Unit. There is one "C-F" Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-14 is the "C-F" Floor Plan Unit. The "C-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

i. "D" Floor Plan Unit. There are four (4) "D" Floor Plan Units in the Phase II Building, located on the second, third, fourth and fifth floors (above the covered parking). Units C-26, C-36, C-46 and C-56 are "D" Floor Plan Units, as more fully shown on the Unit Plans. The "D" Floor Plan Units contain approximately 1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "D" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

j. "D-F" Floor Plan Unit. There is one "D-F" Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-16 is the "D-F" Floor Plan Unit. The "D-F" Floor Plan Unit contains approximately

1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "D-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

Section 5. Unit Boundaries. Each Unit in Phase II is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building material enclosed within the following boundaries:

a. The upper boundaries of the Unit shall extend to the unfinished interior surfaces of the unfinished sheetrock or other ceiling material. The lower boundaries of the Unit shall extend to the unfinished surface of the structural concrete slab constituting the floor.

b. The perimetrical boundaries of the Unit shall extend to the unfinished interior surfaces of the perimeter walls of the Unit excluding load bearing structural interior walls or components.

c. Each Unit shall also encompass and include, and each Owner shall be responsible for maintenance and repair of the following whether located within or without the boundaries described in (a) and (b) above: (i) the doorways, windows, vents and other non-structural elements in the walls, floor, and ceilings of the Unit which are regarded as enclosures of space; (ii) the doors (including any screen doors) opening into the Unit and into any storage area integral to the Unit, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (iii) the sliding-glass doors, if any, opening from each Unit to said Unit's balcony, (iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit; (v) the plumbing, wiring, and mechanical vents that exclusively serve the Unit; (vi) the appliances, air conditioning, and heating units, (including the condenser and all piping, wiring and attachments), hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, wiring, insulation, and other fixtures, furnishings, and building materials which are part of the Unit when delivered to the initial Owner and which exclusively serve the Unit; and (vii) all appurtenances which are integral and exclusive to the Unit, including, but not limited to, lamps attached to the exterior of the Unit and water and sewer pipes within the Unit and exclusively serving the Unit.

Section 6. Central Systems Not Part of Units. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designed for the service of more than one Unit in the Phase II Building, nor any of the structural members of the Phase II Building, nor any other property of any kind which is not removable without jeopardizing the

soundness, safety or usefulness of the remainder of the Phase II Building shall be deemed to be a part of any Unit.

ARTICLE III
Description of General Common Elements, Limited Common Elements, and Percentage Interests

Section 1. General Common Elements. The General Common Elements in Phase II of the Regime are described as follows: (i) the property composing Phase II as described on Exhibit A hereto and all those portions of the Phase II Building and property which are not included as or comprise part of the Units or the Limited Common Elements; (ii) the foundations, structural parts, supports, main and load bearing and exterior walls, non-load bearing walls and partitions not located within the Unit, columns, beams, roofs, floor slabs, pipe chases and interior walls and partitions, if any, enclosing said pipe chases, and the space occupied by all of the following: corridors, elevators, elevator equipment and stairways (except for certain stairways associated with A-F, B-F, B-F Opposite, C-F and D-F Floor Plan Units and designated as Limited Common Elements) as hereinafter set forth; (iii) all parking areas not designated for a specific Unit, access roads, driveways, pedestrian sidewalks, landscape and planting areas, fences, street lights and other facilities located within the Property, if any; (iv) installations of all central services and utilities and water, gas, sewer, electric, telephone and other utility lines, pipes, conduits, fixtures and associated equipment, facilities which serve the General Common Elements or serve more than one Unit or both; (v) the lobby area of the Phase II Building, elevator and electrical rooms; (vi) portions of the Regime Property constituting Phase II Building and other improvements thereon used exclusively for the management, operation and maintenance of the Regime Property; (vii) all other apparatus and installations existing or intended for common use.

Section 2. Limited Common Elements. Limited Common Elements shall mean and include all balconies that are located adjacent to each Unit and designated storage areas located on the same floor of the Phase II Building as the Unit and designated by the Unit's number as set forth in the Unit Plans. Limited Common Elements shall also include storage units located in the covered parking area which storage units shall be designated by the Unit's number. The Limited Common Elements shall also include certain stairways from the balconies of Units C-11, C-12, C-13, C-14, C-15 and C-16 to the ground level which stairs are shown on the Unit Plans. Units C-12 and C-13 share a portion of said stairs from the landing where each Unit's separate stairs join to the ground level, all of which is more particularly shown on the Units Plans. The landing and the portion of the stairs being shared by the aforesaid Units shall be restricted exclusively to the two Unit Owners sharing said landing and stairs, members of their immediate family, guests and tenants. The Unit Owners, as aforesaid, sharing said landing and stairs shall not place furniture plants, grills or other similar items within such area of joint use nor otherwise block the use of such joint landing and stair area. The Limited Common Elements shall also include parking spaces designated for exclusive use of a Unit, such parking spaces being designated by the Unit's number and shown in the Unit Plans attached hereto as Exhibit

C. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.

Section 3. Percentage Interests. Each Unit has appurtenant and assigned to it an undivided percentage interest in the General Common Elements and Limited Common Elements as set forth on Exhibit E attached hereto; provided, however, the use of the Limited Common Elements shall be restricted as set forth in Article III, Section 2 hereof. The Percentage Interest of a Unit in the General Common Elements and Limited Common Elements shall be inseparable from each Unit, and any conveyance, lease, devise or other disposition or mortgage or other encumbrance of any Unit shall extend to and include the Percentage Interest and the General Common Elements and Limited Common Elements, whether or not expressly referred to in the instrument effecting the same. The Percentage Interest of the Units, the General Common Elements and Limited Common Elements shall not be separately conveyed, transferred, alienated or encumbered and each of said Percentage Interest shall be deemed to be conveyed, transferred, alienated or encumbered with respect to its respective Unit, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may only refer to the fee title to the Unit. The Percentage Interest of each Unit has been determined by dividing the assigned value of each Unit by the aggregate assigned value of all of the Units. The assigned value of the Units in the Phase II Building are set forth on Exhibit E hereto. Assigned values are fixed for the sole purpose of complying with the Act and shall not prevent an owner from fixing a different circumstantial value to his or her Unit. For purposes of this instrument, the total assigned value of the Units in Phase II is $2,725,000.00 and the total assigned value of the Regime Property submitted to condominium ownership in Phases I and II is $9,125,000.00. Exhibit E sets forth the identification of the numbers, types, valuations, common interest and voting strength of each Unit in Phases I and II of Shipyard Village Horizontal Property Regime. Each Unit in Phases I and II shall be entitled to vote on all matters relating to the Association or to the Regime Property in proportion to their respective Percentage Interest in the General Common Elements as set forth in Exhibit E. The Grantor may construct in any future phase or group of phases any combination or mixture of the Units as provided in the Master Deed using the values assigned thereto but in no event shall the Percentage Interests for any Unit in Phases I and II be reduced more than is set forth in Exhibit C of the Master Deed. Percentage Interests in the General Common Elements and Limited Common Elements assigned to a Unit shall not be changed except with the unanimous consent of all of the Owners of all of the Units except as otherwise provided in the Master Deed.

ARTICLE IV
Confirmation and Ratification of Master Deed

Section 1. Grantor. Except as expressly supplemented and amended by this instrument, the Master Deed of Shipyard Village Horizontal Property Regime is hereby ratified and confirmed by the Grantor, and by reference to the Master Deed and all amendments thereto are specifically incorporated herein and republished and declared as hereby amended.

Section 2. Reservation of Rights. The Grantor, in accordance with the Master Deed, reserves all rights to submit to the Regime all or any portion of the Land as provided in Article I, Article XIV, and Article XV of the Master Deed, and all other rights reserved by the Grantor as provided in the Master Deed.

Section 3. Owners. By acceptance of the deed to a Unit, each purchaser of a Unit in Phases I and II ratifies and covenants to observe on behalf of himself, his heirs, successors and assigns, the Master Deed, as amended, and the Bylaws governing Shipyard Village Council of Co-Owners, Inc.

ARTICLE V
Miscellaneous

Section 1. Definitions. Except as otherwise set forth herein, the defined terms shall have those same meanings as set forth in the Master Deed.

Section 2. Controlling Provisions. Except as specifically amended herein, the Master Deed, as amended by the First Amendment shall remain in full force and effect.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, Declarant has executed this First Amendment to Master Deed the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

James B. Moore Jr.

Chandra M. Howell

SHIPYARD VILLAGE DEVELOPMENT CORP., LLC
a South Carolina limited liability company

By: The Litchfield Company of South Carolina Limited Partnership, a South Carolina limited partnership, its Manager

By: Litchfield Enterprises, Inc., its sole general partner

By: D. G. Mahon, III (Seal)
Title: Pres. Dent

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGEMENT
COUNTY OF GEORGETOWN)

I, James B. Moore Jr., a Notary Public residing in the County and State aforesaid, do certify that the Shipyard Village Development Corp., LLC, a South Carolina Limited Liability Company, by The Litchfield Company of South Carolina Limited Partnership, its Manager by Litchfield Enterprises, Inc., its sole general partner by D. G. Mahon, III, its President, who is personally known to me, this day appeared before me personally and did acknowledge that it did sign, seal and deliver the foregoing instrument of its own free will and accord, for the purposes therein named and expressed.

SWORN to before me this 3rd day of August, 1998.

James B. Moore Jr. (L.S.)
Notary Public for SC
My Commission Expires: 3/25/2001

EXHIBIT A
(Legal Description)

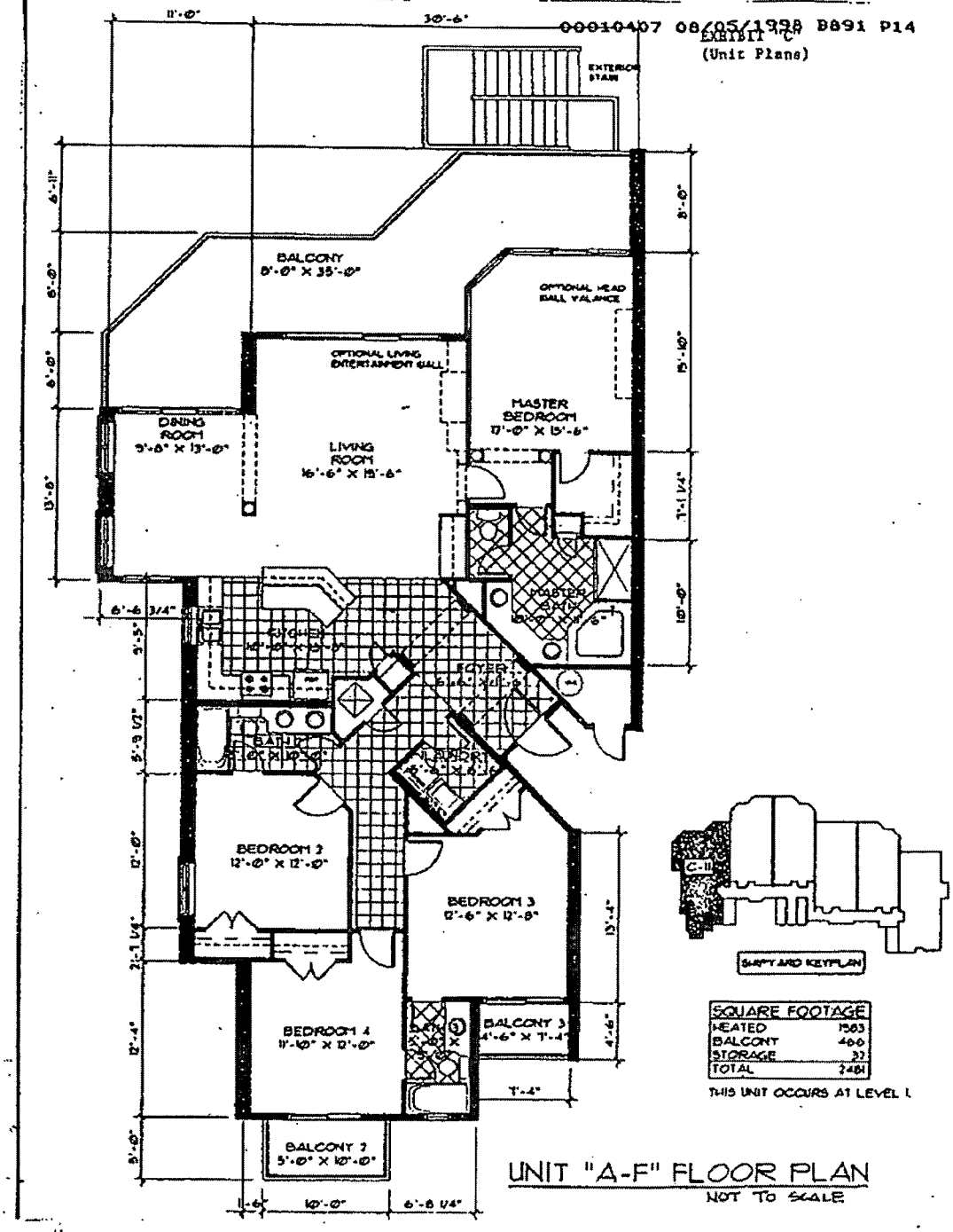
All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina in Tax District Number 4 containing 1.17 acres as shown on a map entitled "As-Built Survey of Phase II, Shipyard Village Horizontal Property Regime, Phase II prepared for the Shipyard Village Development Corp., L.L.C." dated July 28, 1998, prepared by E.T.S.-Engineering and Technical Services, Inc., and recorded in the Register of Deeds Office for Georgetown County in Slide 279 at Page 7, and such property having such size, shape, metes, bounds, courses and distances as will more fully appear according to said map which map is incorporated herein by reference.

EXHIBIT B
(Phase II Plat)

As-Built Survey of Phase II, Shipyard Village Horizontal Property Regime prepared for Shipyard Village Development Corp., LLC by E.T.S.-Engineering and Technical Services, Inc., said map being dated July 28, 1998 and recorded in the Register of Deeds Office for Georgetown County in Slide 279 at page 7.

EXHIBIT C
(Unit Plans)

EXHIBIT "C"
(Unit Plans)

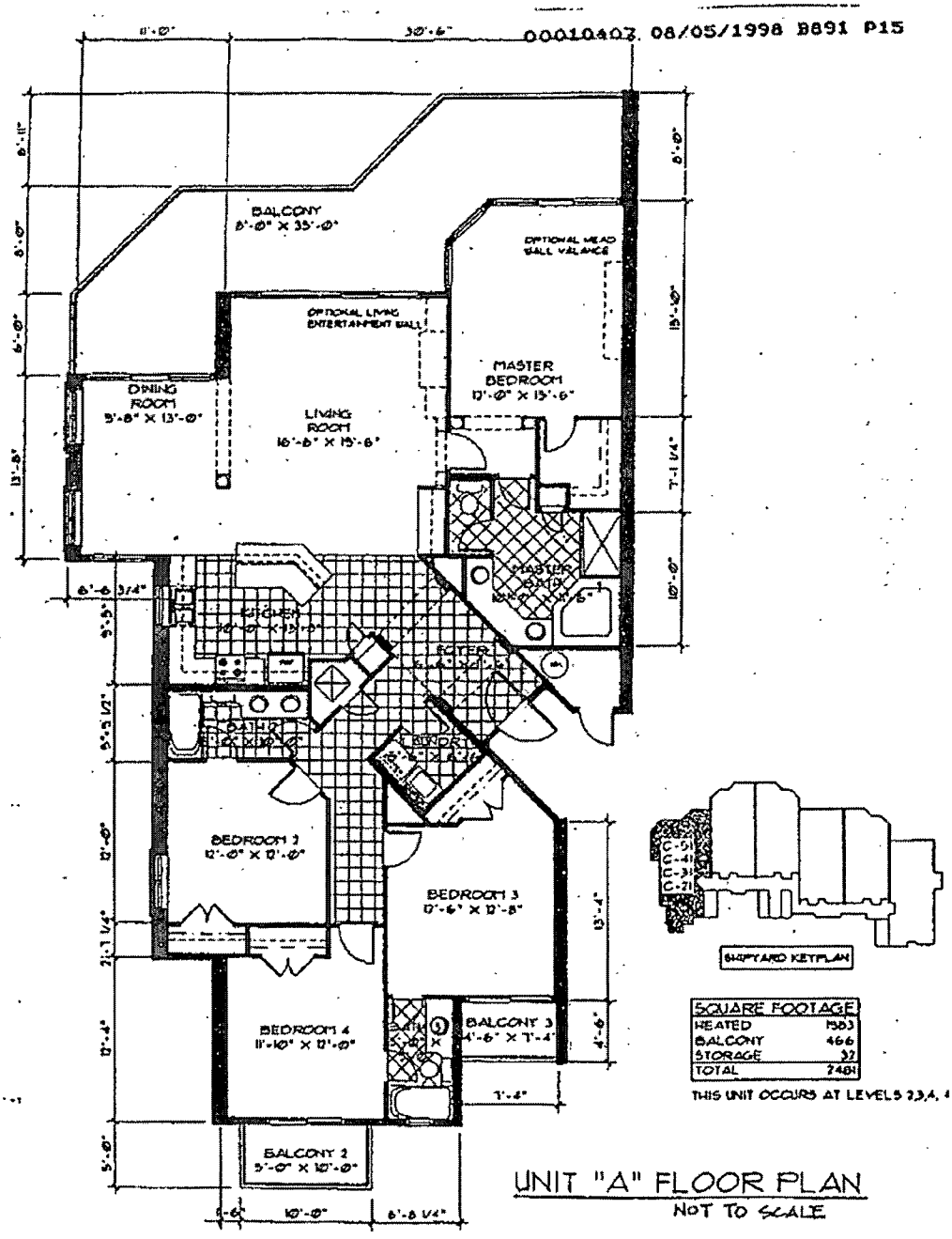


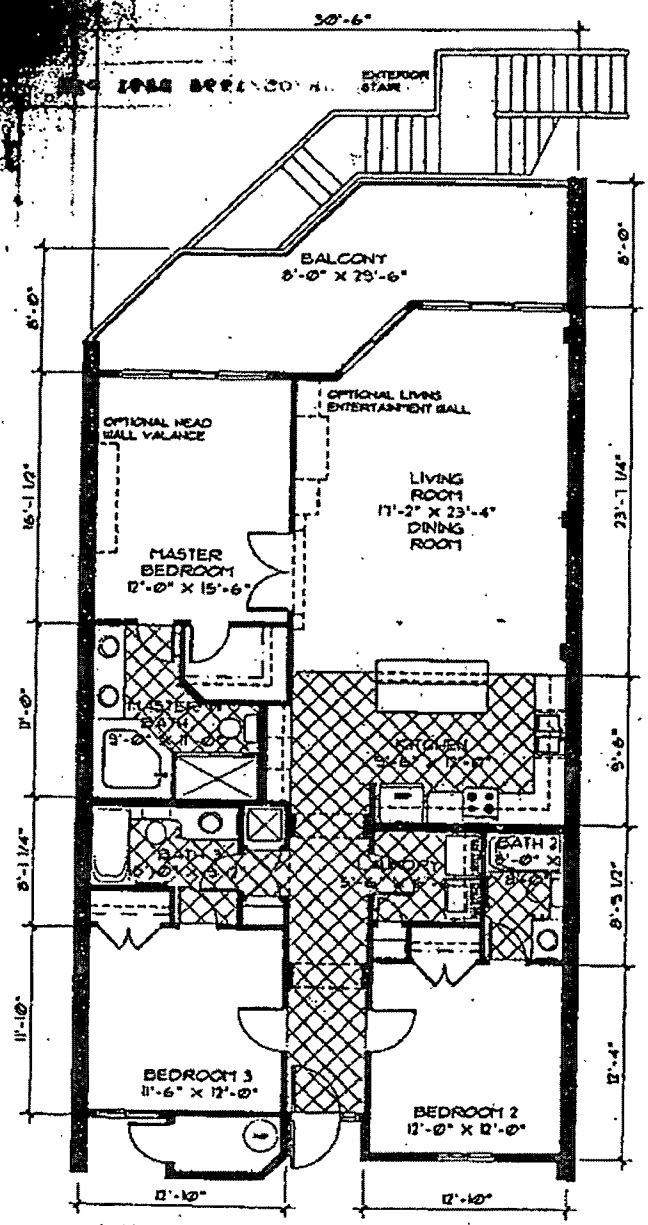
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BALCONY	466
STORAGE	32
TOTAL	2481

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UNIT "A-F" FLOOR PLAN

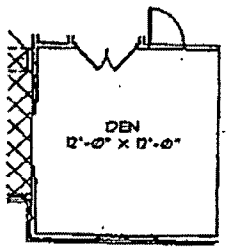
NOT TO SCALE


BALCONY
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OPTIONAL HEAD WALL VALANCE
OPTIONAL LIVING ENTERTAINMENT WALL
DINING ROOM
9'-8" X 13'-0"
LIVING ROOM
16'-8" X 15'-8"
MASTER BEDROOM
13'-0" X 15'-6"
KITCHEN
BATH 2
LAUNDRY
BEDROOM 2
12'-0" X 12'-0"
BEDROOM 3
13'-6" X 12'-8"
BEDROOM 4
11'-10" X 12'-0"
BALCONY 3
BALCONY 2
5'-0" X 10'-0"
SHIPYARD KEYPLAN
SQUARE FOOTAGE
HEATED 1583
BALCONY 466
STORAGE 32
TOTAL 2481
THIS UNIT OCCURS AT LEVELS 2,3,4,
UNIT "A" FLOOR PLAN
NOT TO SCALE



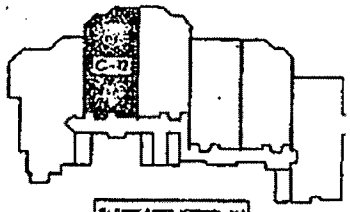
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

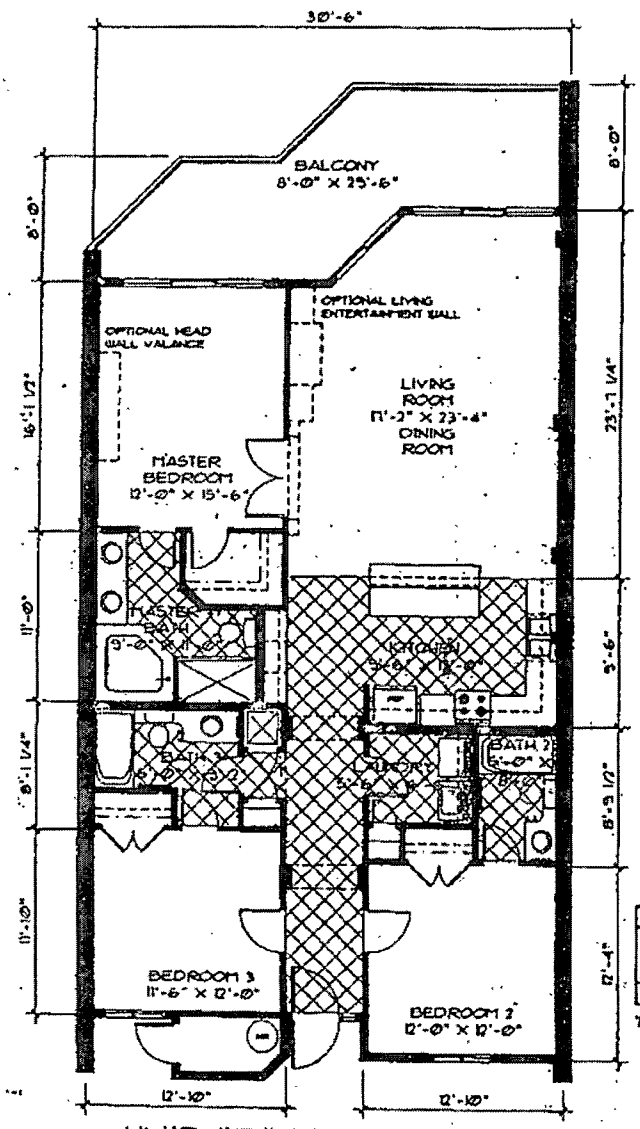


SHUTTARD KEYPLAN

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BALCONY	235
STORAGE	30
TOTAL	1802

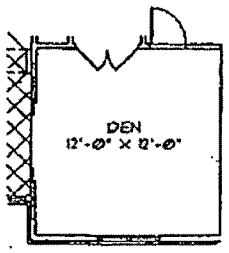
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00010407 08/05/1998 B891 P17



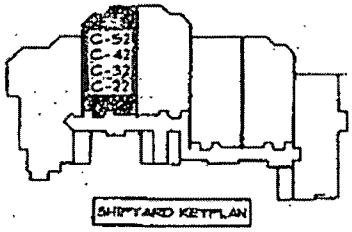
UNIT "B" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

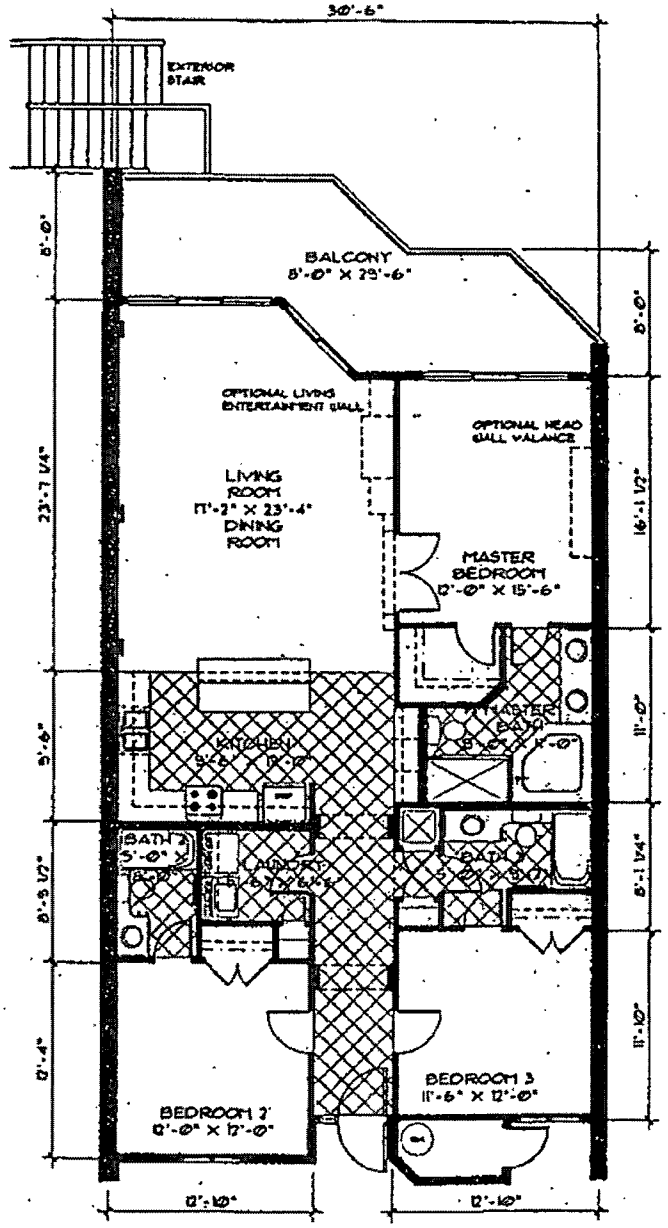


SHIPYARD KEYPLAN

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TOTAL	1802

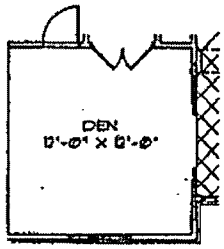
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00010407 08/05/1998 B891 P18



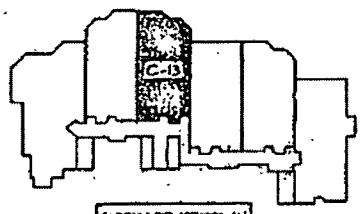
UNIT "B-F-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

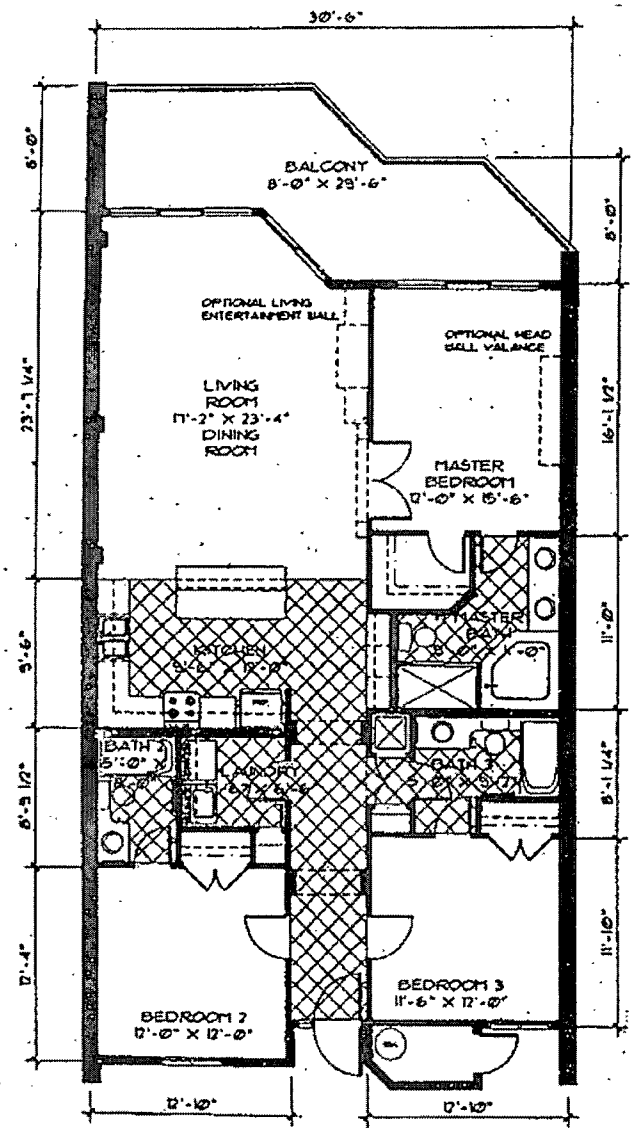


SHEETYARD KEYPLAN

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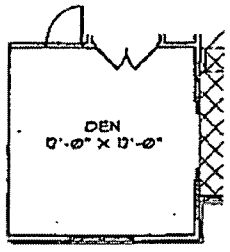
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00010407 08/05/1998 B891 P19



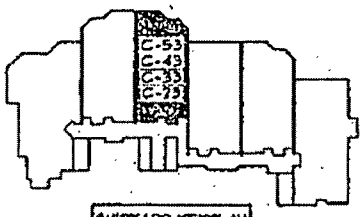
UNIT "B-OPP" FLOOR PLAN

SCALE 1/8"-1'-0"



POCKET DOORS

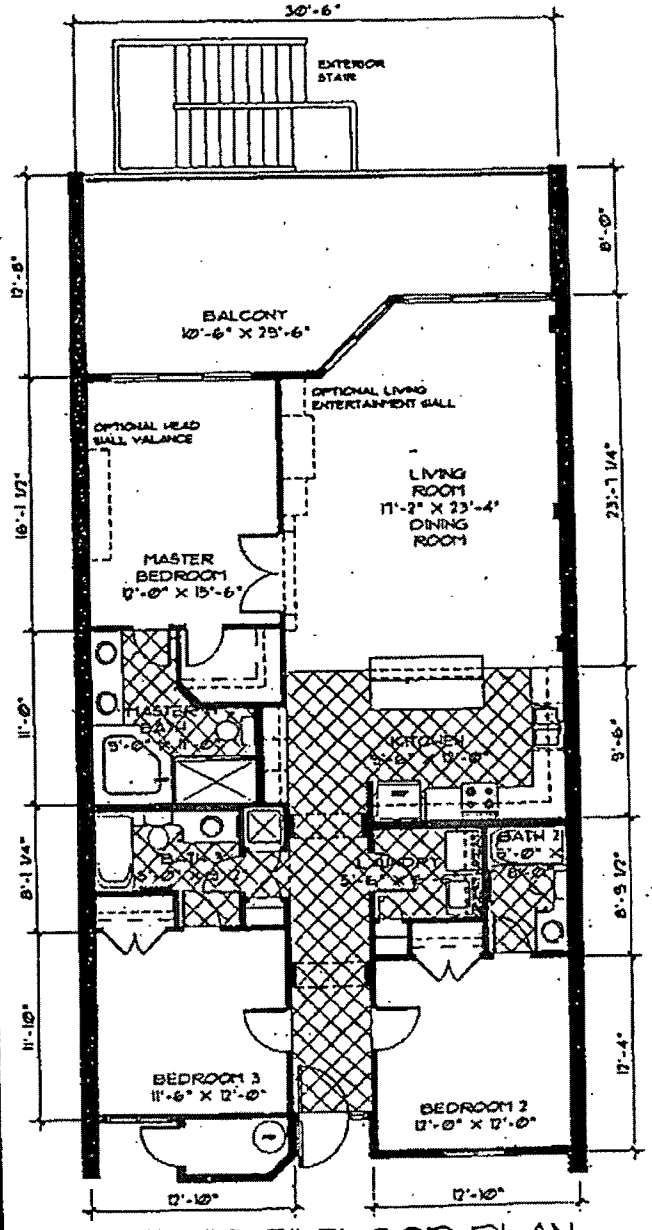
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SHIPYARD KEYPLAN

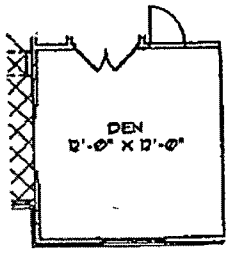
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TOTAL	1202

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.



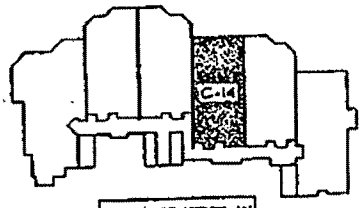
UNIT "C-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

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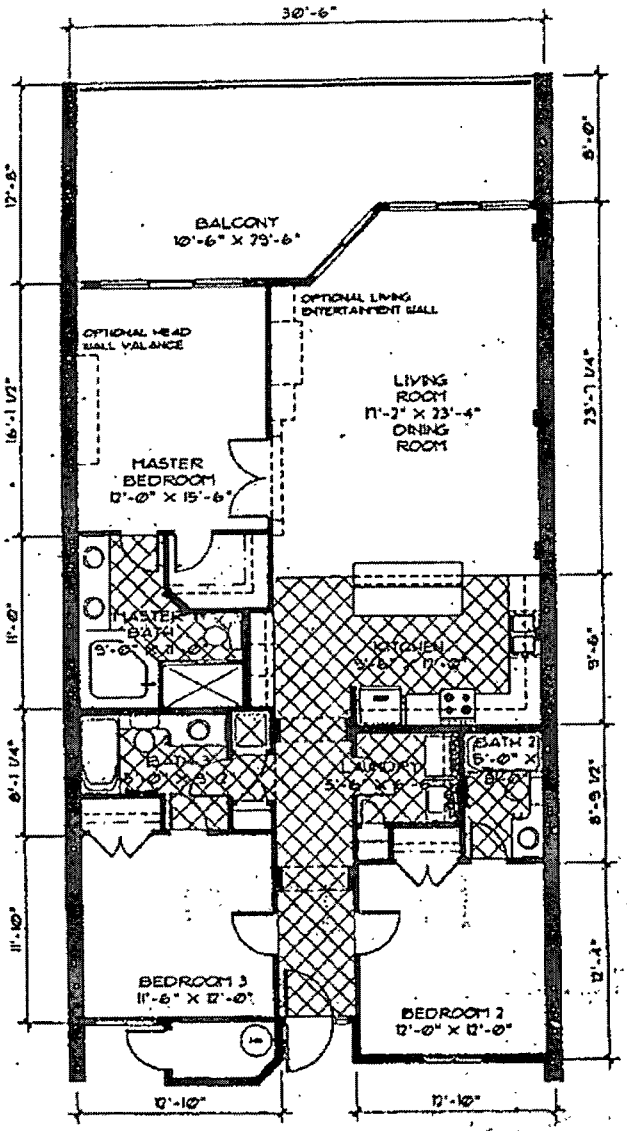


SHIPYARD KEYPLAN

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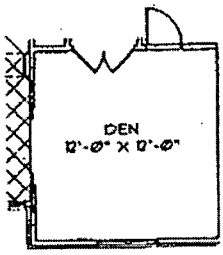
THIS UNIT OCCURS AT LEVEL 1

00010407 08/05/1998 B891 P21



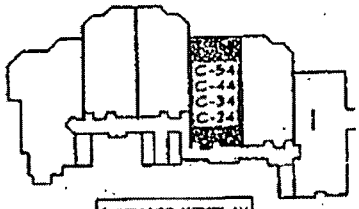
UNIT "C" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

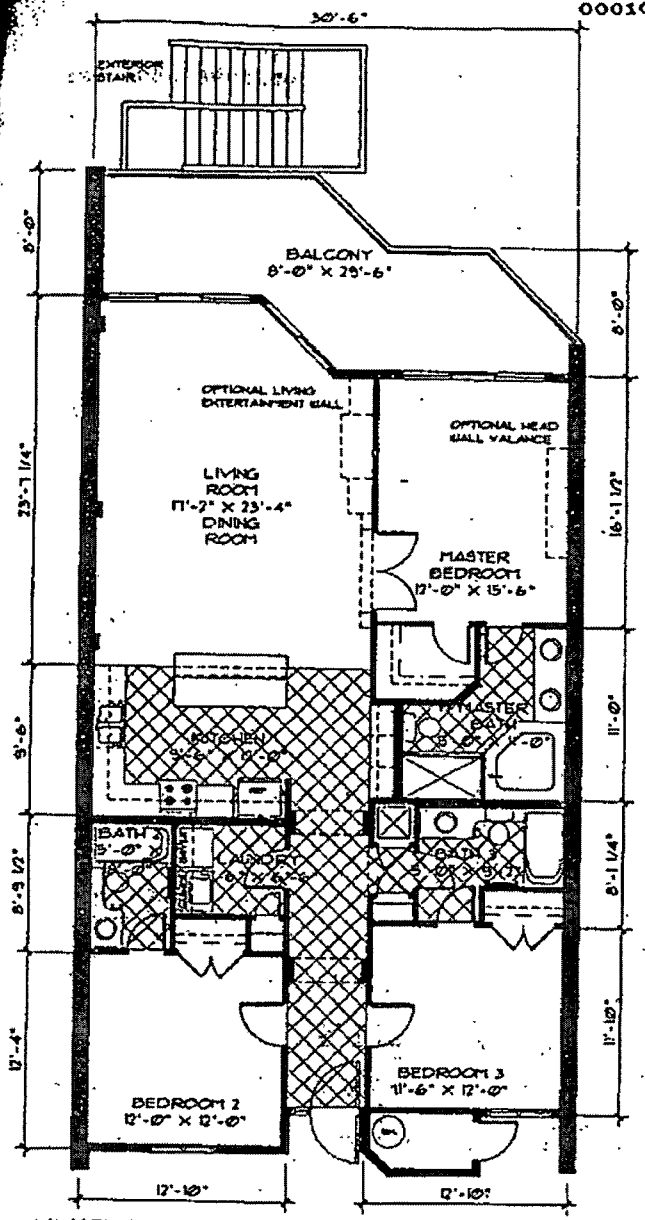
OPTIONAL SCALE 1/8"=1'-0"



SQUARE FOOTAGE	
HEATED	1537
BALCONY	308
STORAGE	30
TOTAL	1876

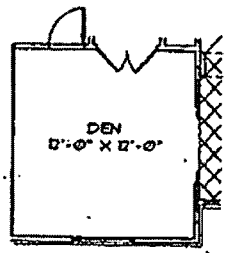
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

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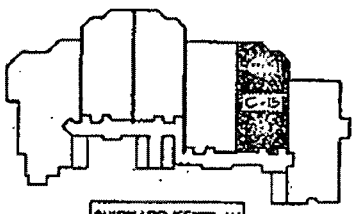
UNIT "B-F-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

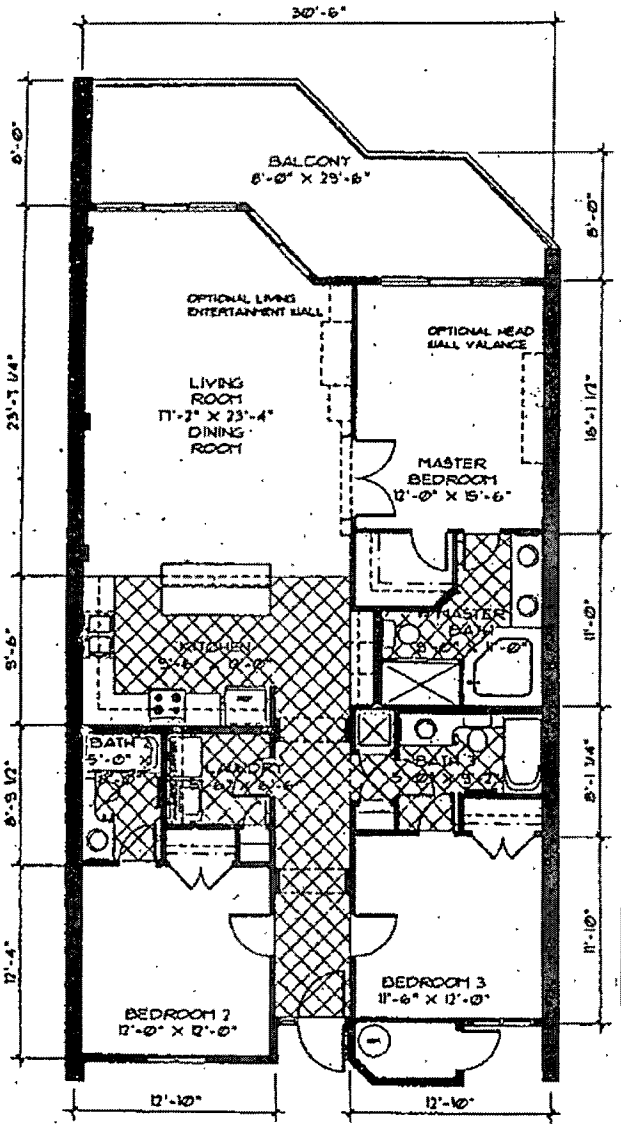
OPTIONAL SCALE 1/8"=1'-0"



SHIPYARD KEYPLAN

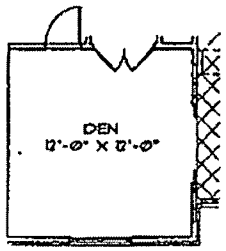
SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVEL 1



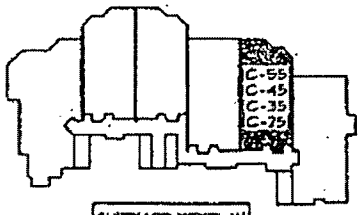
UNIT "B-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

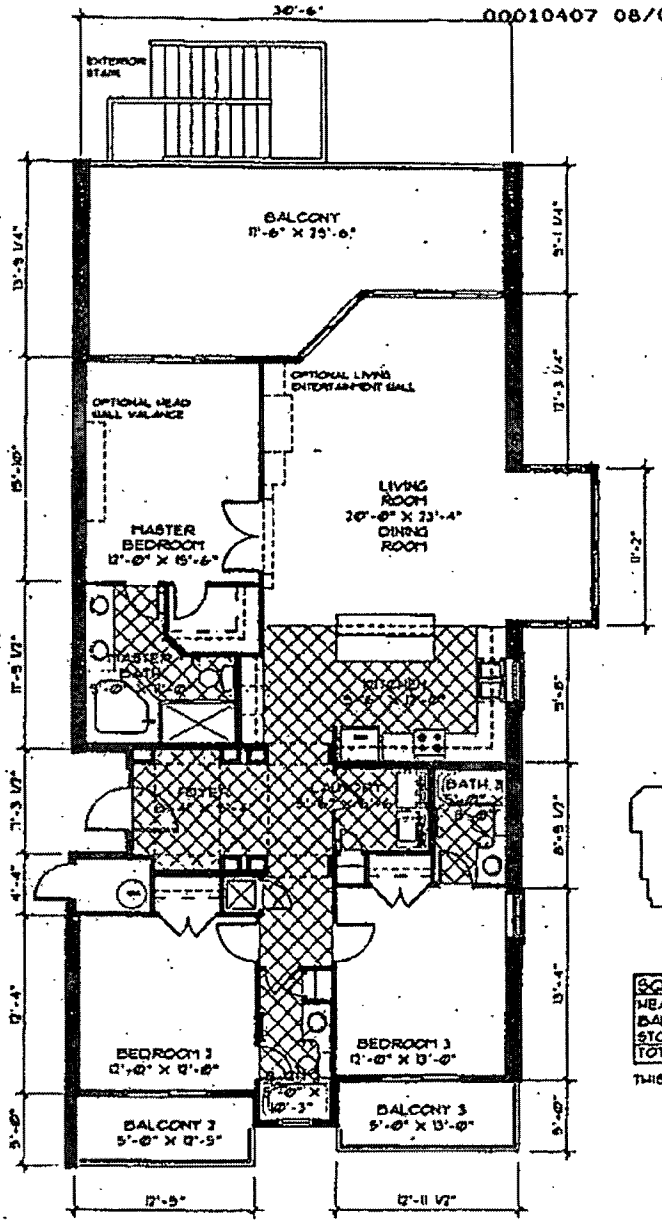


BACKYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1531
BALCONY	235
STORAGE	30
TOTAL	1802

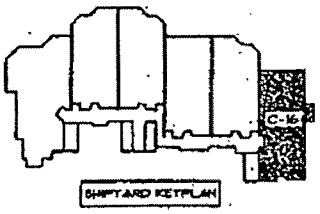
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

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UNIT "D-F" FLOOR PLAN

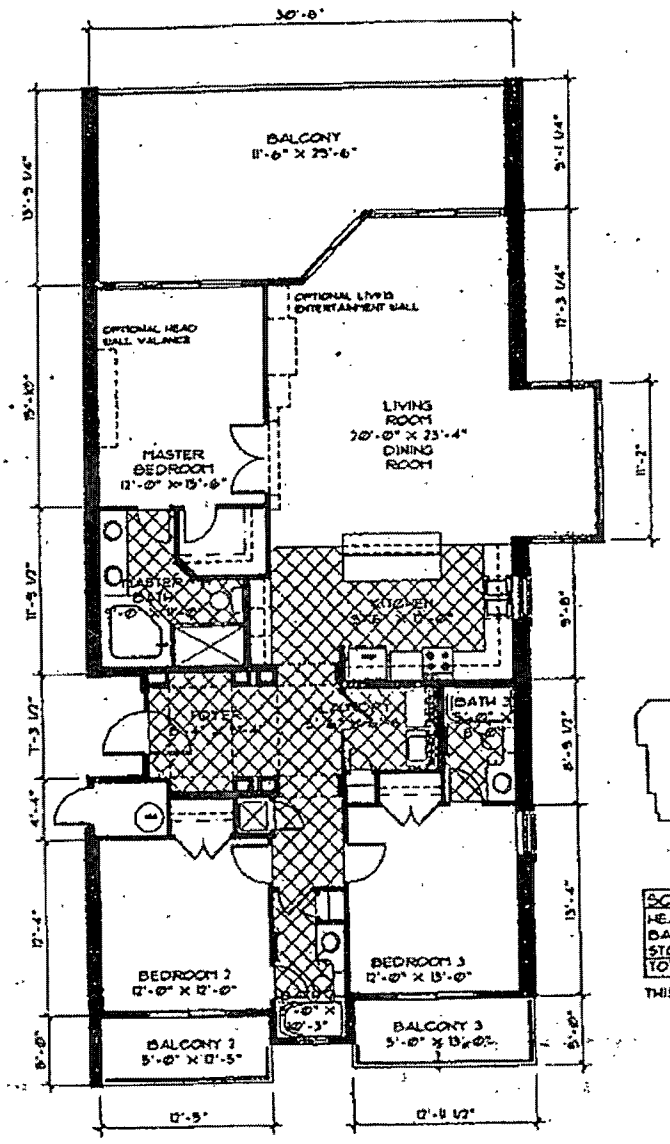
NOT TO SCALE



SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1652
BALCONY	461
STORAGE	76
TOTAL	2143

THIS UNIT OCCURS AT LEVEL 1

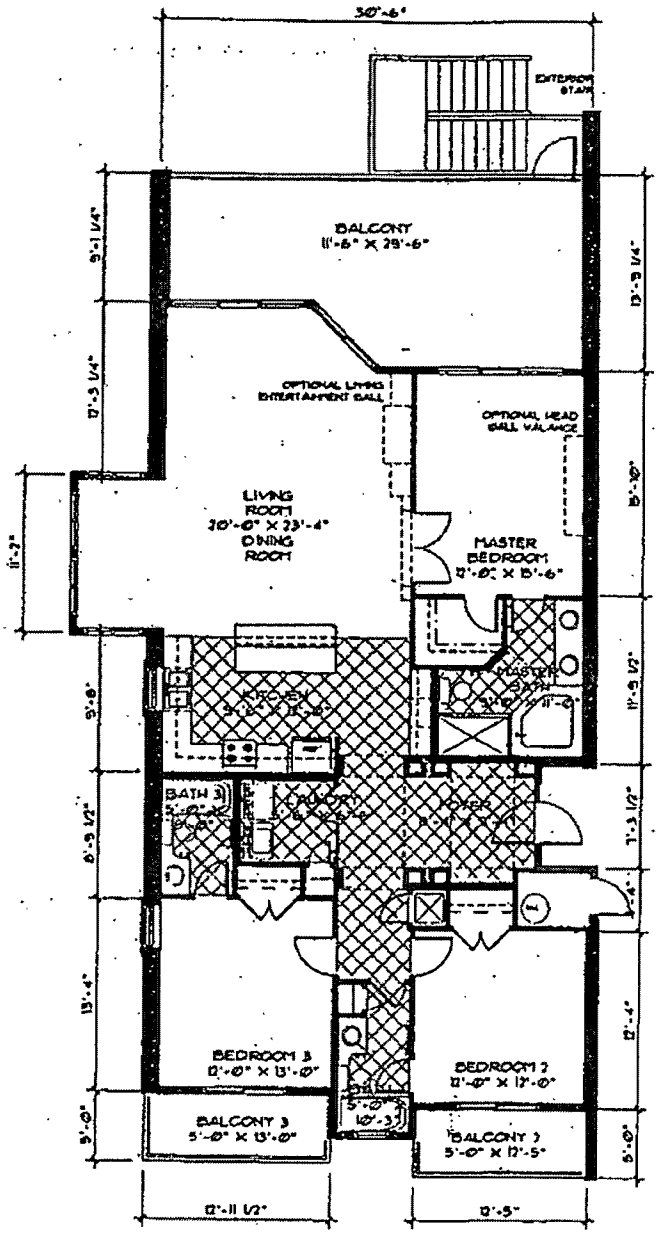


SQUARE FOOTAGE	
HEATED	1697
BALCONY	467
STORAGE	26
TOTAL	2145

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

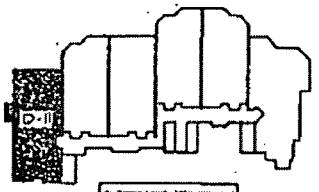
UNIT "D" FLOOR PLAN
NOT TO SCALE

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UNIT "A-F" FLOOR PLAN

NOT TO SCALE

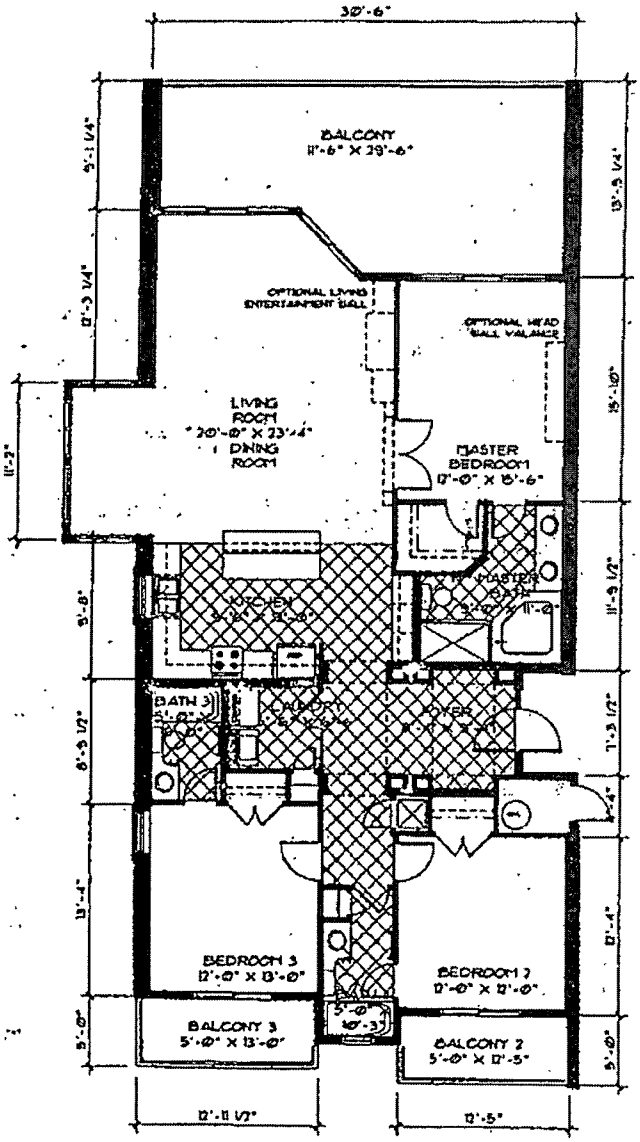


SUBYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1657
BALCONY	467
STORAGE	26
TOTAL	2145

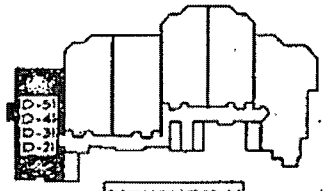
THIS UNIT OCCURS AT LEVEL 1

00010407 08/05/1998 B891 P27



UNIT "A" FLOOR PLAN

NOT TO SCALE

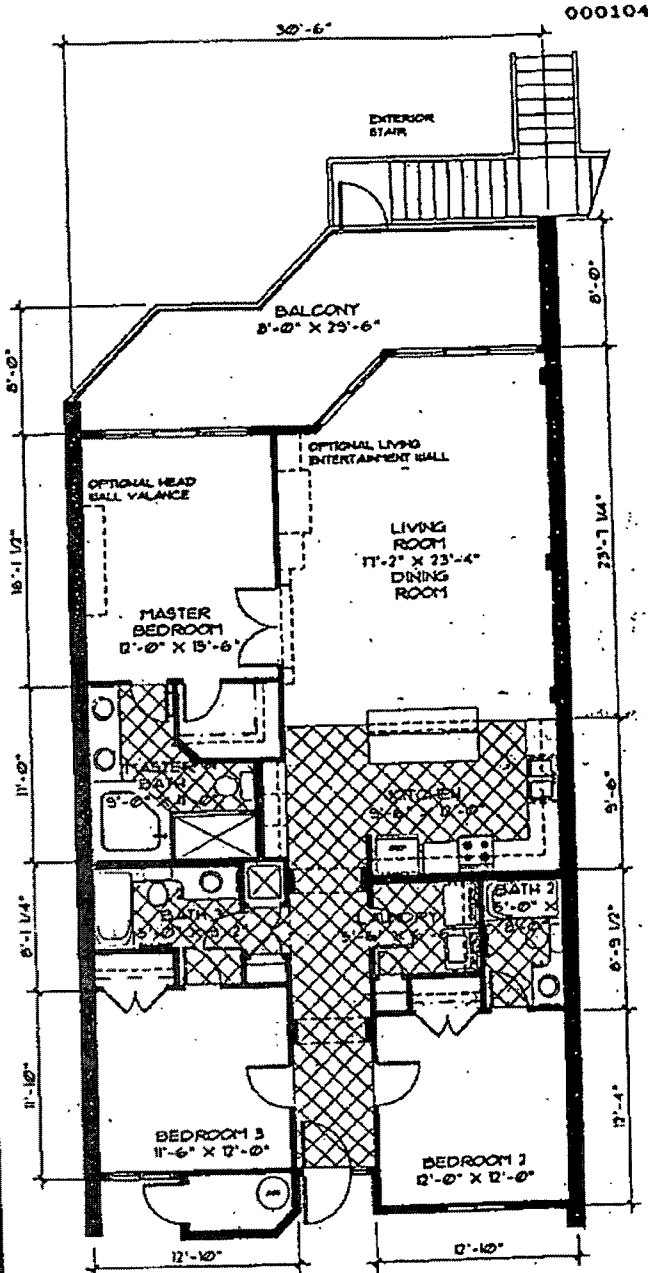


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1652
BALCONY	461
STORAGE	28
TOTAL	2145

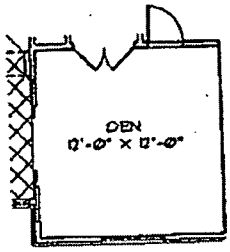
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P28



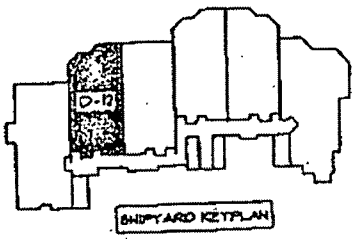
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

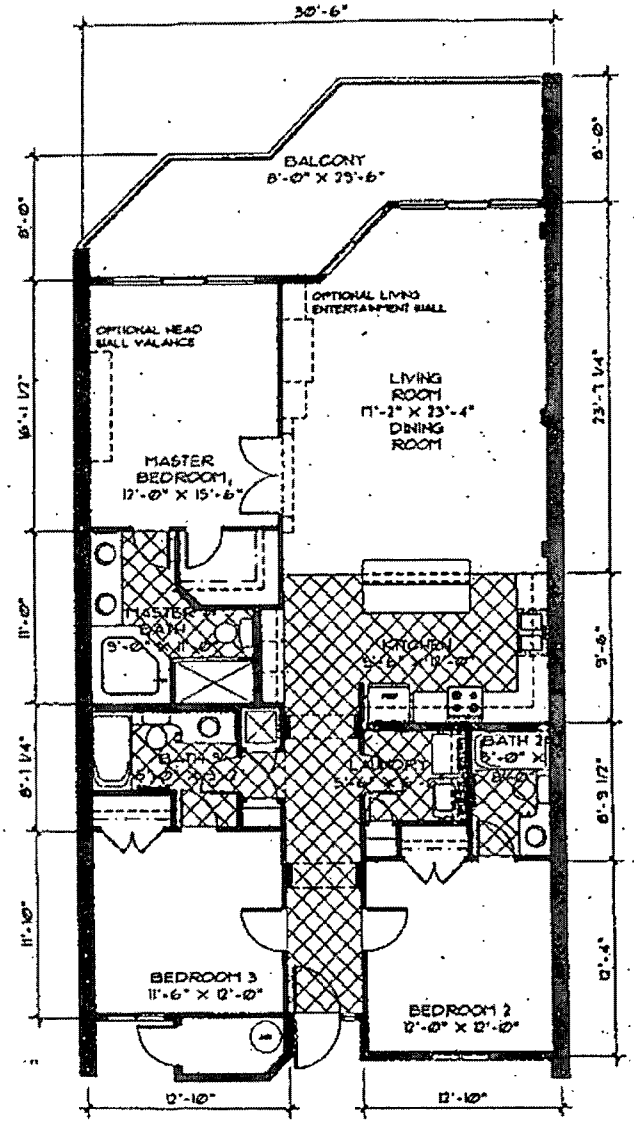


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

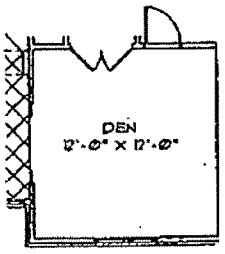
THIS UNIT OCCURS AT LEVEL 1.

00010407 08/05/1998 B891 P29



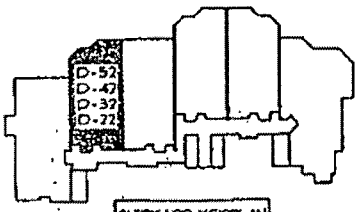
UNIT "B" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

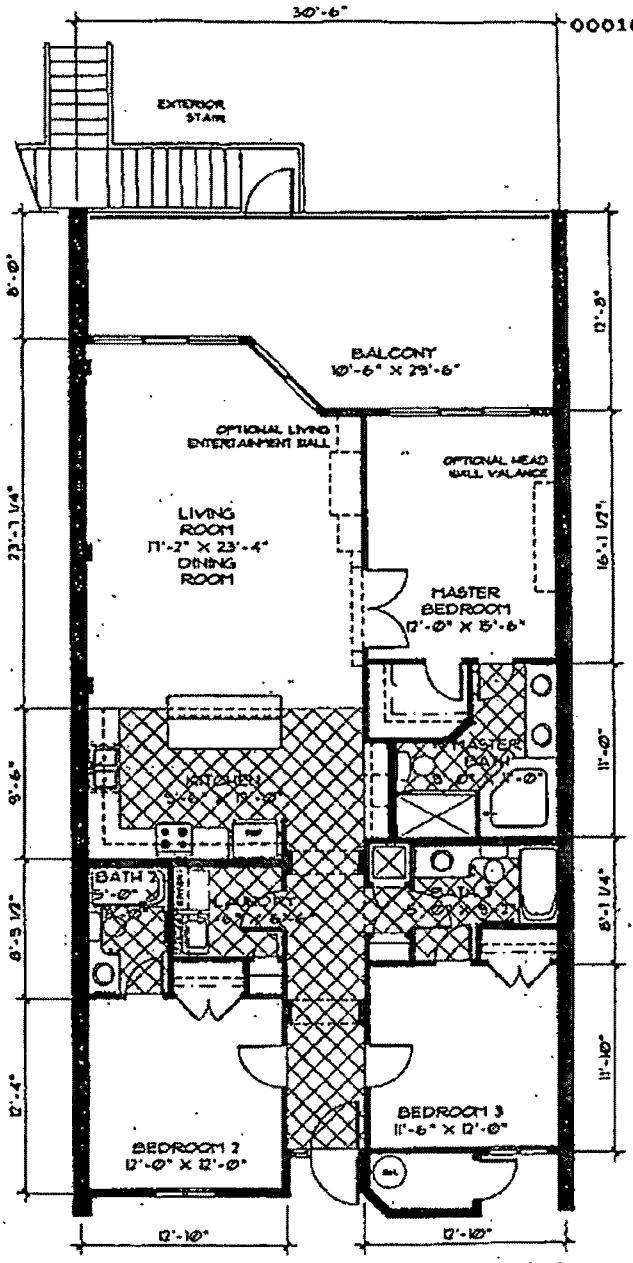


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

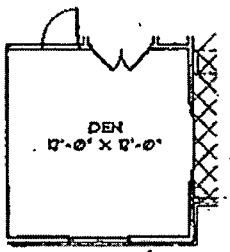
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P30



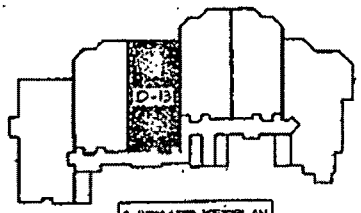
UNIT "C-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

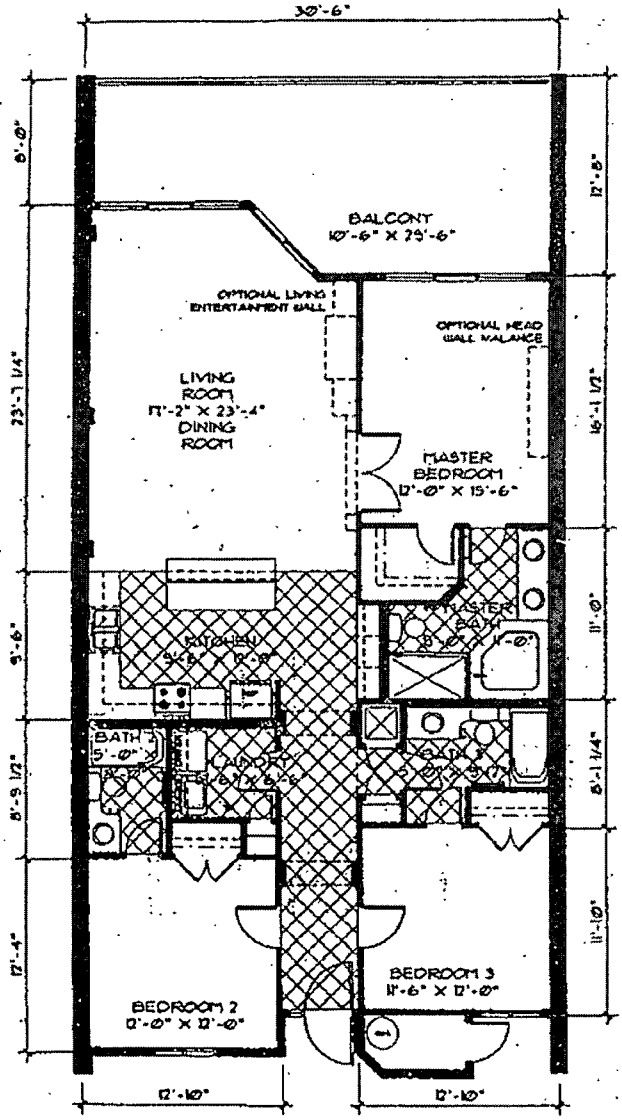


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	309
STORAGE	30
TOTAL	1876

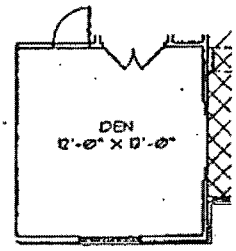
THIS UNIT OCCURS AT LEVEL 1

00010407 08/05/1998 B891 P31



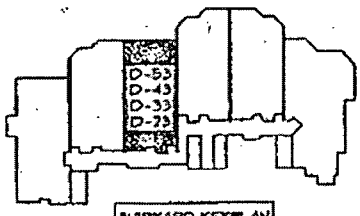
UNIT "C" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

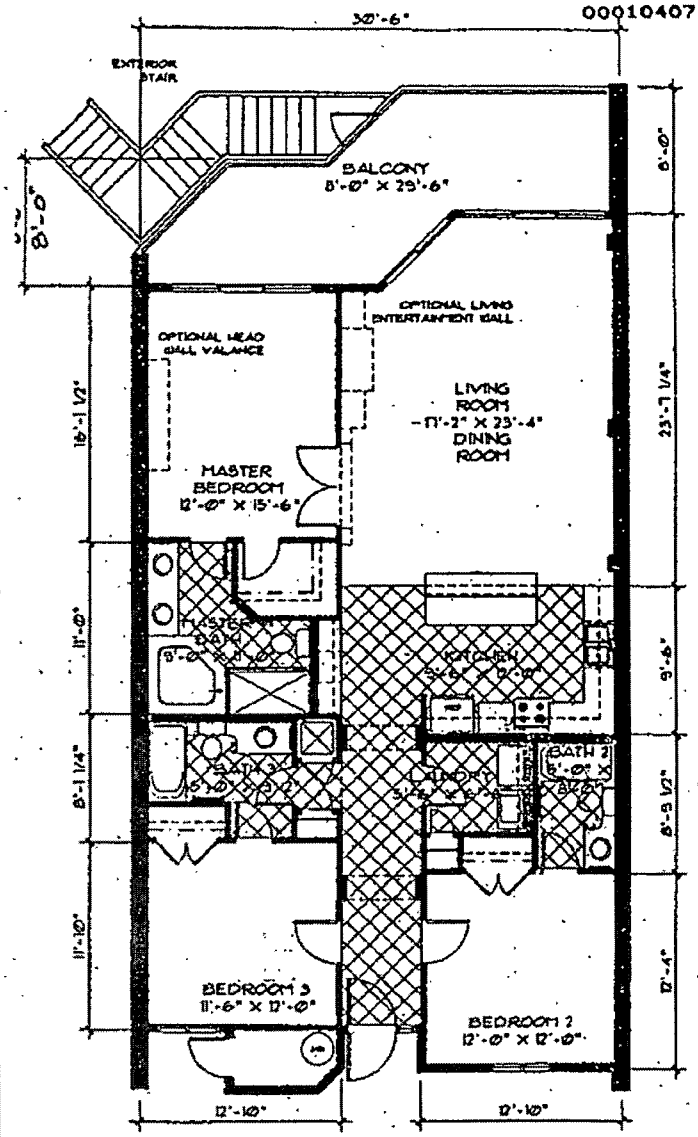


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	309
STORAGE	30
TOTAL	1876

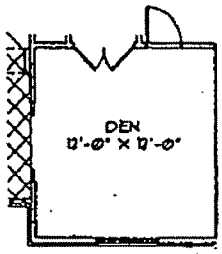
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 8891 P32



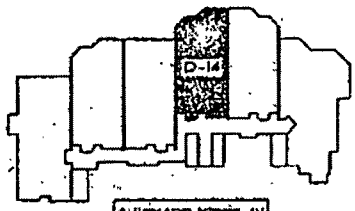
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-

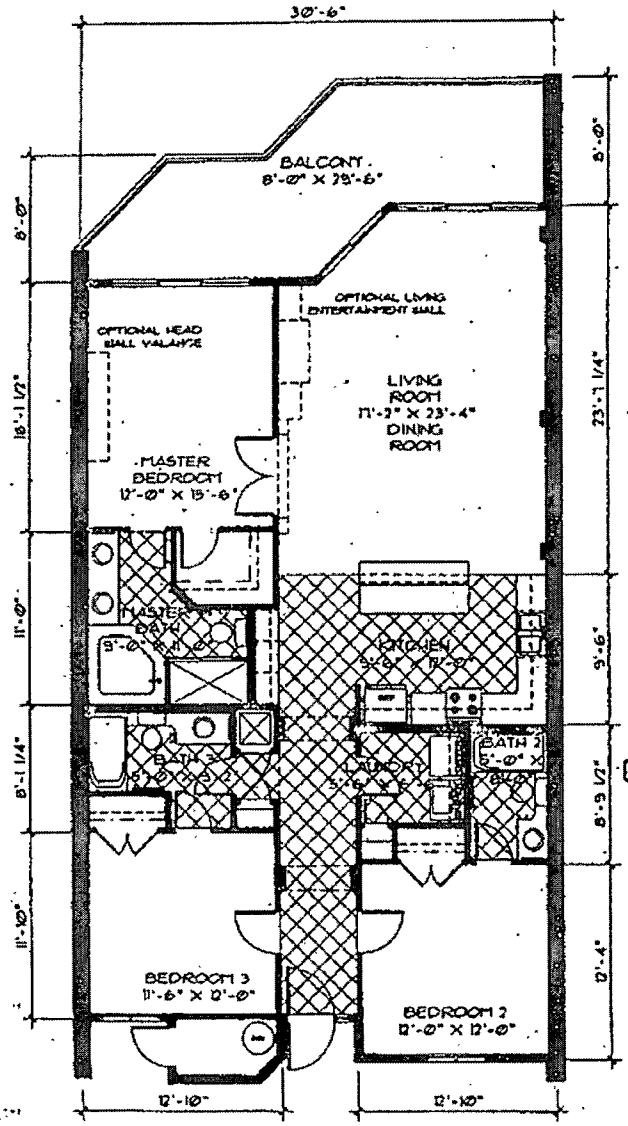


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1531
BALCONY	255
STORAGE	30
TOTAL	1802

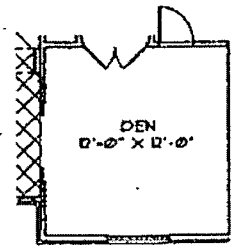
THIS UNIT OCCURS AT LEVEL 1.

00010407 08/05/1998 B891 P33



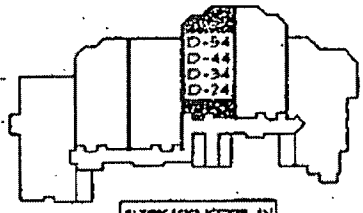
UNIT "B" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

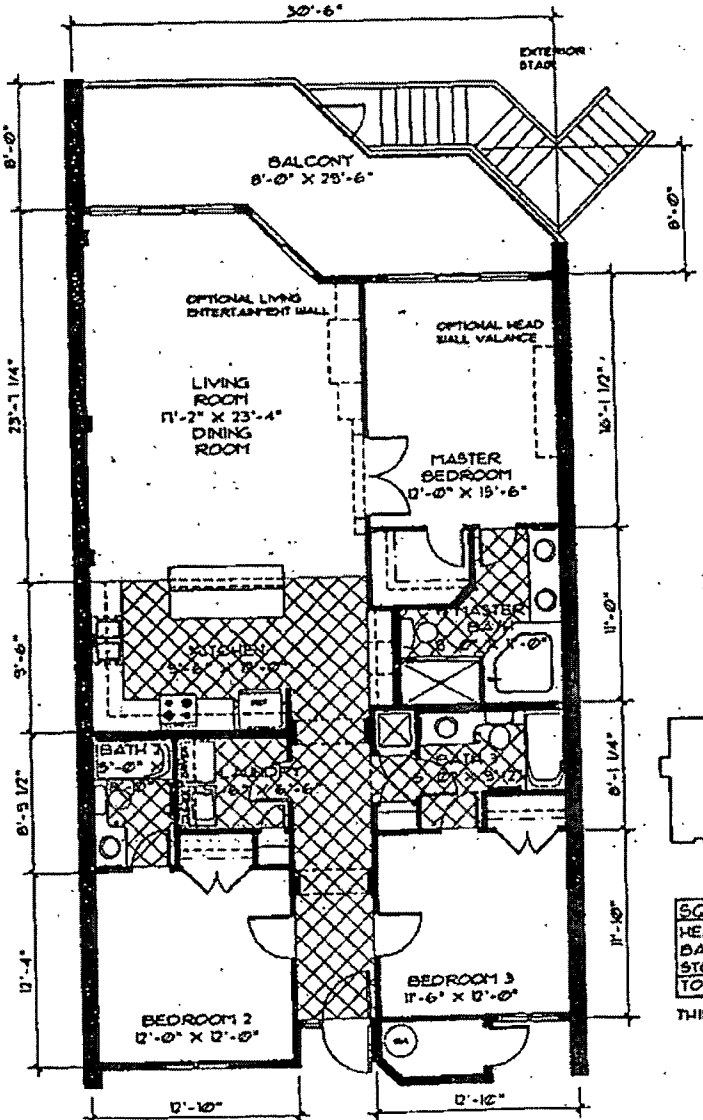


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

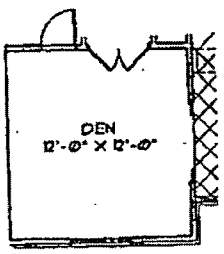
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P34



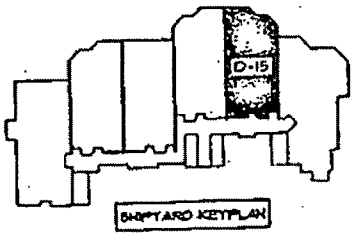
UNIT "B-F-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

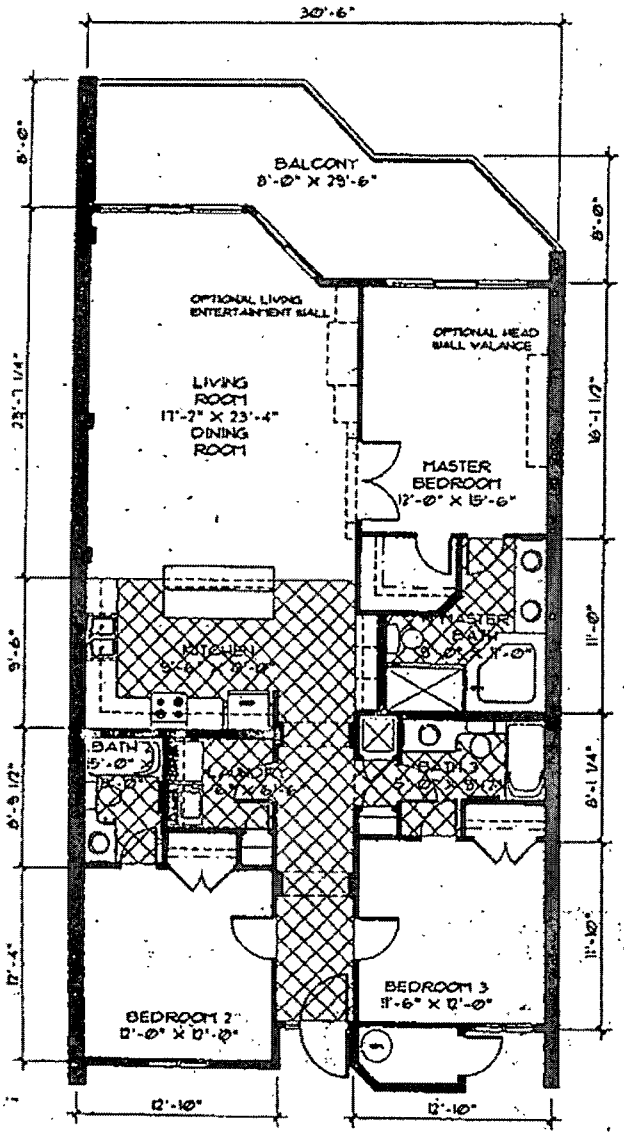


BACKYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

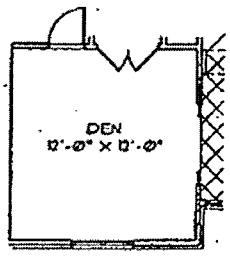
THIS UNIT OCCURS AT LEVEL 1

00010407 08/05/1998 B891 P35



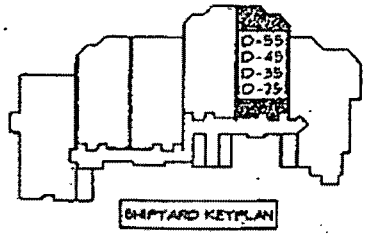
UNIT "B-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

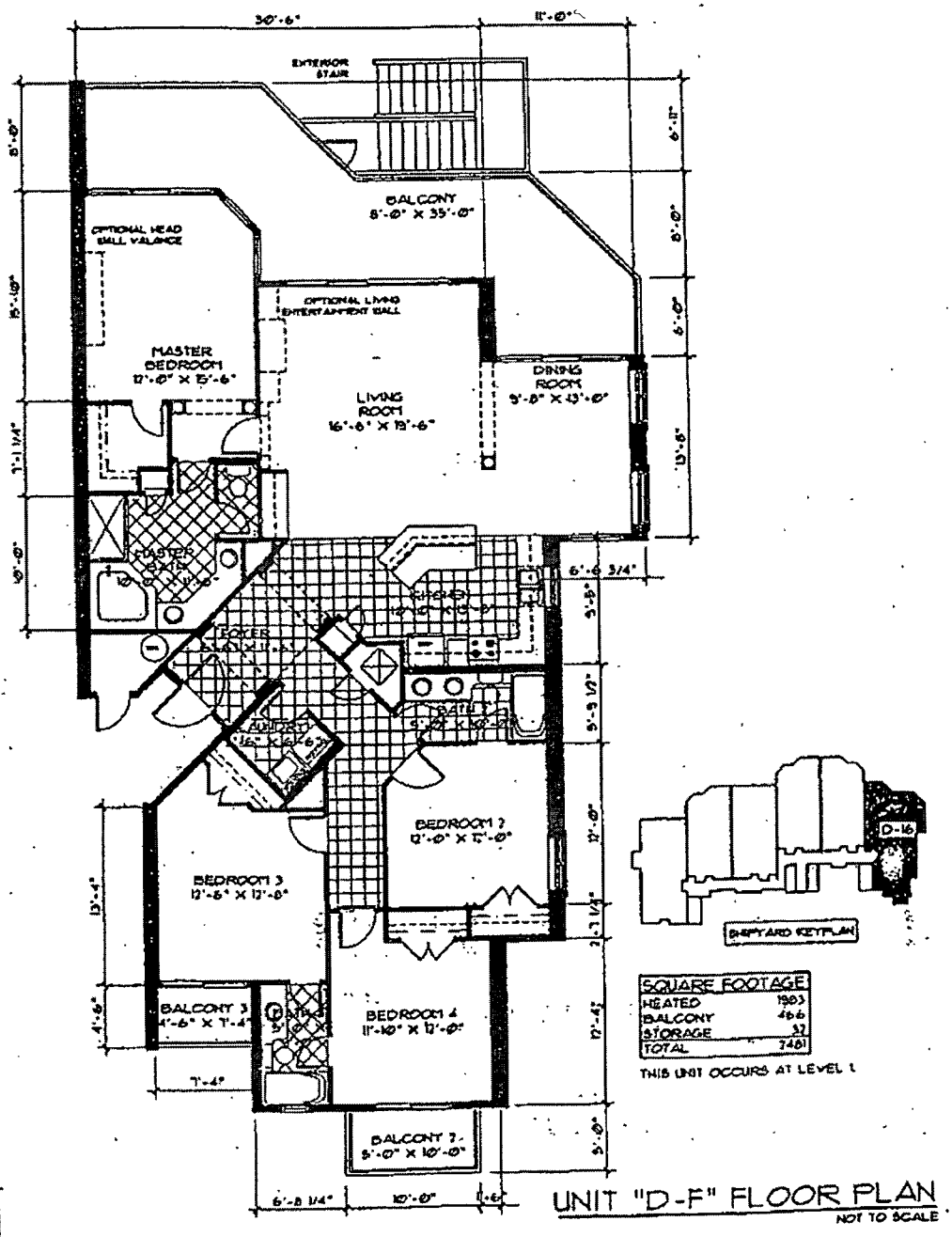


SHEPPARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P36



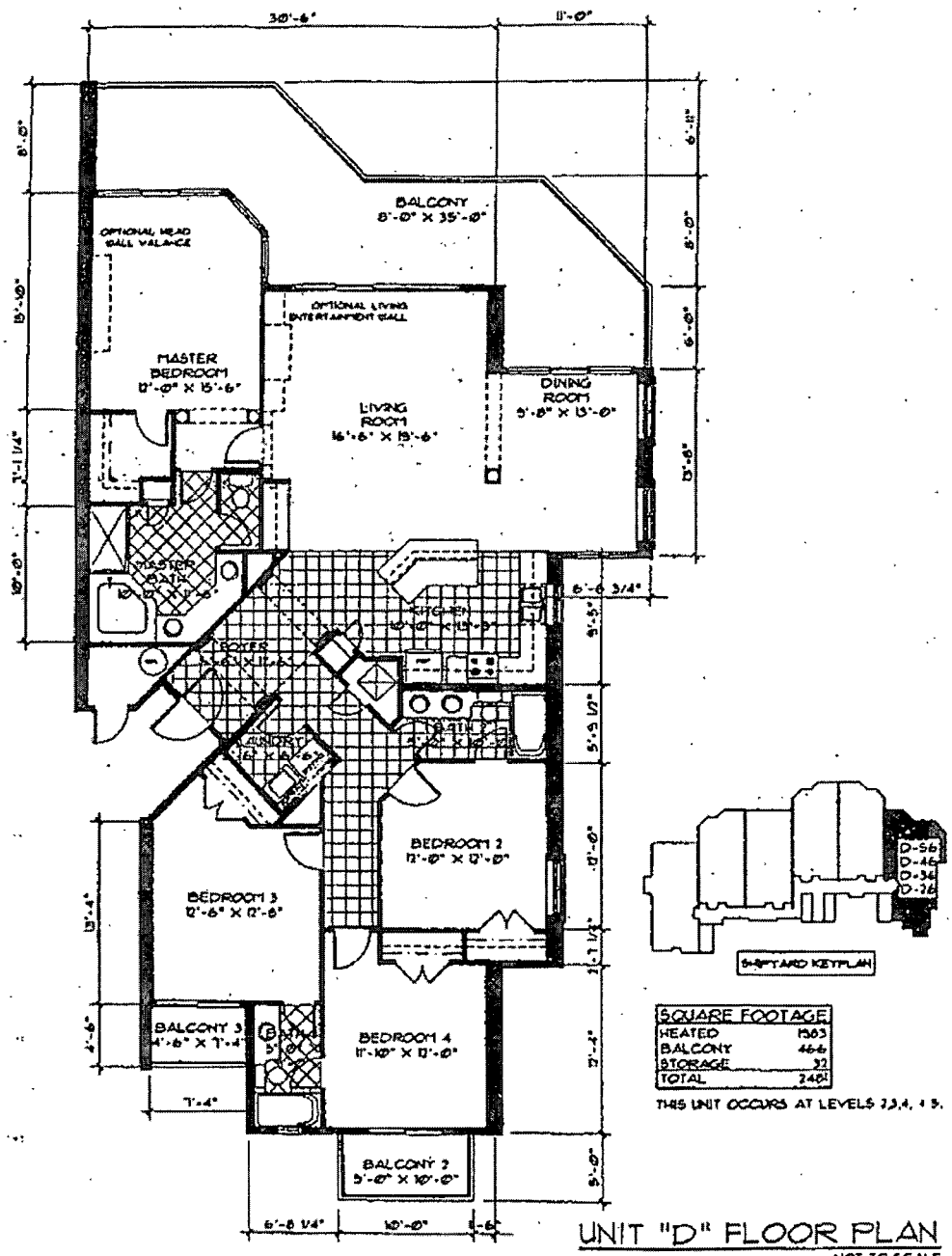
SQUARE FOOTAGE	
HEATED	1983
BALCONY	466
STORAGE	32
TOTAL	2481

THIS UNIT OCCURS AT LEVEL 1

UNIT "D-F" FLOOR PLAN

NOT TO SCALE

00010407 08/05/1998 B891 P37



SQUARE FOOTAGE	
HEATED	1363
BALCONY	466
STORAGE	32
TOTAL	2481

THIS UNIT OCCURS AT LEVELS 2,3,4, + 5.

UNIT "D" FLOOR PLAN

NOT TO SCALE

00010407 08/05/1998 B891 P38

EXHIBIT "D"

Pursuant to Section 27-31-110 of the Code of Laws of South Carolina, 1976 amended, I hereby state that to the best of my knowledge the unit plans described in Exhibit "C" of the First Amendment to the Master Deed of the Shipyard Village Horizontal Property Regime, as being those plans consisting of 24 pages and that the Phase II building with the units located therein shown in the unit plans is the same as constructed on the property.

Jenkins Hancock and Sides
Architecture, Interiors, Engineering Inc.

By: _____
Edwin Hancock
Vice President

EXHIBIT E
(Percentage Interests)

SCHEDULE OF STATED VALUES AND PERCENTAGE INTERESTS

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-11	G	80,000	.87671%
A-12	G	80,000	.87671%
A-13	G	80,000	.87671%
A-14	G	80,000	.87671%
A-15	G	80,000	.87671%
A-16	G	80,000	.87671%
A-17	G	80,000	.87671%
A-18	G	80,000	.87671%
A-21	G	80,000	.87671%
A-22	G	80,000	.87671%
A-23	G	80,000	.87671%
A-24	G	80,000	.87671%
A-25	G	80,000	.87671%
A-26	G	80,000	.87671%
A-27	G	80,000	.87671%
A-28	G	80,000	.87671%
A-31	G	80,000	.87671%
A-32	G	80,000	.87671%
A-33	G	80,000	.87671%
A-34	G	80,000	.87671%
A-35	G	80,000	.87671%
A-36	G	80,000	.87671%
A-37	G	80,000	.87671%
A-38	G	80,000	.87671%
A-41	G	80,000	.87671%
A-42	G	80,000	.87671%
A-43	G	80,000	.87671%
A-44	G	80,000	.87671%
A-45	G	80,000	.87671%
A-46	G	80,000	.87671%
A-47	G	80,000	.87671%
A-48	G	80,000	.87671%
A-51	G	80,000	.87671%
A-52	G	80,000	.87671%
A-53	G	80,000	.87671%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-54	G	80,000	.87671%
A-55	G	80,000	.87671%
A-56	G	80,000	.87671%
A-57	G	80,000	.87671%
A-58	G	80,000	.87671%
B-11	G	80,000	.87671%
B-12	G	80,000	.87671%
B-13	G	80,000	.87671%
B-14	G	80,000	.87671%
B-15	G	80,000	.87671%
B-16	G	80,000	.87671%
B-17	G	80,000	.87671%
B-18	G	80,000	.87671%
B-21	G	80,000	.87671%
B-22	G	80,000	.87671%
B-23	G	80,000	.87671%
B-24	G	80,000	.87671%
B-25	G	80,000	.87671%
B-26	G	80,000	.87671%
B-27	G	80,000	.87671%
B-28	G	80,000	.87671%
B-31	G	80,000	.87671%
B-32	G	80,000	.87671%
B-33	G	80,000	.87671%
B-34	G	80,000	.87671%
B-35	G	80,000	.87671%
B-36	G	80,000	.87671%
B-37	G	80,000	.87671%
B-38	G	80,000	.87671%
B-41	G	80,000	.87671%
B-42	G	80,000	.87671%
B-43	G	80,000	.87671%
B-44	G	80,000	.87671%
B-45	G	80,000	.87671%
B-46	G	80,000	.87671%
B-47	G	80,000	.87671%
B-48	G	80,000	.87671%
B-51	G	80,000	.87671%
B-52	G	80,000	.87671%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
B-53	G	80,000	.87671%
B-54	G	80,000	.87671%
B-55	G	80,000	.87671%
B-56	G	80,000	.87671%
B-57	G	80,000	.87671%
B-58	G	80,000	.87671%
C-11	J	95,000	1.04109%
C-12	I	90,000	.98630%
C-13	I	90,000	.98630%
C-14	I	90,000	.98630%
C-15	I	90,000	.98630%
C-16	I	90,000	.98630%
C-21	J	95,000	1.01409%
C-22	I	90,000	.98630%
C-23	I	90,000	.98630%
C-24	I	90,000	.98630%
C-25	I	90,000	.98630%
C-26	I	90,000	.98630%
C-31	J	95,000	1.04109%
C-32	I	90,000	.98630%
C-33	I	90,000	.98630%
C-34	I	90,000	.98630%
C-35	I	90,000	.98630%
C-36	I	90,000	.98630%
C-41	J	95,000	1.04109%
C-42	I	90,000	.98630%
C-43	I	90,000	.98630%
C-44	I	90,000	.98630%
C-45	I	90,000	.98630%
C-46	I	90,000	.98630%
C-51	J	95,000	1.04109%
C-52	I	90,000	.98630%
C-53	I	90,000	.98630%
C-54	I	90,000	.98630%
C-55	I	90,000	.98630%
C-56	I	90,000	.98630%
		$9,125,000	100%

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McNair 82480

00010407
RECORDED 08/05/1998 03:00P
Bk:891 Pg:1 Pages:42
Fee:47.00 State:0.00
County:0.00 Trans:0.00
Georgetown County, SC
Register of Deeds
Wanda J. Prevatte

Shipyard Village Development Corp LLC

1st amend master Deed
1.17 ac Ph II
Shipyard Village

Recorded this 7th day of
August A. D. 1998
Edna G. Freeman
Auditor, Georgetown Co. S.C.

00010407 08/05/1998 B891 P1
00013406 10/07/1998 B907 P127

Re-record to include parking plan and elevations

McNair Law Firm (JBM)

STATE OF SOUTH CAROLINA)
) FIRST AMENDMENT TO MASTER DEED OF SHIPYARD VILLAGE HORIZONTAL PROPERTY REGIME
COUNTY OF GEORGETOWN)

This First Amendment to the Master Deed of Shipyard Village Horizontal Property Regime (the "First Amendment") is made, published and declared this 3rd day of August, 1998 by the Shipyard Village Development Corp., LLC, a South Carolina limited liability company, successor to the development rights of Litchfield-By-The-Sea, a South Carolina Joint Venture, (hereinafter called the "Grantor") pursuant to the Master Deed for Shipyard Village Horizontal Property Regime dated July 7, 1982 and recorded in the Register of Deeds Office for Georgetown County ("R.O.D.") in Deed Book 201 at page 883, (hereinafter referred to as the "Master Deed"), and the provisions of the Horizontal Property Act of South Carolina, 1976 as amended (the "Act"), Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976 as amended.

RECITALS

1. Litchfield-By-The-Sea, a South Carolina Joint Venture ("LBTS") was the Grantor in the Master Deed.

2. LBTS reserved various developer rights under the terms of the Master Deed including but not limited to the right to submit to the Shipyard Village Horizontal Property Regime all or any portion of the Land as well as those rights set forth in Articles I, XIV and XV of the Master Deed.

3. LBTS assigned all of its reserved developer rights under the Master Deed to The Litchfield Company of South Carolina Limited Partnership by Assignment dated December 29, 1988 and recorded February 7, 1989 in the R.O.D. in Deed Book 322 at page 282 and The Litchfield Company of South Carolina Limited Partnership assigned said reserved developer rights to the Shipyard Village Development Corp., LLC by Assignment dated August 3, 1998 and recorded August 5, 1998 in the R.O.D in Deed Book 890 at page 335.

ARTICLE I
Purpose and Submission - Condominium Ownership

By the recording of the Master Deed, the Declarant created a Horizonal Property Regime and established certain easements, covenants and restrictions which run with the property as more fully set forth in said Master Deed. By virtue of the Master Deed, the Grantor submitted to condominium ownership the Property (hereafter defined) constituting Phase I of Shipyard Village Horizontal Property Regime. The Declarant specifically reserved the right to amend the Master Deed in the future to elect to incorporate into Shipyard Village Horizontal Property

GEORGETOWN COUNTY PARCEL # 4-110-1
RLD

CERTIFIED A TRUE AND CORRECT COPY
Wanda S. Prevatte
REGISTER OF DEEDS
GEORGETOWN COUNTY, S.C.

Regime portions of the Land, which together with the Property originally submitted in the Master Deed may be developed into up to four phases, all of which is more fully set forth in Article I of the Master Deed.

This First Amendment to the Master Deed is made, published and filed of record by the Grantor in order to publish its election to develop a portion of the Land composing Phase II (as hereinafter described) pursuant to its rights reserved in Article I of the Master Deed. The Grantor hereby specifies that this First Amendment to the Master Deed shall constitute its election to submit to the Master Deed and the Act the property composing Phase II (the "Phase II Property") and shall bind and inure to the benefit of the Grantor, its successors and assigns, and all subsequent owners of any interest in the Phase II Property, their grantees, successors, heirs, executors, administrators, devisees or assigns. The Grantor publishes and declares that the portion of the Land as described in Exhibit A attached hereto composing Phase II is hereby integrated and combined with the property composing Phase I (the property composing Phases I and II shall be collectively referred to as the "Property") and shall be owned, occupied, used, conveyed, encumbered, leased, and improved in accordance with the provisions of the Act and in accordance with the covenants, restrictions, encumbrances, easements and obligations of record affecting the Property as set forth or incorporated by reference in the Master Deed as amended hereby, all of which shall be deemed to be covenants and obligations running with the Property.

ARTICLE II
Phase II Property

Section 1. The Property. The portion of the Land submitted to condominium ownership in Phase II is shown by the plat entitled "Asbuilt Survey of Phase II, Shipyard Village Horizontal Property Regime Phase II" dated July 28, 1998 prepared by ETS - Engineering and Technical Services, Inc., which plat is attached hereto as Exhibit B and incorporated herein by reference and is recorded in the R.O.D. in Slide 379 at page 7 (the "Phase II Plat"), and Phase II Property is furthermore described in Exhibit A attached hereto and specifically incorporated by reference herein.

PURSUANT TO SECTION 27-31-100 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976 AS AMENDED, NOTICE IS GIVEN THAT ALL ACTIVITIES ON OR OVER AND ALL USES OF ANY SUBMERGED LAND OR OTHER CRITICAL AREAS ARE SUBJECT TO THE JURISDICTION OF THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, INCLUDING, BUT NOT LIMITED TO, THE REQUIREMENTS THAT ANY ACTIVITY OR USE MUST BE AUTHORIZED BY THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT. PURSUANT THERETO, ANY OWNER IS LIABLE TO THE EXTENT OF HIS OWNERSHIP FOR ANY DAMAGES TO, ANY INAPPROPRIATE OR UNPERMITTED USES OF, AND ANY DUTIES OR RESPONSIBILITIES CONCERNING ANY SUBMERGED LAND, COASTAL WATERS OR OTHER CRITICAL AREA.

Section 2. Phase II Building Locations. Grantor has constructed upon the Phase II Property one building containing 30 Units, said building being designated as the "Captain's Quarters C" Building or the "Phase II Building" on the Unit Plans (as hereinafter defined). The Phase II Building is of concrete and steel construction on pilings with steel stud and synthetic stucco siding. The floors in the Phase II Building are post tensional concrete. The Phase II Building is five (5) floors in height above covered parking with six (6) Units located on each floor. The Phase II Plat and the Unit Plans (as hereinafter defined) show the horizontal and vertical location of the Phase II Building and the Units located therein. Each of the five (5) floors has a common walkway which is connected by two elevators and two common stairways, all of which are General Common Elements. All of the Units in the Phase II Building are adjacent to and are connected with a common walkway located on each floor of the Phase II Building. The location of the Phase II Building and other improvements on the Regime Property is shown on the Phase II Plat. The Phase II Building and the Units contained therein and the General Common Elements and Limited Common Elements constructed on and forming a part of the Regime Property are constructed in substantial accordance with the architectural plans identified as Exhibit C attached hereto and incorporated herein (the "Unit Plans"), which Unit Plans are certified to by a architect licensed to practice in the State of South Carolina, said certification attached hereto as Exhibit D. The Phase II Building is also referred to as the "Captain's Quarters at Shipyard Village." The Phase II Building contains the following Units:

Floor	Unit Numbers
1	C-11, C-12, C-13, C-14, C-15, C-16
2	C-21, C-22, C-23, C-24, C-25, C-26
3	C-31, C-32, C-33, C-34, C-35, C-36
4	C-41, C-42, C-43, C-44, C-45, C-46
5	C-51, C-52, C-53, C-54, C-55, C-56

Section 3. Description of Parking Areas. The Regime contains covered and uncovered parking areas for the use of Unit Owners in parking vehicles and for guest parking. Some of the covered parking areas are Limited Common Elements and their use is restricted exclusively to the Owner of the Unit to which said covered parking is appurtenant, members of his immediate family, guests and tenants. The covered parking is more fully shown in the Unit Plans attached hereto as Exhibit C. The parking will be subject to the rules and regulations promulgated by the Association from time to time.

Section 4. Description of Units in Phase II. The location of the Phase II Building and the Units contained therein are more fully shown on the Phase II Plat and in the Unit Plans attached hereto as Exhibits B and C, respectively and by reference incorporated herein. There are thirty (30) Units in the Phase II Building representing ten (10) different floor plans. The individual Units in Phase II and their floor plans, dimensions and location in the Phase II Building are depicted by the Phase II Plat and the Unit Plans and are described as follows:

a. **"A" Floor Plan Unit.** There are four (4) "A" Floor Plan Units in the Phase II Building located on the second, third, fourth and fifth floors (above the covered parking). Units C-21, C-31, C-41 and C-51 are "A" Floor Plan Units, as more fully shown on the Unit Plans. Each "A" Floor Plan Unit contains approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "A" Floor Plan Units include rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

b. **"A-F" Floor Plan Unit.** There is one (1) A-F Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-11 is the "A-F" Floor Plan Unit, as more fully shown on the Unit Plans. The "A-F" Floor Plan Unit contains approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "A-F" Floor Plan Unit includes rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

c. **"B" Floor Plan Unit.** There are four (4) "B" Floor Plan Units in the Phase II Building, located on the second, third, fourth and fifth floors (above the covered parking). Units C-22, C-32, C-42 and C-52 are "B" Floor Plan Units, as more fully shown on the Unit Plans. The "B" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

d. **"B-F" Floor Plan Unit.** There is one "B-F" Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-12 is the "B-F" Floor Plan Unit. The "B-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

e. **"B-Opposite" Floor Plan Unit.** There are eight (8) "B-Opposite" Floor Plan Units in the Phase II Building located on the second, third, fourth and fifth floors (above the covered parking). Units C-23, C-33, C-43, C-53, C-25, C-35, C-45 and C-55 are "B-Opposite" Floor Plan Units, as more fully shown on the Unit Plans. The "B-Opposite" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-Opposite" Floor Plan Units contain rooms as follows: foyer, laundry

room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

f. **"B-F Opposite" Floor Plan Unit.** There are two (2) "B-F Opposite" Floor Plan Units in the Phase II Building located on the first floor (above the covered parking). Units C-13 and C-15 are the "B-F Opposite" Floor Plan Units, as more fully shown on the Unit Plans. The "B-F Opposite" Floor Plan Units contain approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F Opposite" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

g. **"C" Floor Plan Unit.** There are four (4) "C" Floor Plan Units in the Phase II Building, located on the second, third, fourth and fifth floors (above the covered parking). Units C-24, C-34, C-44 and C-54 are "C" Floor Plan Units, as more fully shown on the Unit Plans. The "C" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

h. **"C-F" Floor Plan Unit.** There is one "C-F" Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-14 is the "C-F" Floor Plan Unit. The "C-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

i. **"D" Floor Plan Unit.** There are four (4) "D" Floor Plan Units in the Phase II Building, located on the second, third, fourth and fifth floors (above the covered parking). Units C-26, C-36, C-46 and C-56 are "D" Floor Plan Units, as more fully shown on the Unit Plans. The "D" Floor Plan Units contain approximately 1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "D" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

j. **"D-F" Floor Plan Unit.** There is one "D-F" Floor Plan Unit in the Phase II Building, located on the first floor (above the covered parking). Unit C-16 is the "D-F" Floor Plan Unit. The "D-F" Floor Plan Unit contains approximately

1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "D-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

Section 5. Unit Boundaries. Each Unit in Phase II is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building material enclosed within the following boundaries:

a. The upper boundaries of the Unit shall extend to the unfinished interior surfaces of the unfinished sheetrock or other ceiling material. The lower boundaries of the Unit shall extend to the unfinished surface of the structural concrete slab constituting the floor.

b. The perimetrical boundaries of the Unit shall extend to the unfinished interior surfaces of the perimeter walls of the Unit excluding load bearing structural interior walls or components.

c. Each Unit shall also encompass and include, and each Owner shall be responsible for maintenance and repair of the following whether located within or without the boundaries described in (a) and (b) above: (i) the doorways, windows, vents and other non-structural elements in the walls, floor, and ceilings of the Unit which are regarded as enclosures of space; (ii) the doors (including any screen doors) opening into the Unit and into any storage area integral to the Unit, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (iii) the sliding-glass doors, if any, opening from each Unit to said Unit's balcony, (iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit; (v) the plumbing, wiring, and mechanical vents that exclusively serve the Unit; (vi) the appliances, air conditioning, and heating units, (including the condenser and all piping, wiring and attachments), hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, wiring, insulation, and other fixtures, furnishings, and building materials which are part of the Unit when delivered to the initial Owner and which exclusively serve the Unit; and (vii) all appurtenances which are integral and exclusive to the Unit, including, but not limited to, lamps attached to the exterior of the Unit and water and sewer pipes within the Unit and exclusively serving the Unit.

Section 6. Central Systems Not Part of Units. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designed for the service of more than one Unit in the Phase II Building, nor any of the structural members of the Phase II Building, nor any other property of any kind which is not removable without jeopardizing the

soundness, safety or usefulness of the remainder of the Phase II Building shall be deemed to be a part of any Unit.

ARTICLE III
Description of General Common Elements, Limited Common Elements, and Percentage Interests

Section 1. General Common Elements. The General Common Elements in Phase II of the Regime are described as follows: (i) the property composing Phase II as described on Exhibit A hereto and all those portions of the Phase II Building and property which are not included as or comprise part of the Units or the Limited Common Elements; (ii) the foundations, structural parts, supports, main and load bearing and exterior walls, non-load bearing walls and partitions not located within the Unit, columns, beams, roofs, floor slabs, pipe chases and interior walls and partitions, if any, enclosing said pipe chases, and the space occupied by all of the following: corridors, elevators, elevator equipment and stairways (except for certain stairways associated with A-F, B-F, B-F Opposite, C-F and D-F Floor Plan Units and designated as Limited Common Elements) as hereinafter set forth; (iii) all parking areas not designated for a specific Unit, access roads, driveways, pedestrian sidewalks, landscape and planting areas, fences, street lights and other facilities located within the Property, if any; (iv) installations of all central services and utilities and water, gas, sewer, electric, telephone and other utility lines, pipes, conduits, fixtures and associated equipment, facilities which serve the General Common Elements or serve more than one Unit or both; (v) the lobby area of the Phase II Building, elevator and electrical rooms; (vi) portions of the Regime Property constituting Phase II Building and other improvements thereon used exclusively for the management, operation and maintenance of the Regime Property; (vii) all other apparatus and installations existing or intended for common use.

Section 2. Limited Common Elements. Limited Common Elements shall mean and include all balconies that are located adjacent to each Unit and designated storage areas located on the same floor of the Phase II Building as the Unit and designated by the Unit's number as set forth in the Unit Plans. Limited Common Elements shall also include storage units located in the covered parking area which storage units shall be designated by the Unit's number. The Limited Common Elements shall also include certain stairways from the balconies of Units C-11, C-12, C-13, C-14, C-15 and C-16 to the ground level which stairs are shown on the Unit Plans. Units C-12 and C-13 share a portion of said stairs from the landing where each Unit's separate stairs join to the ground level, all of which is more particularly shown on the Units Plans. The landing and the portion of the stairs being shared by the aforesaid Units shall be restricted exclusively to the two Unit Owners sharing said landing and stairs, members of their immediate family, guests and tenants. The Unit Owners, as aforesaid, sharing said landing and stairs shall not place furniture plants, grills or other similar items within such area of joint use nor otherwise block the use of such joint landing and stair area. The Limited Common Elements shall also include parking spaces designated for exclusive use of a Unit, such parking spaces being designated by the Unit's number and shown in the Unit Plans attached hereto as Exhibit

C. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.

Section 3. Percentage Interests. Each Unit has appurtenant and assigned to it an undivided percentage interest in the General Common Elements and Limited Common Elements as set forth on Exhibit E attached hereto; provided, however, the use of the Limited Common Elements shall be restricted as set forth in Article III, Section 2 hereof. The Percentage Interest of a Unit in the General Common Elements and Limited Common Elements shall be inseparable from each Unit, and any conveyance, lease, devise or other disposition or mortgage or other encumbrance of any Unit shall extend to and include the Percentage Interest and the General Common Elements and Limited Common Elements, whether or not expressly referred to in the instrument effecting the same. The Percentage Interest of the Units, the General Common Elements and Limited Common Elements shall not be separately conveyed, transferred, alienated or encumbered and each of said Percentage Interest shall be deemed to be conveyed, transferred, alienated or encumbered with respect to its respective Unit, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may only refer to the fee title to the Unit. The Percentage Interest of each Unit has been determined by dividing the assigned value of each Unit by the aggregate assigned value of all of the Units. The assigned value of the Units in the Phase II Building are set forth on Exhibit E hereto. Assigned values are fixed for the sole purpose of complying with the Act and shall not prevent an owner from fixing a different circumstantial value to his or her Unit. For purposes of this instrument, the total assigned value of the Units in Phase II is $2,725,000.00 and the total assigned value of the Regime Property submitted to condominium ownership in Phases I and II is $9,125,000.00. Exhibit E sets forth the identification of the numbers, types, valuations; common interest and voting strength of each Unit in Phases I and II of Shipyard Village Horizontal Property Regime. Each Unit in Phases I and II shall be entitled to vote on all matters relating to the Association or to the Regime Property in proportion to their respective Percentage Interest in the General Common Elements as set forth in Exhibit E. The Grantor may construct in any future phase or group of phases any combination or mixture of the Units as provided in the Master Deed using the values assigned thereto but in no event shall the Percentage Interests for any Unit in Phases I and II be reduced more than is set forth in Exhibit C of the Master Deed. Percentage Interests in the General Common Elements and Limited Common Elements assigned to a Unit shall not be changed except with the unanimous consent of all of the Owners of all of the Units except as otherwise provided in the Master Deed.

ARTICLE IV
Confirmation and Ratification of Master Deed

Section 1. Grantor. Except as expressly supplemented and amended by this instrument, the Master Deed of Shipyard Village Horizontal Property Regime is hereby ratified and confirmed by the Grantor, and by reference to the Master Deed and all amendments thereto are specifically incorporated herein and republished and declared as hereby amended.

Section 2. Reservation of Rights. The Grantor, in accordance with the Master Deed, reserves all rights to submit to the Regime all or any portion of the Land as provided in Article I, Article XIV, and Article XV of the Master Deed, and all other rights reserved by the Grantor as provided in the Master Deed.

Section 3. Owners. By acceptance of the deed to a Unit, each purchaser of a Unit in Phases I and II ratifies and covenants to observe on behalf of himself, his heirs, successors and assigns, the Master Deed, as amended, and the Bylaws governing Shipyard Village Council of Co-Owners, Inc.

ARTICLE V
Miscellaneous

Section 1. Definitions. Except as otherwise set forth herein, the defined terms shall have those same meanings as set forth in the Master Deed.

Section 2. Controlling Provisions. Except as specifically amended herein, the Master Deed, as amended by the First Amendment shall remain in full force and effect.

[SIGNATURE PAGE ATTACHED]

00010407 08/05/1998 B891 P10
00013406 10/07/1998 B907 P136

IN WITNESS WHEREOF, Declarant has executed this First Amendment to Master Deed the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

James B. Moore Jr.

Chonda M. Howell

SHIPYARD VILLAGE DEVELOPMENT CORP., LLC
a South Carolina limited liability company

By: The Litchfield Company of South Carolina Limited Partnership, a South Carolina limited partnership, its Manager

By: Litchfield Enterprises, Inc., its sole general partner

By: D. G. Mahon, III (Seal)
Title: President

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGEMENT
COUNTY OF GEORGETOWN)

I, James B. Moore Jr., a Notary Public residing in the County and State aforesaid, do certify that the Shipyard Village Development Corp., LLC, a South Carolina Limited Liability Company, by The Litchfield Company of South Carolina Limited Partnership, its Manager by Litchfield Enterprises, Inc., its sole general partner by D. G. Mahon, III, its President, who is personally known to me, this day appeared before me personally and did acknowledge that it did sign, seal and deliver the foregoing instrument of its own free will and accord, for the purposes therein named and expressed.

SWORN to before me this 3rd day of August, 1998.

James B. Moore Jr. (L.S.)
Notary Public for SC
My Commission Expires: 3/25/2001

00010407 08/05/1998 B891 P11
00013406 10/07/1998 B907 P137

EXHIBIT A
(Legal Description)

All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina in Tax District Number 4 containing 1.17 acres as shown on a map entitled "As-Built Survey of Phase II, Shipyard Village Horizontal Property Regime, Phase II prepared for the Shipyard Village Development Corp., L.L.C." dated July 28, 1998, prepared by E.T.S.-Engineering and Technical Services, Inc., and recorded in the Register of Deeds Office for Georgetown County in Slide 279 at Page 7, and such property having such size, shape, metes, bounds, courses and distances as will more fully appear according to said map which map is incorporated herein by reference.

00010407 08/05/1998 B891 P12
00013406 10/07/1998 B907 P138

EXHIBIT B
(Phase II Plat)

As-Built Survey of Phase II, Shipyard Village Horizontal Property Regime prepared for Shipyard Village Development Corp., LLC by E.T.S.-Engineering and Technical Services, Inc., said map being dated July 28, 1998 and recorded in the Register of Deeds Office for Georgetown County in Slide 279 at page 7.

00010407 08/05/1998 B891 P13
00013406 10/07/1998 B907 P139

EXHIBIT C
(Unit Plans)

EXHIBIT "C"
(Parking Plan)

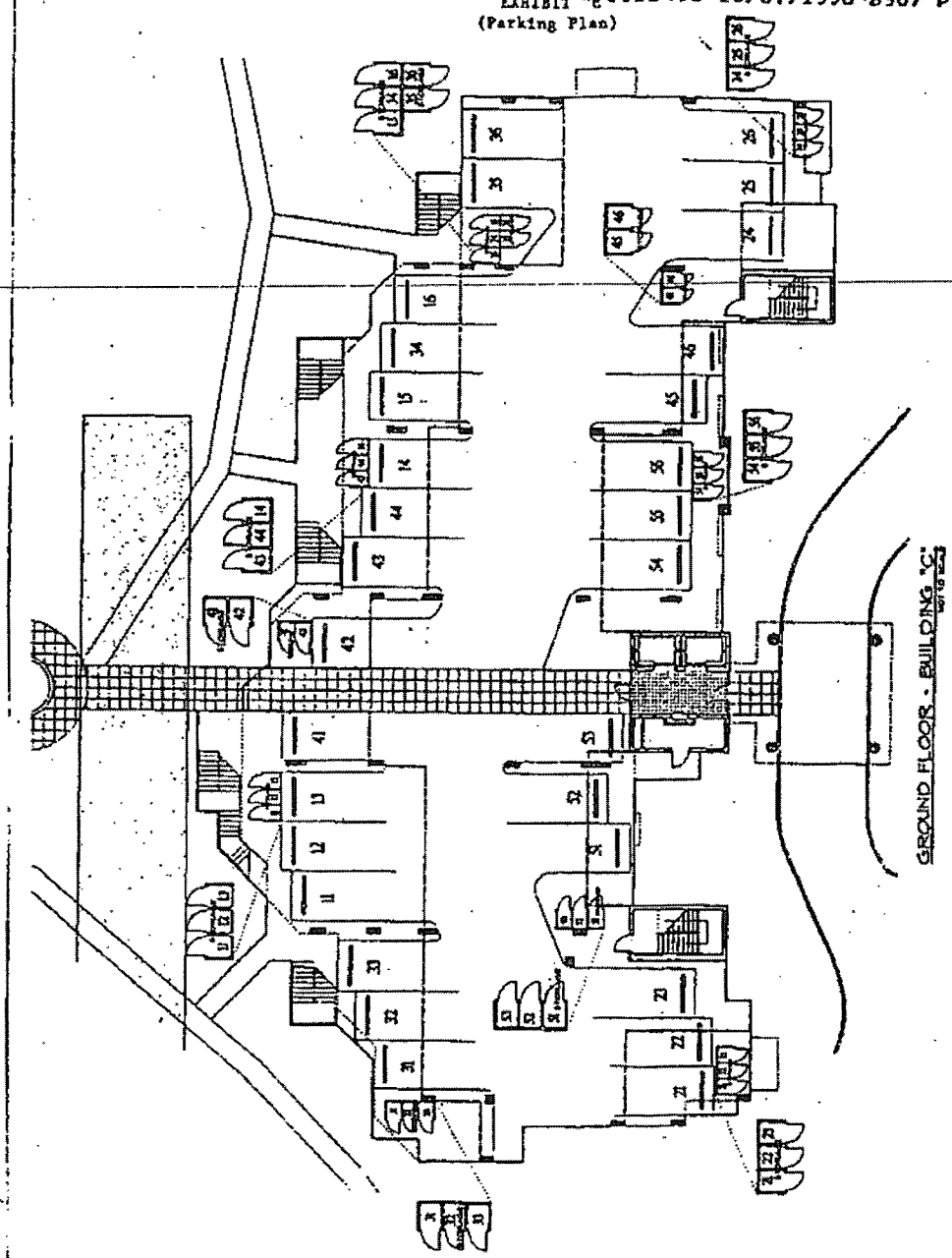
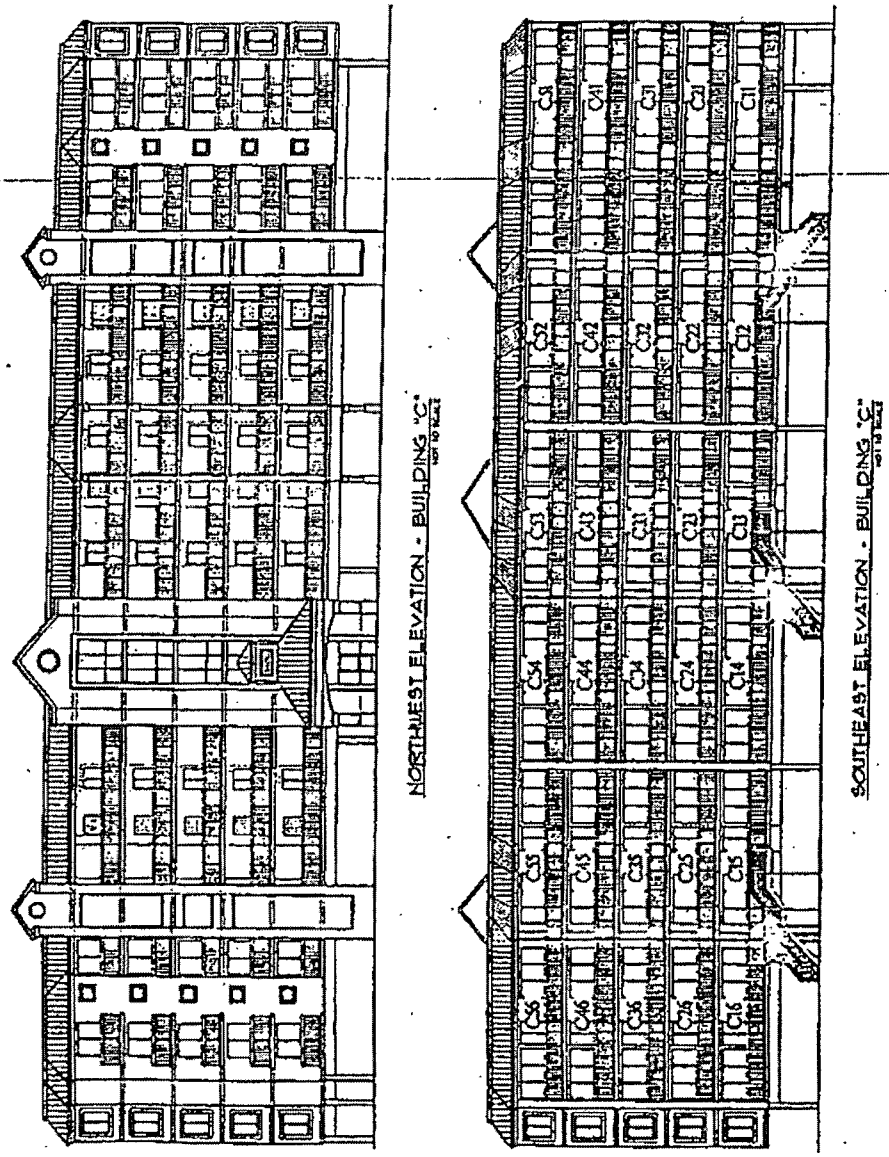
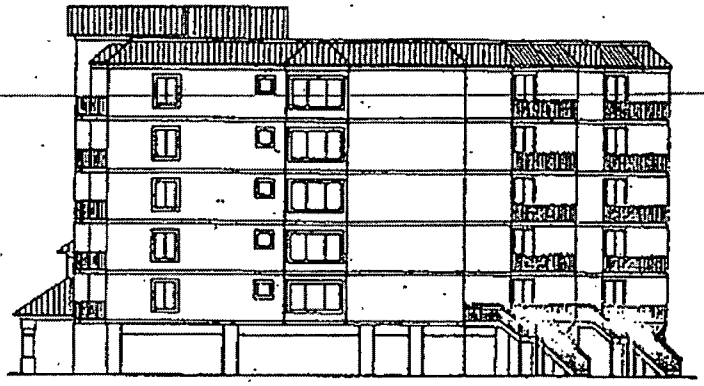


Exhibit "C" 98013406 10/07/1998 B907 P141
(Elevations)

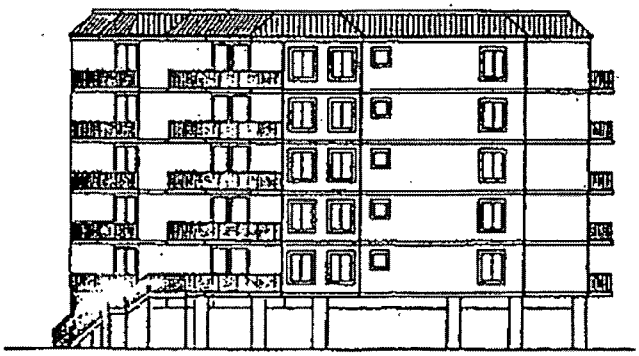


00013406 10/07/1998 B907 P142

EXHIBIT "C"
(Elevations)



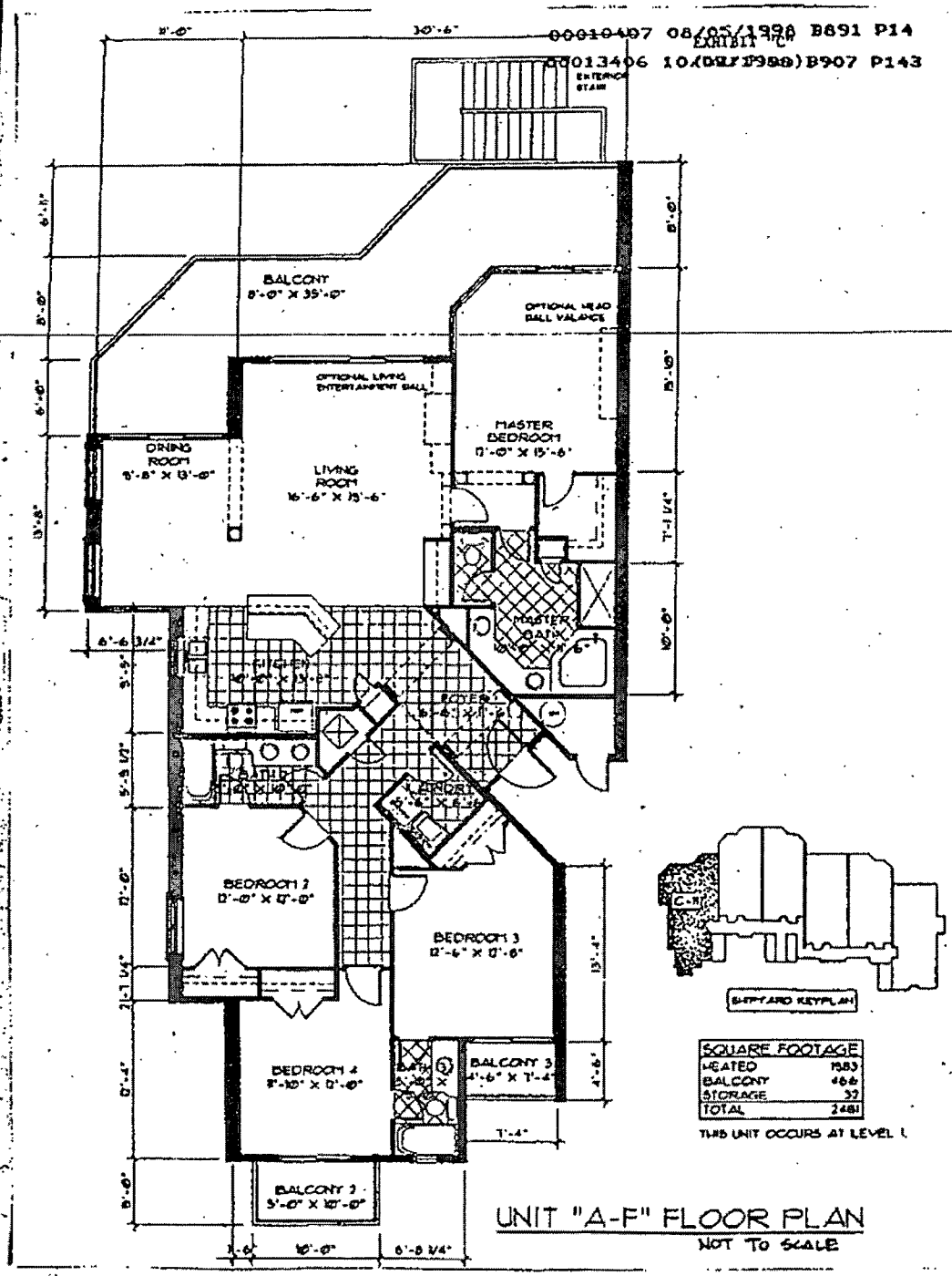
SOUTHWEST ELEVATION - BUILDING "C"



NORTHEAST ELEVATION - BUILDING "C"

00010497 08/05/1988 B891 P14
00013406 10/05/1988 B907 P143

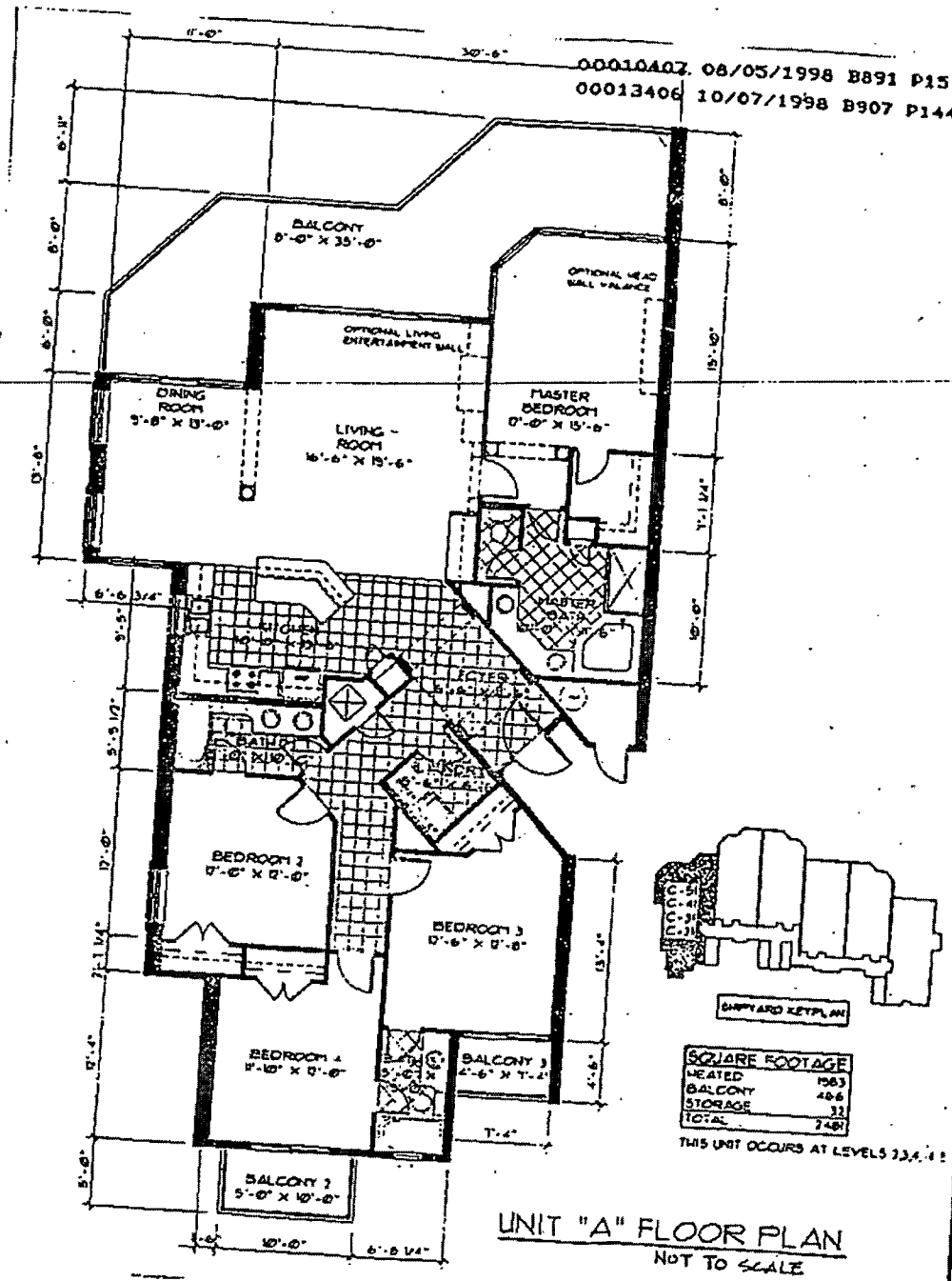
EXHIBIT "C"



UNIT "A-F" FLOOR PLAN

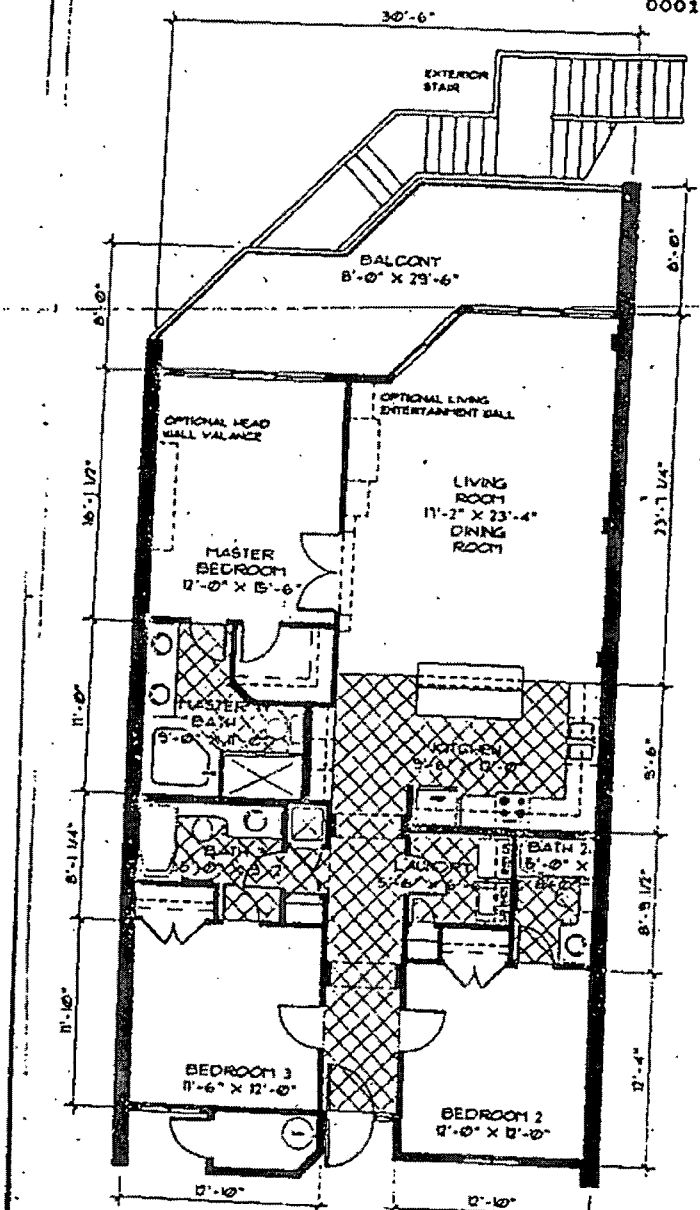
NOT TO SCALE

00010407 08/05/1998 B891 P15
00013406 10/07/1998 B907 P144

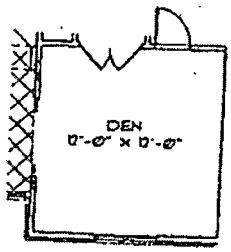


UNIT "A" FLOOR PLAN
NOT TO SCALE

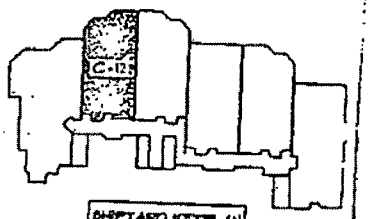
00010407 08/05/1998 B891 P16
00013406 10/07/1998 B907 P145



UNIT "B-F" FLOOR PLAN
SCALE 1/8"=1'-0"



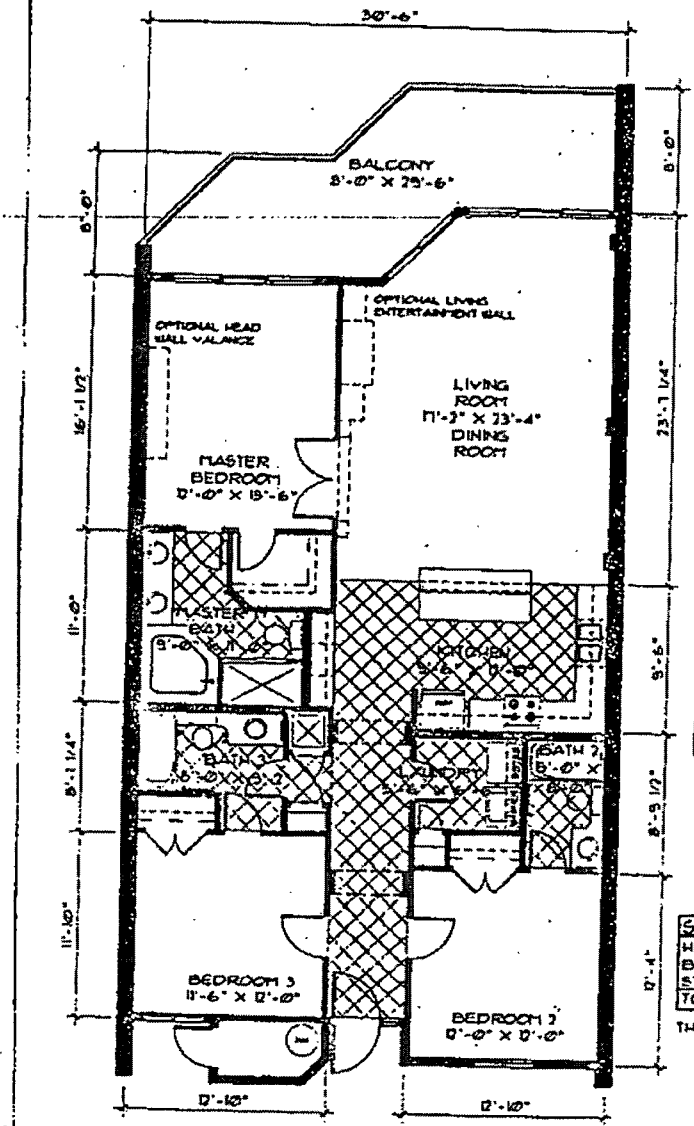
POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"



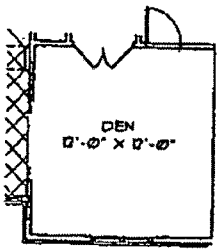
SQUARE FOOTAGE	
HEATED	837
BALCONY	235
STORAGE	30
TOTAL	1007

THIS UNIT OCCURS AT LEVEL 1

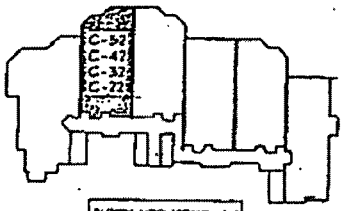
00010407 08/05/1998 B891 P17
00013406 10/07/1998 B907 P146



UNIT "B" FLOOR PLAN
SCALE 1/8"=1'-0"



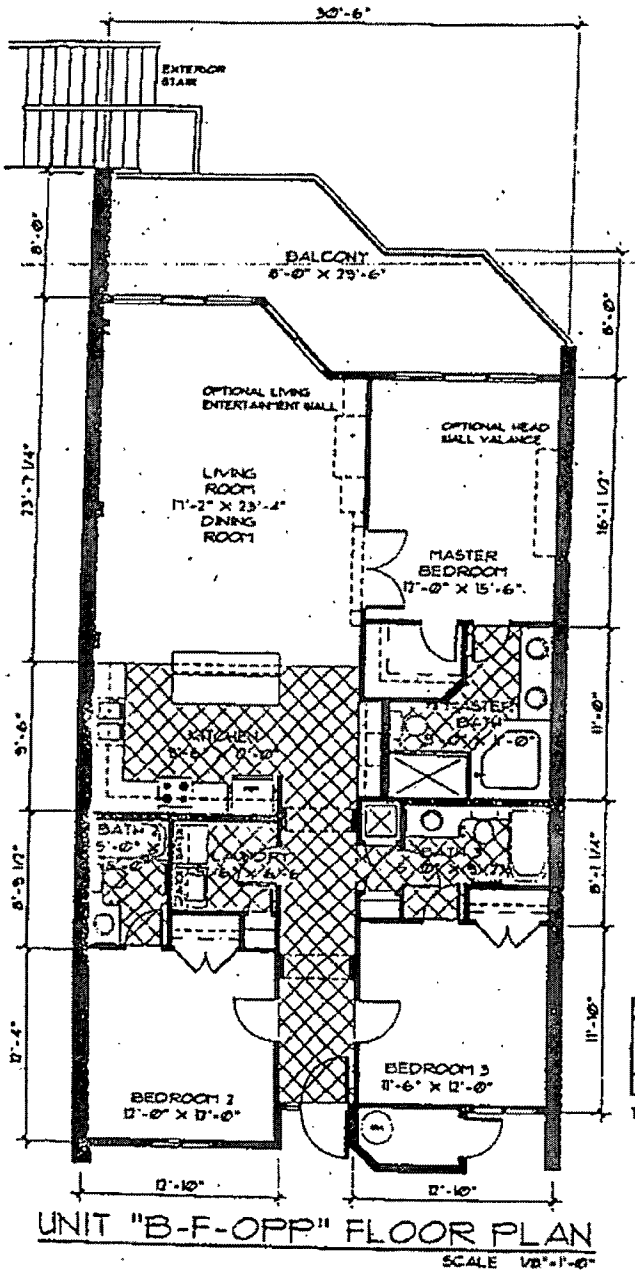
POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"



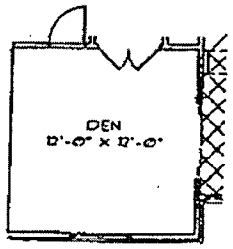
SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

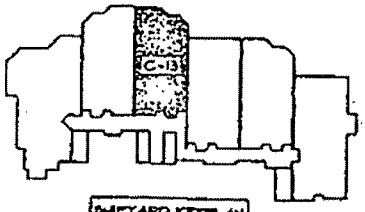
00010407 08/05/1998 B891 P18
00013406 10/07/1998 B907 P147



UNIT "B-F-OPP" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

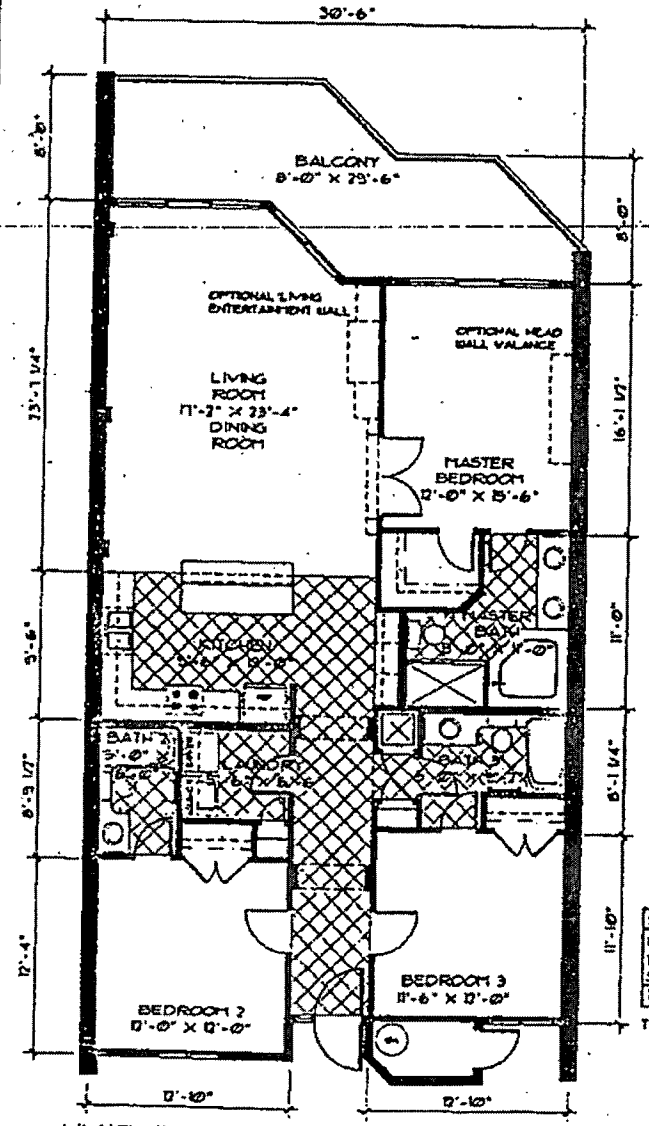


BAYYARD KEYPLAN

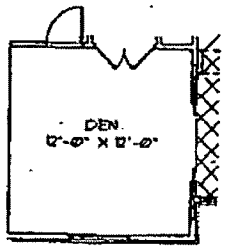
SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1807

THIS UNIT OCCURS AT LEVEL 1

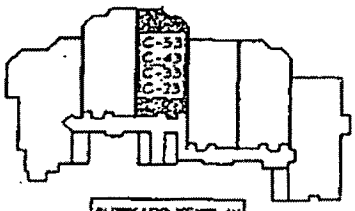
00010407 08/05/1998 B891 P19
00013406 10/07/1998 B907 P148



UNIT "B-OPP" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

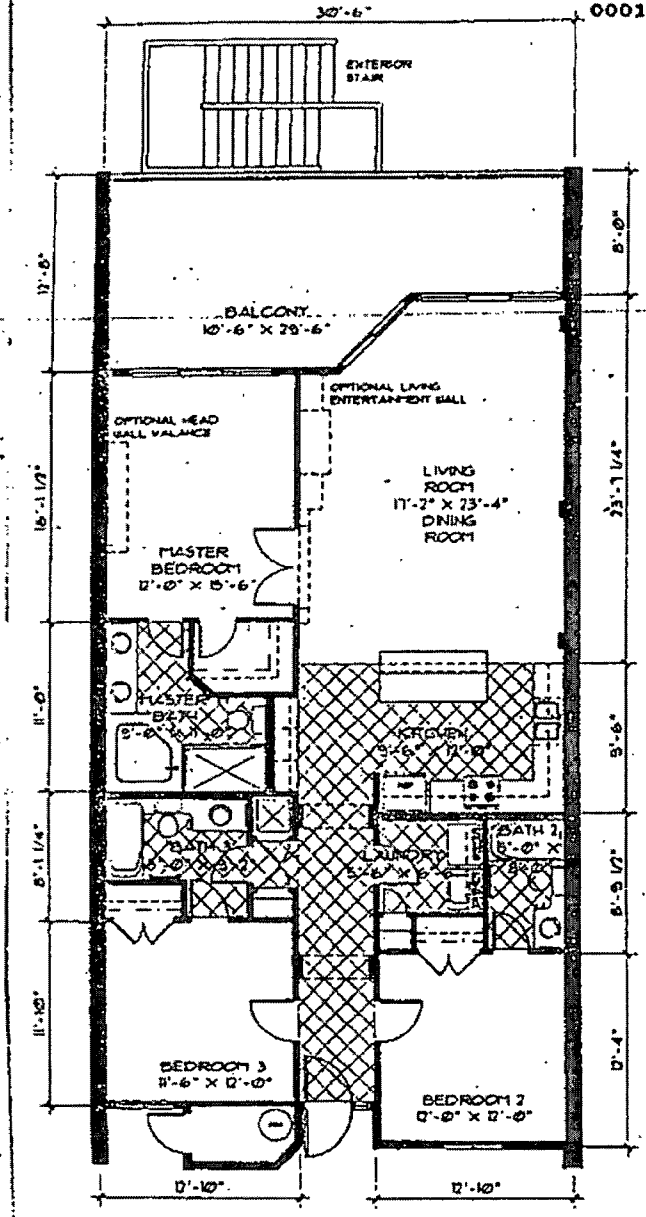


BARNYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

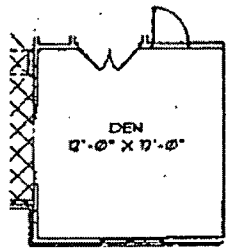
THIS UNIT OCCURS AT LEVELS 2,3,4, + 5.

00010407 08/05/1998 B891 P20
00013406 10/07/1998 B907 P149



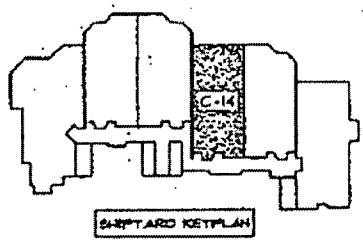
UNIT "C-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

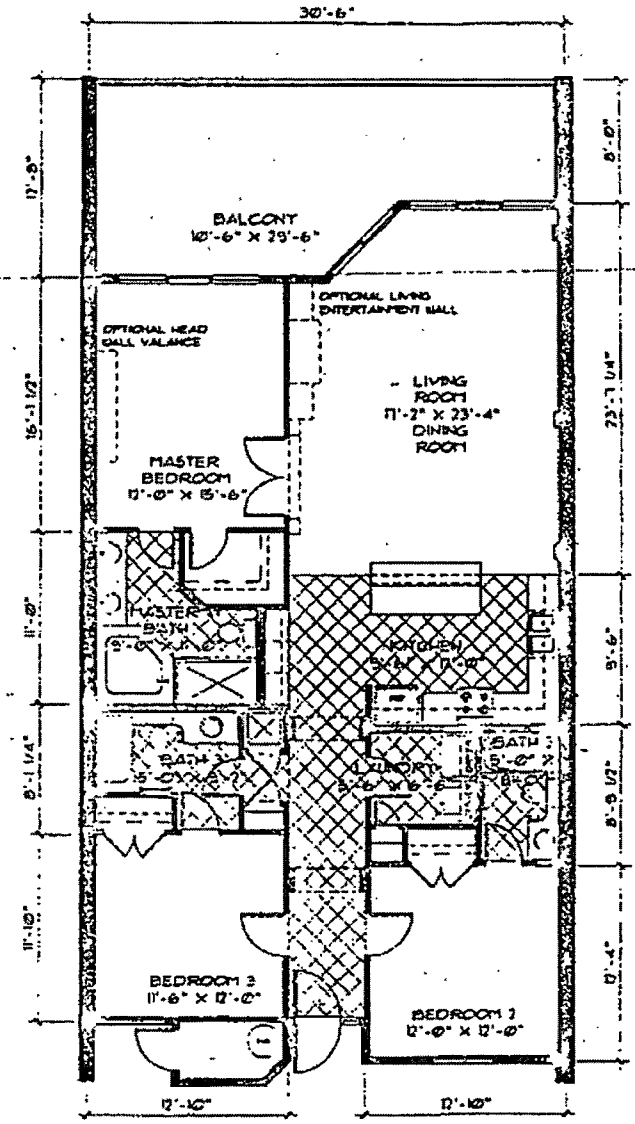


SHEPYARD KEYPLAN

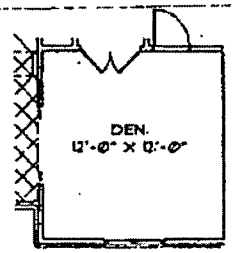
SQUARE FOOTAGE	
HEATED	1537
BALCONY	309
STORAGE	30
TOTAL	1876

THIS UNIT OCCURS AT LEVEL 1

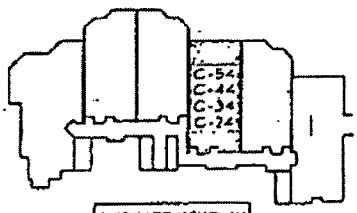
00010407 08/05/1998 B891 P21
00013406 10/07/1998 B907 P150



UNIT "C" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

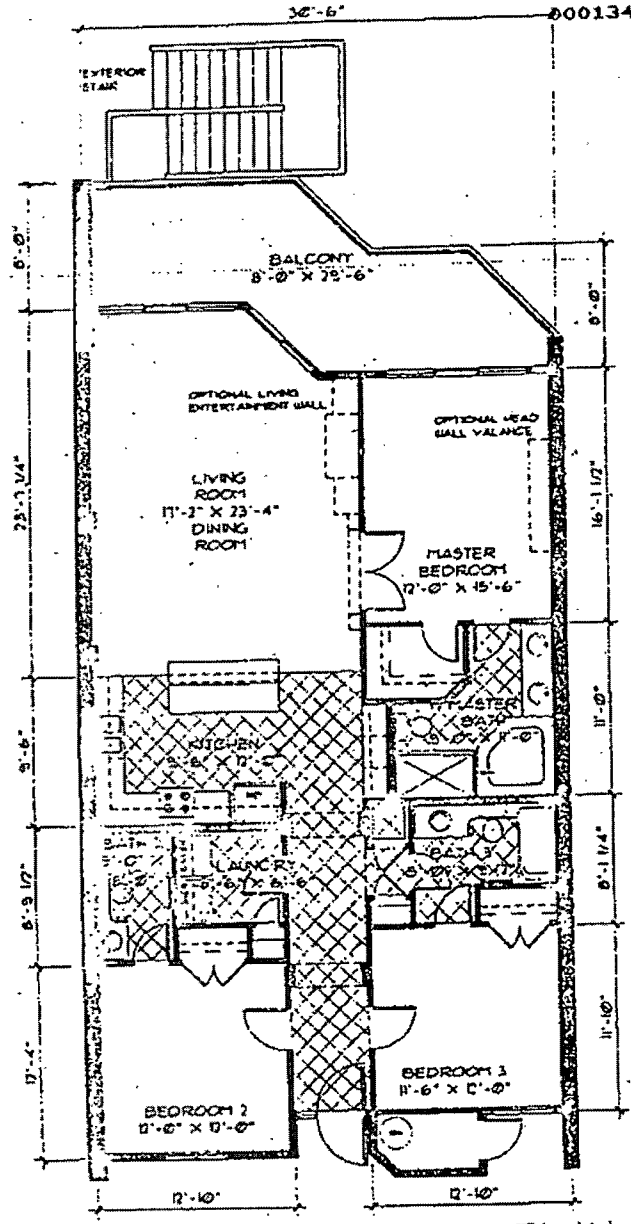


SHIPYARD KEYPLAN

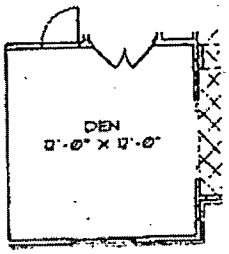
SQUARE FOOTAGE	
HEATED	1537
BALCONY	309
STORAGE	26
TOTAL	1872

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

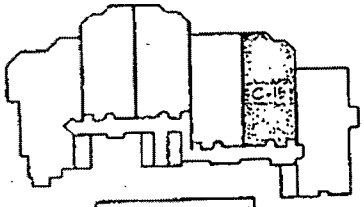
00010407 08/05/1998 B891 P22
00013406 10/07/1998 B907 P151



UNIT "B-F-OPP" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

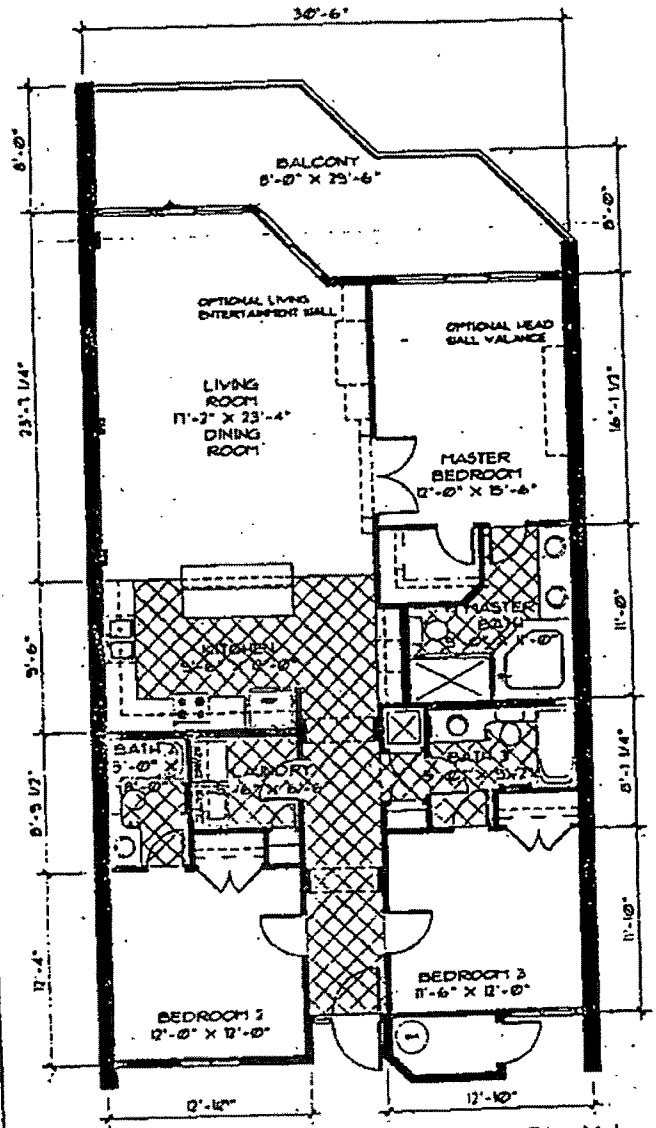


SHIPYARD KEYPLAN

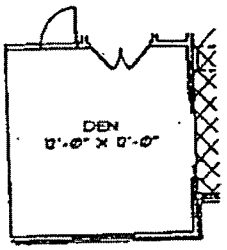
SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVEL 1

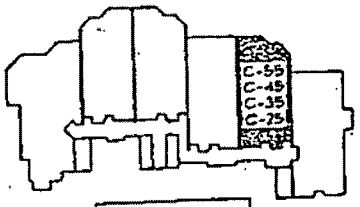
00010407 08/05/1998 B891 P23
00013406 10/07/1998 B907 P152



UNIT "B-OPP" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

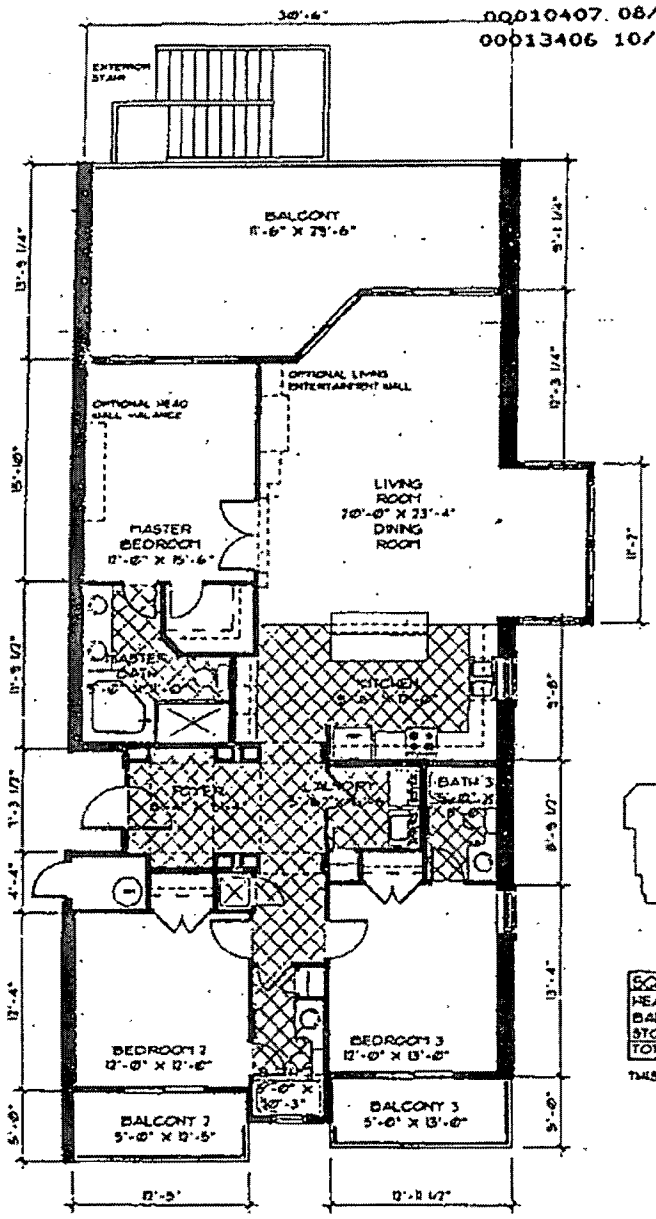


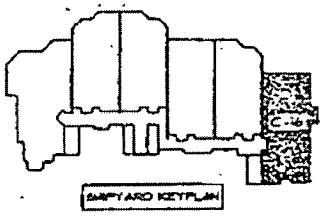
SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	240
TOTAL	1807

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P24
00013406 10/07/1998 B907 P153





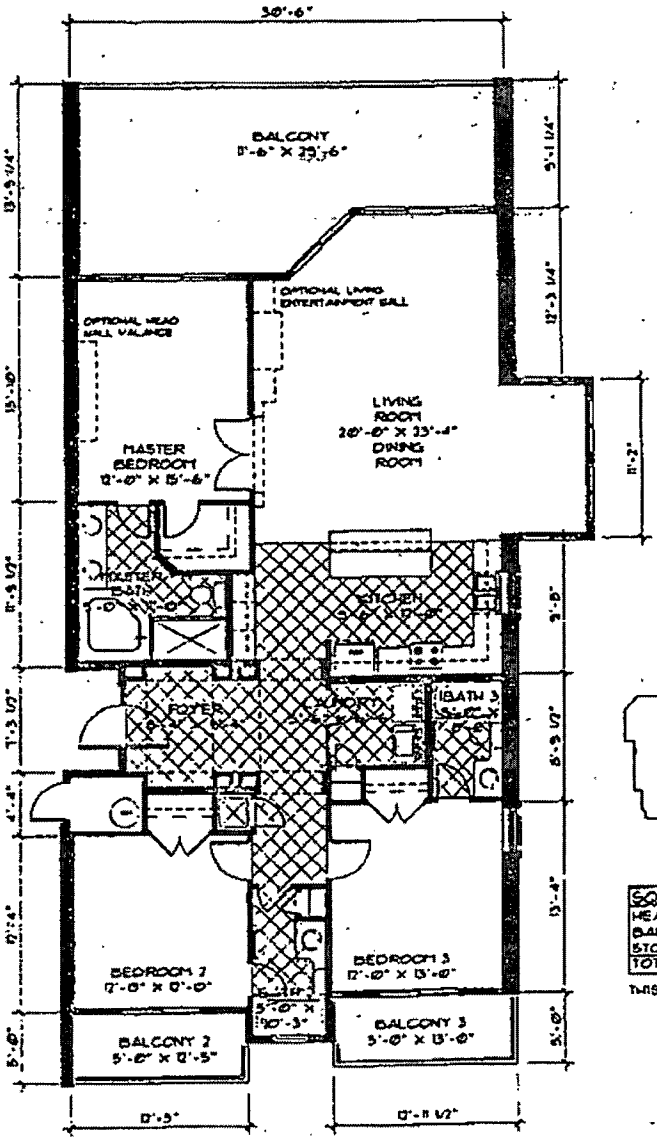
SQUARE FOOTAGE	
HEATED	1652
BALCONY	467
STORAGE	26
TOTAL	2145

THIS UNIT OCCURS AT LEVEL 1

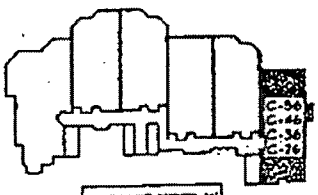
UNIT "D-F" FLOOR PLAN

NOT TO SCALE

00010407 08/05/1998 B891 P25
00013406 10/07/1998 B907 P154



UNIT "D" FLOOR PLAN
NOT TO SCALE

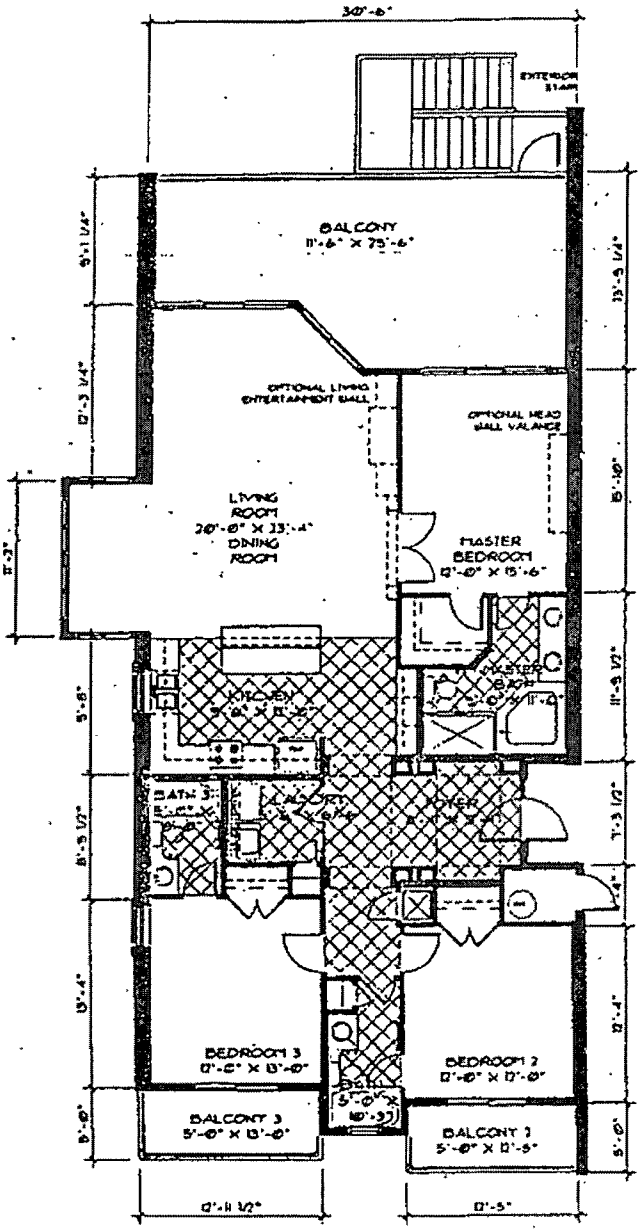


BLDG. AND KEYPLAN

SQUARE FOOTAGE	
HEATED	1652
BALCONY	467
STORAGE	26
TOTAL	2145

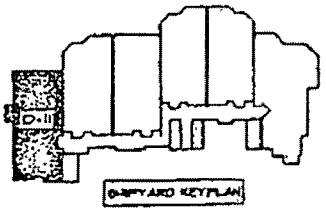
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P26
00013406 10/07/1998 B907 P155



UNIT "A-F" FLOOR PLAN

NOT TO SCALE

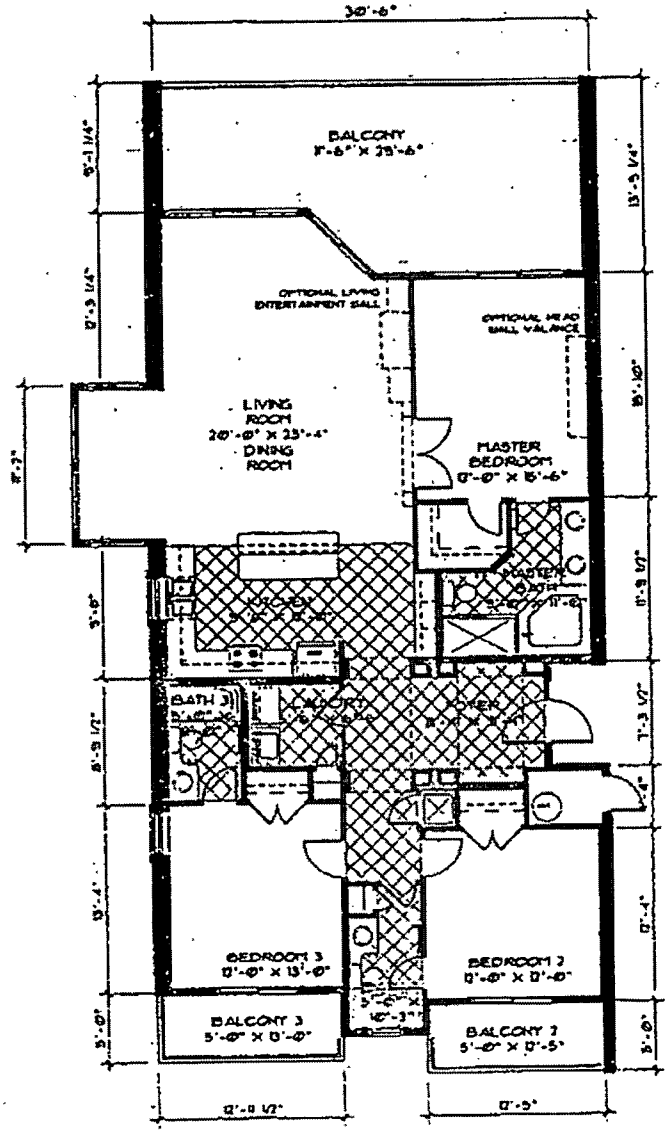


DUPPY ARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1651
BALCONY	467
STORAGE	26
TOTAL	2145

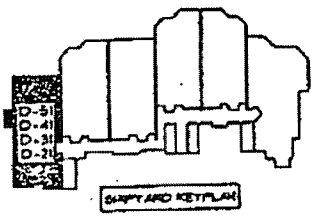
THIS UNIT OCCURS AT LEVEL 1

00010407 08/05/1998 B891 P87
00013406 10/07/1998 B907 P156



UNIT "A" FLOOR PLAN

NOT TO SCALE

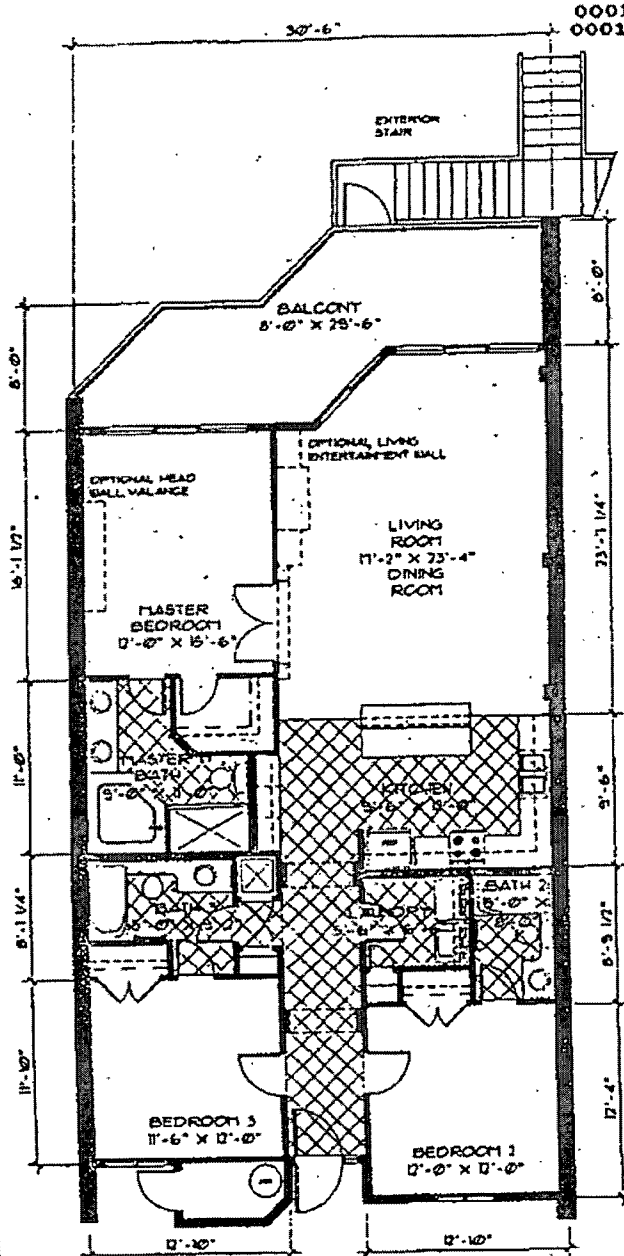


SHEET AND KEYPLAN

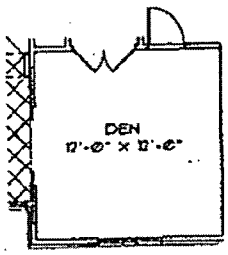
SQUARE FOOTAGE	
HEATED	1652
BALCONY	467
STORAGE	26
TOTAL	2145

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

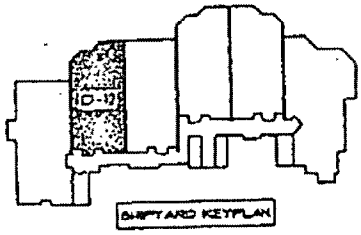
00010407 08/05/1998 B891 P28
00013406 10/07/1998 B907 P157



UNIT "B-F" FLOOR PLAN
SCALE 1/8"=1'-0"



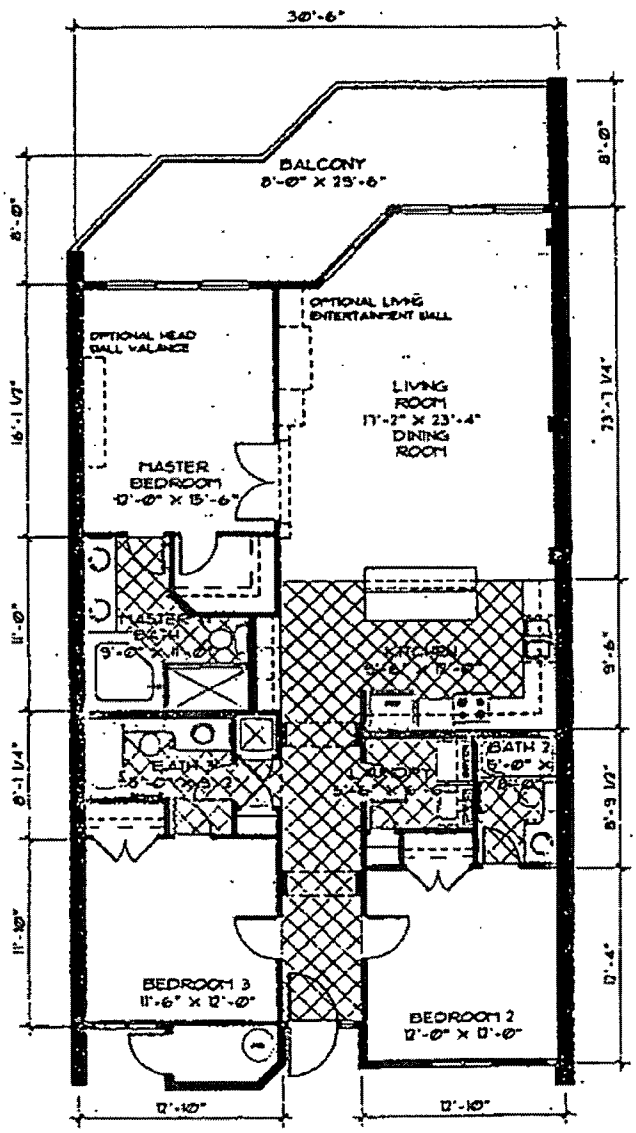
POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"



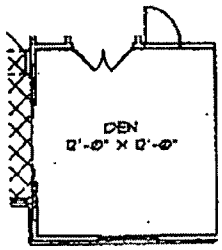
SQUARE FOOTAGE	
HEATED	831
BALCONY	235
STORAGE	30
TOTAL	1820

THIS UNIT OCCURS AT LEVEL 1

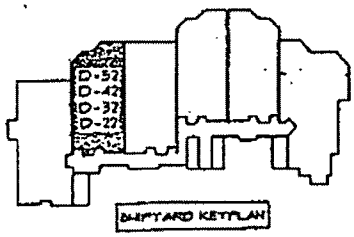
00010407 08/05/1998 B891 P29
00013406 10/07/1998 B907 P158



UNIT "B" FLOOR PLAN
SCALE 1/8"=1'-0"



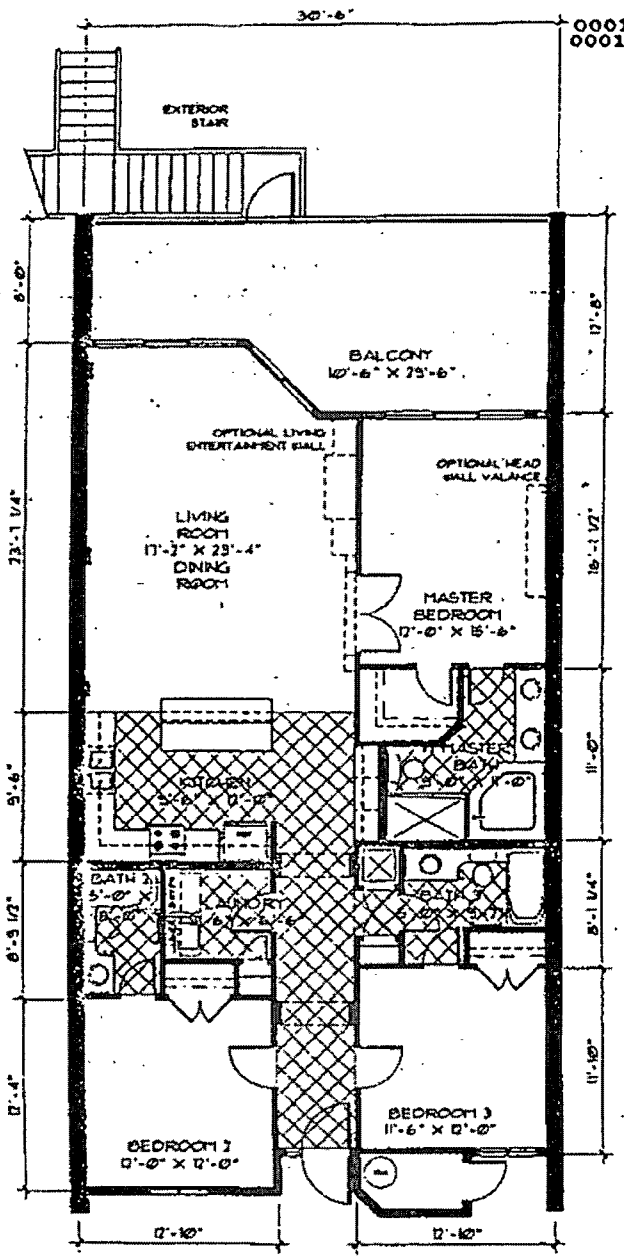
POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"



SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	36
TOTAL	1807

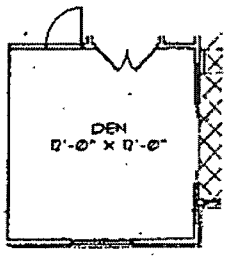
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P30
00013406 10/07/1998 B907 P159



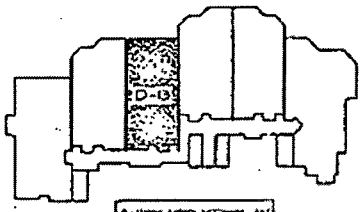
UNIT "C-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

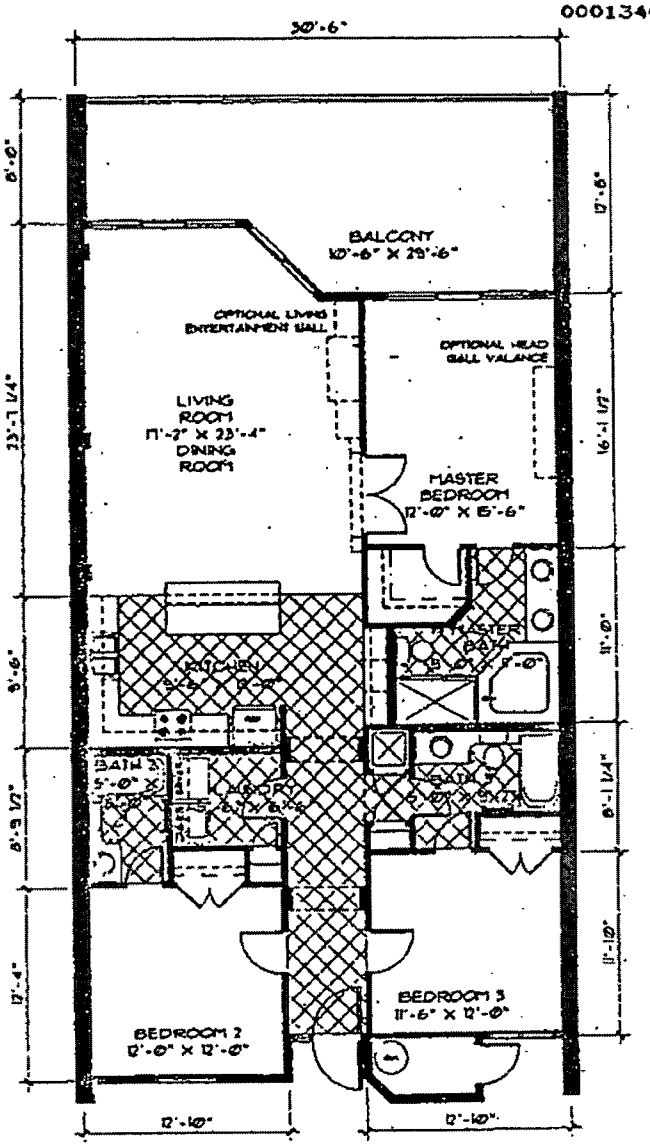
OPTIONAL SCALE 1/8"=1'-0"



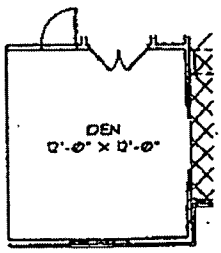
SQUARE FOOTAGE	
HEATED	531
BALCONY	309
STORAGE	36
TOTAL	1876

THIS UNIT OCCURS AT LEVEL 1

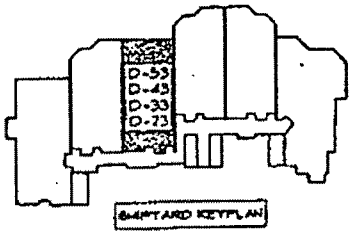
00010407 08/05/1998 B891 P31
00013406 10/07/1998 B907 P160



UNIT "C" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

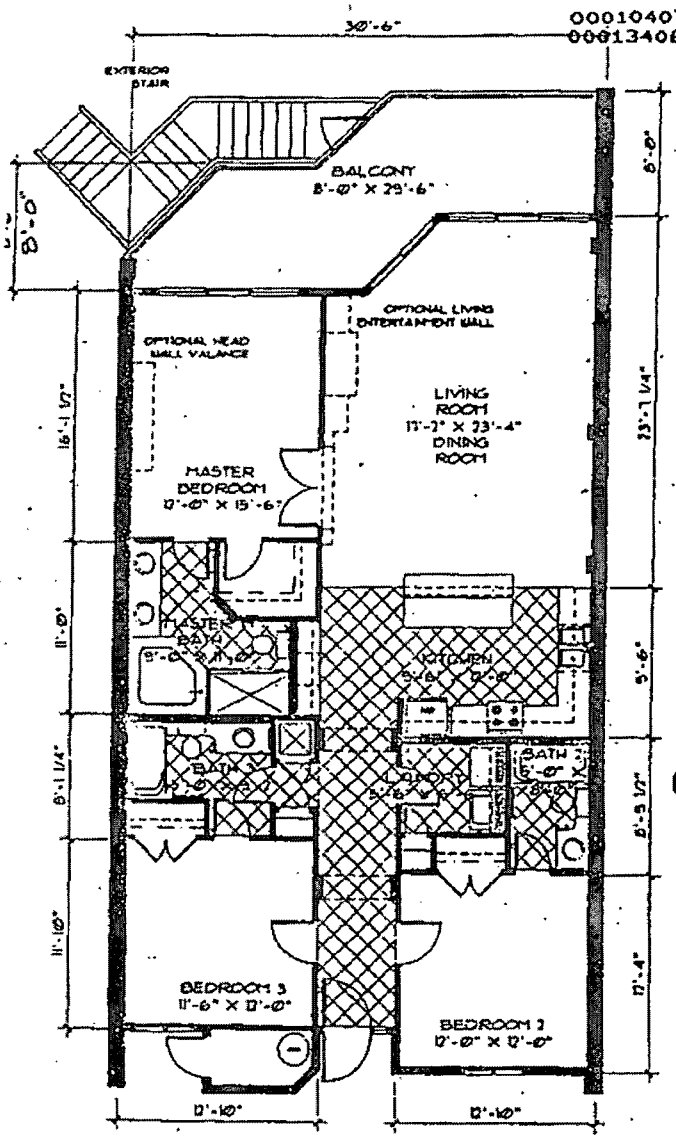


COURTYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1531
BALCONY	309
STORAGE	36
TOTAL	1876

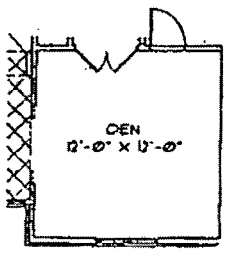
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P32
00013406 10/07/1998 B907 P161



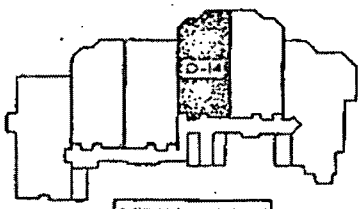
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-

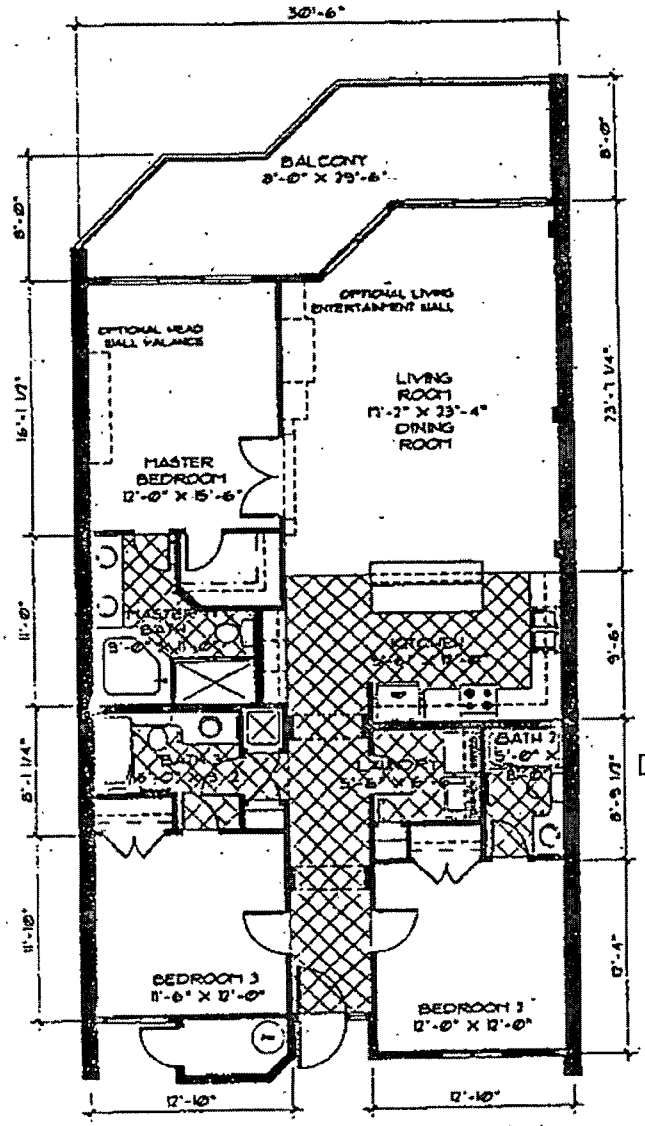


SHIPYARD KEYPLAN

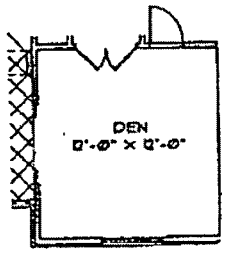
SQUARE FOOTAGE	
HEATED	1531
BALCONY	235
STORAGE	30
TOTAL	1807

THIS UNIT OCCURS AT LEVEL 1

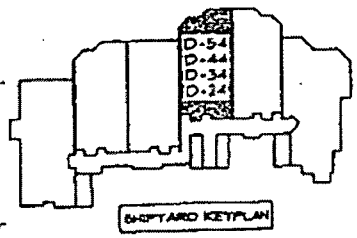
00010407 08/05/1998 B891 P33
00013406 10/07/1998 B907 P162



UNIT "B" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

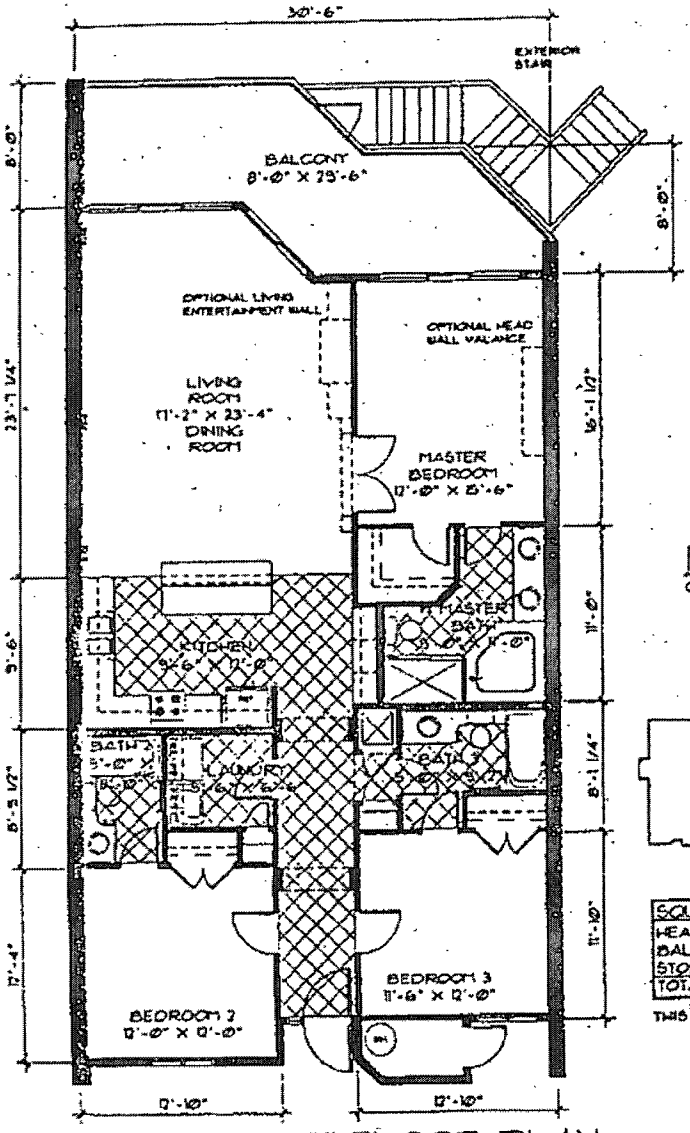


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1807

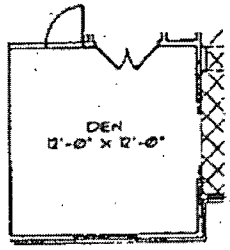
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P34
00013406 10/07/1998 B907 P163



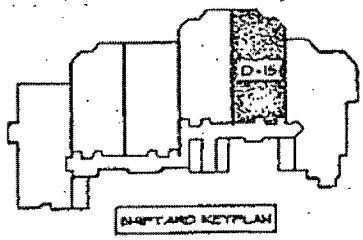
UNIT "B-F-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

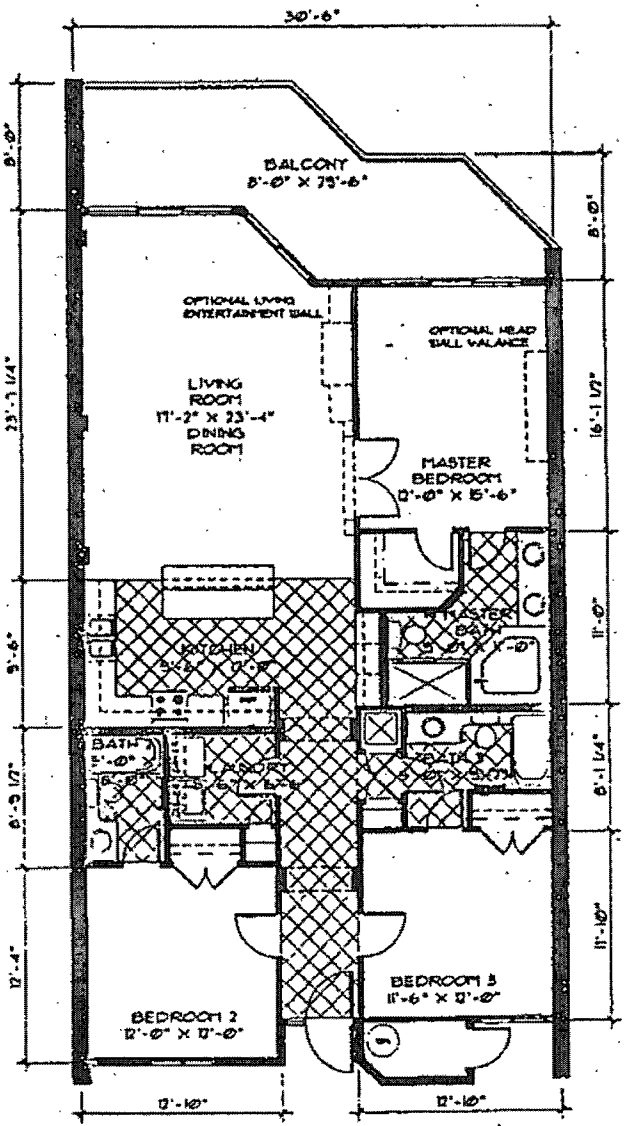


BLUEYARD KEYPLAN

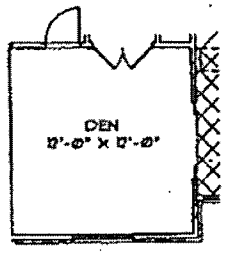
SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVEL 1

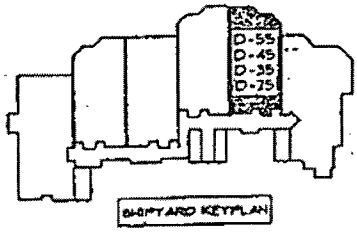
00010407 08/05/1998 B891 P35
00013406 10/07/1998 B907 P164



UNIT "B-OPP" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

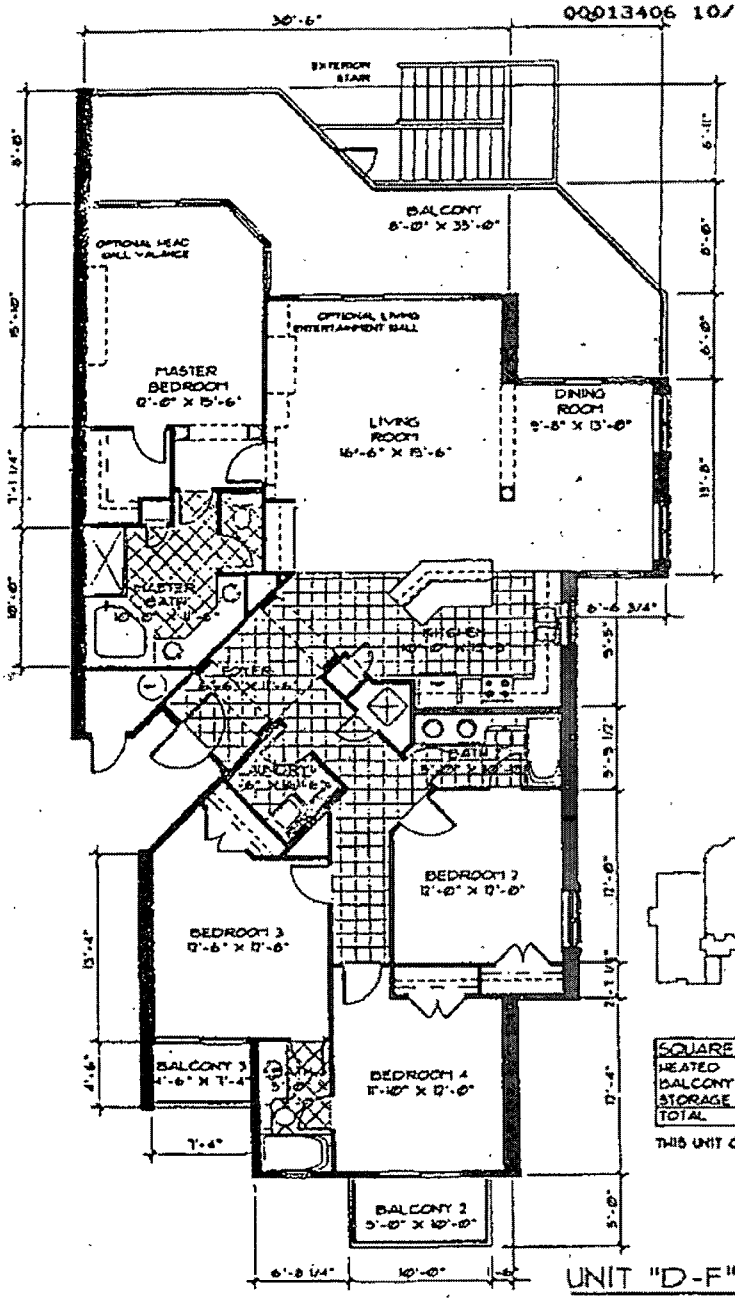


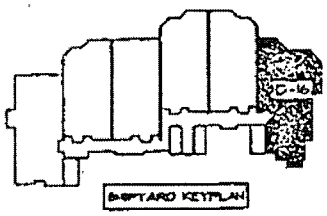
BUILDING KEYPLAN

SQUARE FOOTAGE	
HEATED	1531
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00010407 08/05/1998 B891 P36
00013406 10/07/1998 B907 P165





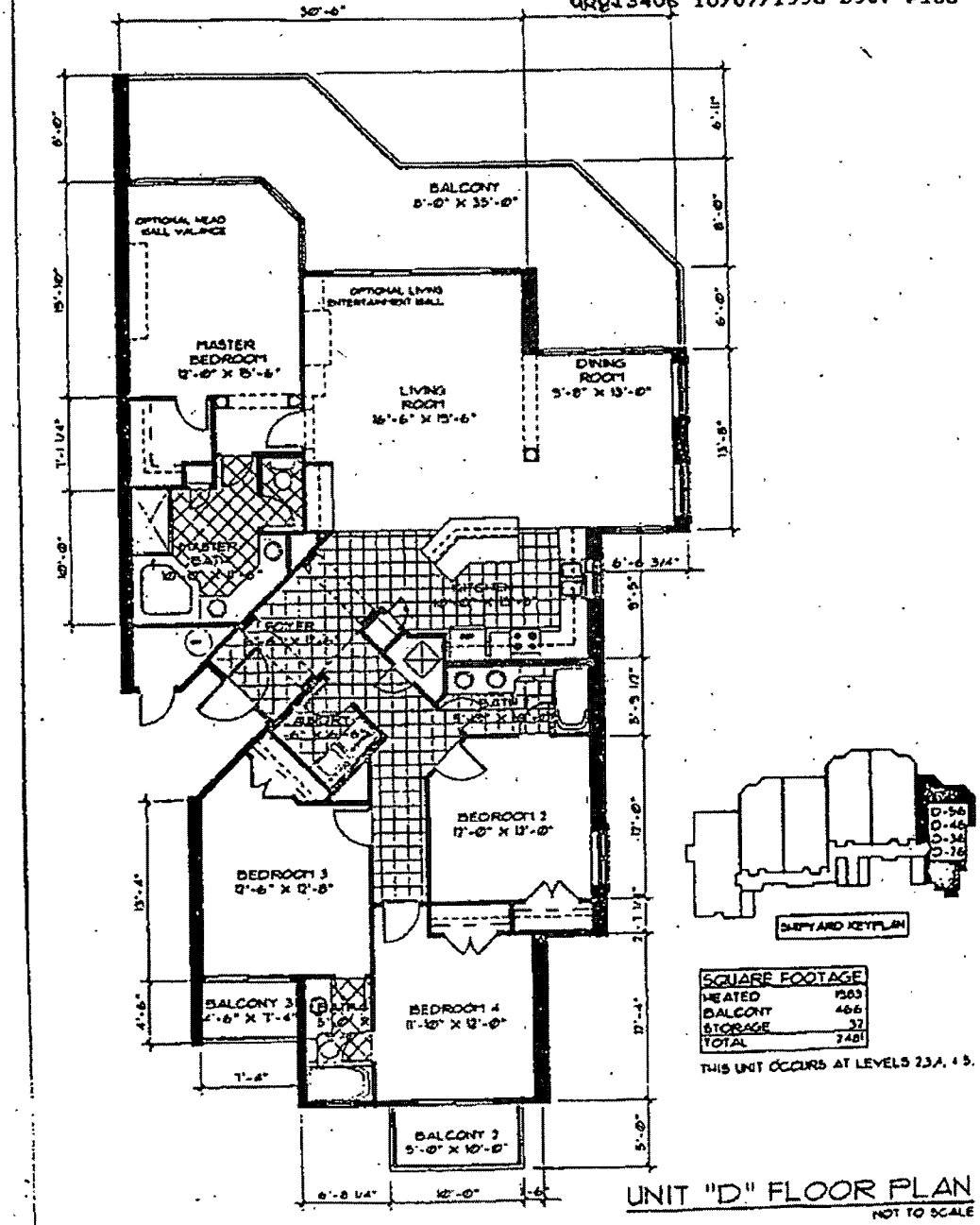
SQUARE FOOTAGE	
HEATED	1383
BALCONY	466
STORAGE	32
TOTAL	1481

THIS UNIT OCCURS AT LEVEL 1

UNIT "D-F" FLOOR PLAN

NOT TO SCALE

00010407 08/05/1998 B891 P37
QQ13406 10/07/1998 B907 P166



SQUARE FOOTAGE	
HEATED	1583
BALCONY	466
STORAGE	32
TOTAL	2481

THIS UNIT OCCURS AT LEVELS 2,3,4 & 5.

UNIT "D" FLOOR PLAN
NOT TO SCALE

00010407 08/05/1998 B691 P38
00013406 10/07/1998 B907 P167

EXHIBIT "D"

Pursuant to Section 27-31-110 of the Code of Laws of South Carolina, 1976 amended, I hereby state that to the best of my knowledge the unit plans described in Exhibit "C" of the First Amendment to the Master Deed of the Shipyard Village Horizontal Property Regime, as being those plans consisting of 24 pages and that the Phase II building with the units located therein shown in the unit plans is the same as constructed on the property.

Jenkins Hancock and Sides
Architecture, Interiors, Engineering Inc.

By: _____
Edwin Hancock
Vice President

00010407 08/05/1998 B891 P39
00013406 10/07/1998 B907 P168

EXHIBIT E
(Percentage Interests)

SCHEDULE OF STATED VALUES AND PERCENTAGE INTERESTS

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-11	G	80,000	.87671%
A-12	G	80,000	.87671%
A-13	G	80,000	.87671%
A-14	G	80,000	.87671%
A-15	G	80,000	.87671%
A-16	G	80,000	.87671%
A-17	G	80,000	.87671%
A-18	G	80,000	.87671%
A-21	G	80,000	.87671%
A-22	G	80,000	.87671%
A-23	G	80,000	.87671%
A-24	G	80,000	.87671%
A-25	G	80,000	.87671%
A-26	G	80,000	.87671%
A-27	G	80,000	.87671%
A-28	G	80,000	.87671%
A-31	G	80,000	.87671%
A-32	G	80,000	.87671%
A-33	G	80,000	.87671%
A-34	G	80,000	.87671%
A-35	G	80,000	.87671%
A-36	G	80,000	.87671%
A-37	G	80,000	.87671%
A-38	G	80,000	.87671%
A-41	G	80,000	.87671%
A-42	G	80,000	.87671%
A-43	G	80,000	.87671%
A-44	G	80,000	.87671%
A-45	G	80,000	.87671%
A-46	G	80,000	.87671%
A-47	G	80,000	.87671%
A-48	G	80,000	.87671%
A-51	G	80,000	.87671%
A-52	G	80,000	.87671%
A-53	G	80,000	.87671%

(1)

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-54	G	80,000	.87671%
A-55	G	80,000	.87671%
A-56	G	80,000	.87671%
A-57	G	80,000	.87671%
A-58	G	80,000	.87671%
B-11	G	80,000	.87671%
B-12	G	80,000	.87671%
B-13	G	80,000	.87671%
B-14	G	80,000	.87671%
B-15	G	80,000	.87671%
B-16	G	80,000	.87671%
B-17	G	80,000	.87671%
B-18	G	80,000	.87671%
B-21	G	80,000	.87671%
B-22	G	80,000	.87671%
B-23	G	80,000	.87671%
B-24	G	80,000	.87671%
B-25	G	80,000	.87671%
B-26	G	80,000	.87671%
B-27	G	80,000	.87671%
B-28	G	80,000	.87671%
B-31	G	80,000	.87671%
B-32	G	80,000	.87671%
B-33	G	80,000	.87671%
B-34	G	80,000	.87671%
B-35	G	80,000	.87671%
B-36	G	80,000	.87671%
B-37	G	80,000	.87671%
B-38	G	80,000	.87671%
B-41	G	80,000	.87671%
B-42	G	80,000	.87671%
B-43	G	80,000	.87671%
B-44	G	80,000	.87671%
B-45	G	80,000	.87671%
B-46	G	80,000	.87671%
B-47	G	80,000	.87671%
B-48	G	80,000	.87671%
B-51	G	80,000	.87671%
B-52	G	80,000	.87671%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
B-53	G	80,000	.87671%
B-54	G	80,000	.87671%
B-55	G	80,000	.87671%
B-56	G	80,000	.87671%
B-57	G	80,000	.87671%
B-58	G	80,000	.87671%
C-11	I	95,000	1.04109%
C-12	I	90,000	.98630%
C-13	I	90,000	.98630%
C-14	I	90,000	.98630%
C-15	I	90,000	.98630%
C-16	I	90,000	.98630%
C-21	J	95,000	1.01409%
C-22	I	90,000	.98630%
C-23	I	90,000	.98630%
C-24	I	90,000	.98630%
C-25	I	90,000	.98630%
C-26	I	90,000	.98630%
C-31	J	95,000	1.04109%
C-32	I	90,000	.98630%
C-33	I	90,000	.98630%
C-34	I	90,000	.98630%
C-35	I	90,000	.98630%
C-36	I	90,000	.98630%
C-41	J	95,000	1.04109%
C-42	I	90,000	.98630%
C-43	I	90,000	.98630%
C-44	I	90,000	.98630%
C-45	I	90,000	.98630%
C-46	I	90,000	.98630%
C-51	J	95,000	1.04109%
C-52	I	90,000	.98630%
C-53	I	90,000	.98630%
C-54	I	90,000	.98630%
C-55	I	90,000	.98630%
C-56	I	90,000	.98630%
		$9,125,000	100%

00013406 10/07/1998 B907 P171

McNair 24800
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County:0.00 Trans:0.00
Georgetown County, SC
Register of Deeds
Wanda J. Gravatte

re-record

Recorded this 9th day of October A. D. 1998
Edna W. Freeman
Auditor, Georgetown Co., S.C.

00010407 08/05/1998 B891 P42

McNair 22480

00010407
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Georgetown County, SC
Register of Deeds
Wanda J. Gravatte

Shipyard Village Development Corp LLC

1st amend master Deed
1.17 ac Ph II
Shipyard Village

Recorded this 7th day of August A. D. 1998
Edna W. Freeman
Auditor, Georgetown Co., S.C.

00013908 10/16/1998 B910 P25

McNair Law Firm (JBM)

STATE OF SOUTH CAROLINA)
) SECOND AMENDMENT TO MASTER DEED OF
) SHIPYARD VILLAGE HORIZONTAL PROPERTY
COUNTY OF GEORGETOWN) REGIME

This Second Amendment to the Master Deed of Shipyard Village Horizontal Property Regime (the "Second Amendment") is made, published and declared this 15 day of October, 1998 by the Shipyard Village Development Corp., LLC, a South Carolina limited liability company, successor to the development rights of Litchfield-By-The-Sea, a South Carolina Joint Venture, (hereinafter called the "Grantor") pursuant to the Master Deed for Shipyard Village Horizontal Property Regime dated July 7, 1982 and recorded in the Register of Deeds Office for Georgetown County ("R.O.D.") in Deed Book 201 at page 883, (hereinafter referred to as the "Master Deed") the First Amendment to Master Deed of Shipyard Village Horizontal Property Regime dated August 3, 1998 and recorded in the R.O.D. in Deed Book 891 at page 1 (the "First Amendment"), and the provisions of the Horizontal Property Act of South Carolina, 1976 as amended (the "Act"), Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976 as amended.

RECITALS

1. Litchfield-By-The-Sea, a South Carolina Joint Venture ("LBTS") was the Grantor in the Master Deed.

2. LBTS reserved various developer rights under the terms of the Master Deed including but not limited to the right to submit to the Shipyard Village Horizontal Property Regime all or any portion of the Land as well as those rights set forth in Articles I, XIV and XV of the Master Deed.

3. LBTS assigned all of its reserved developer rights under the Master Deed to The Litchfield Company of South Carolina Limited Partnership by Assignment dated December 29, 1988 and recorded February 7, 1989 in the R.O.D. in Deed Book 322 at page 282 and The Litchfield Company of South Carolina Limited Partnership assigned said reserved developer rights to the Shipyard Village Development Corp., LLC by Assignment dated August 3, 1998 and recorded August 5, 1998 in the R.O.D in Deed Book 890 at page 335.

ARTICLE I
Purpose and Submission - Condominium Ownership

By the recording of the Master Deed, the Declarant created a Horizonal Property Regime and established certain easements, covenants and restrictions which run with the property as more fully set forth in said Master Deed. By virtue of the Master Deed and the First Amendment, the Grantor submitted to condominium ownership the Property (hereafter defined)

GEORGETOWN COUNTY PARCEL # 4-142-184
RWD

CERTIFIED A TRUE
AND CORRECT COPY
Wanda J. Prevatte
REGISTER OF DEEDS
GEORGETOWN COUNTY, S.C.

constituting Phase I and Phase II of Shipyard Village Horizontal Property Regime. The Declarant specifically reserved the right to amend the Master Deed in the future to elect to incorporate into Shipyard Village Horizontal Property Regime portions of the Land, which together with the Property originally submitted in the Master Deed may be developed into up to four phases, all of which is more fully set forth in Article I of the Master Deed.

This Second Amendment to the Master Deed is made, published and filed of record by the Grantor in order to publish its election to develop a portion of the Land composing Phase III (as hereinafter described) pursuant to its rights reserved in Article I of the Master Deed. The Grantor hereby specifies that this Second Amendment to the Master Deed shall constitute its election to submit to the Master Deed and the Act the property composing Phase III (the "Phase III Property") and shall bind and inure to the benefit of the Grantor, its successors and assigns, and all subsequent owners of any interest in the Phase III Property, their grantees, successors, heirs, executors, administrators, devisees or assigns. The Grantor publishes and declares that the portion of the Land as described in Exhibit A attached hereto composing Phase III is hereby integrated and combined with the property composing Phase I and Phase II (the property composing Phases I, II and III shall be collectively referred to as the "Property") and shall be owned, occupied, used, conveyed, encumbered, leased, and improved in accordance with the provisions of the Act and in accordance with the covenants, restrictions, encumbrances, easements and obligations of record affecting the Property as set forth or incorporated by reference in the Master Deed as amended hereby, all of which shall be deemed to be covenants and obligations running with the Property.

ARTICLE II
Phase III Property

Section 1. The Property. The portion of the Land submitted to condominium ownership in Phase III is shown by the plat entitled "Asbuilt Survey of Phase III, Shipyard Village Horizontal Property Regime" dated October 1, 1998 prepared by ETS - Engineering and Technical Services, Inc., which plat is attached hereto as Exhibit B and incorporated herein by reference and is recorded in the R.O.D. in Slide 288 at page 3 (the "Phase III Plat"), and the Phase III Property is furthermore described in Exhibit A attached hereto and specifically incorporated by reference herein.

PURSUANT TO SECTION 27-31-100 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976 AS AMENDED, NOTICE IS GIVEN THAT ALL ACTIVITIES ON OR OVER AND ALL USES OF ANY SUBMERGED LAND OR OTHER CRITICAL AREAS ARE SUBJECT TO THE JURISDICTION OF THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, INCLUDING, BUT NOT LIMITED TO, THE REQUIREMENTS THAT ANY ACTIVITY OR USE MUST BE AUTHORIZED BY THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT. PURSUANT THERETO, ANY OWNER IS LIABLE TO THE EXTENT OF HIS OWNERSHIP FOR ANY DAMAGES TO, ANY INAPPROPRIATE OR UNPERMITTED USES OF, AND ANY DUTIES OR RESPONSIBILITIES

CONCERNING ANY SUBMERGED LAND, COASTAL WATERS OR OTHER CRITICAL AREA.

Section 2. Phase III Building Locations. Grantor has constructed upon the Phase III Property one building containing 30 Units, said building being designated as the "Captain's Quarters D" Building or the "Phase III Building" on the Unit Plans (as hereinafter defined). The Phase III Building is of concrete and steel construction on pilings with steel stud and synthetic stucco siding. The floors in the Phase III Building are post tensional concrete. The Phase III Building is five (5) floors in height above covered parking with six (6) Units located on each floor. The Phase III Plat and the Unit Plans (as hereinafter defined) show the horizontal and vertical location of the Phase III Building and the Units located therein. Each of the five (5) floors has a common walkway which is connected by two elevators and two common stairways, all of which are General Common Elements. All of the Units in the Phase III Building are adjacent to and are connected with a common walkway located on each floor of the Phase III Building. The location of the Phase III Building and other improvements on the Regime Property is shown on the Phase III Plat. The Phase III Building and the Units contained therein and the General Common Elements and Limited Common Elements constructed on and forming a part of the Regime Property are constructed in substantial accordance with the architectural plans identified as Exhibit C attached hereto and incorporated herein (the "Unit Plans"), which Unit Plans are certified to by a architect licensed to practice in the State of South Carolina, said certification attached hereto as Exhibit D. The Phase III Building is also referred to as the "Captain's Quarters at Shipyard Village." The Phase III Building contains the following Units:

Floor	Unit Numbers
1	D-11, D-12, D-13, D-14, D-15, D-16
2	D-21, D-22, D-23, D-24, D-25, D-26
3	D-31, D-32, D-33, D-34, D-35, D-36
4	D-41, D-42, D-43, D-44, D-45, D-46
5	D-51, D-52, D-53, D-54, D-55, D-56

Section 3. Description of Parking Areas. The Regime contains covered and uncovered parking areas for the use of Unit Owners in parking vehicles and for guest parking. Some of the covered parking areas are Limited Common Elements and their use is restricted exclusively to the Owner of the Unit to which said covered parking is appurtenant, members of his immediate family, guests and tenants. The covered parking is more fully shown in the Unit Plans attached hereto as Exhibit C. The parking will be subject to the rules and regulations promulgated by the Association from time to time.

Section 4. Description of Units in Phase III. The location of the Phase III Building and the Units contained therein are more fully shown on the Phase III Plat and in the Unit Plans attached hereto as Exhibits B and C, respectively and by reference incorporated herein. There are thirty (30) Units in the Phase III Building representing ten (10) different floor plans. The individual Units in Phase III and their floor plans, dimensions and location in the Phase III

Building are depicted by the Phase III Plat and the Unit Plans and are described as follows:

a. **"A" Floor Plan Unit.** There are four (4) "A" Floor Plan Units in the Phase III Building located on the second, third, fourth and fifth floors (above the covered parking). Units D-21, D-31, D-41 and D-51 are "A" Floor Plan Units, as more fully shown on the Unit Plans. Each "A" Floor Plan Unit contains approximately 1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "A" Floor Plan Units include rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

b. **"A-F" Floor Plan Unit.** There is one (1) A-F Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Unit D-11 is the "A-F" Floor Plan Unit, as more fully shown on the Unit Plans. The "A-F" Floor Plan Unit contains approximately 1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "A-F" Floor Plan Unit includes rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

c. **"B" Floor Plan Unit.** There are eight (8) "B" Floor Plan Units in the Phase III Building, located on the second, third, fourth and fifth floors (above the covered parking). Units D-22, D-32, D-42, D-52, D-24, D-34, D-44 and D-54 are "B" Floor Plan Units, as more fully shown on the Unit Plans. The "B" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

d. **"B-F" Floor Plan Unit.** There are two (2) "B-F" Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Units D-12 and D-14 are the "B-F" Floor Plan Units. The "B-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

e. **"B-Opposite" Floor Plan Unit.** There are four (4) "B-Opposite" Floor Plan Units in the Phase III Building located on the second, third, fourth and fifth floors (above the covered parking). Units D-25, D-35, D-45 and D-55 are "B-Opposite" Floor Plan Units, as more fully shown on the Unit Plans. The "B-Opposite"

Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-Opposite" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

f. "B-F Opposite" Floor Plan Unit. There is one (1) "B-F Opposite" Floor Plan Unit in the Phase III Building located on the first floor (above the covered parking). Unit D-15 is the "B-F Opposite" Floor Plan Unit, as more fully shown on the Unit Plans. The "B-F Opposite" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F Opposite" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

g. "C" Floor Plan Unit. There are four (4) "C" Floor Plan Units in the Phase III Building, located on the second, third, fourth and fifth floors (above the covered parking). Units D-23, D-33, D-43 and D-53 are "C" Floor Plan Units, as more fully shown on the Unit Plans. The "C" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms; master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

h. C-F" Floor Plan Unit. There is one "C-F" Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Unit C-13 is the "C-F" Floor Plan Unit. The "C-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

i. "D" Floor Plan Unit. There are four (4) "D" Floor Plan Units in the Phase III Building, located on the second, third, fourth and fifth floors (above the covered parking). Units D-26, D-36, D-46 and D-56 are "D" Floor Plan Units, as more fully shown on the Unit Plans. The "D" Floor Plan Units contain approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "D" Floor Plan Units contain rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

j. "D-F" Floor Plan Unit. There is one "D-F" Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Unit D-16 is the "D-F" Floor Plan Unit. The "D-F" Floor Plan Unit contains approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "D-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

Section 5. Unit Boundaries. Each Unit in Phase III is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building material enclosed within the following boundaries:

a. The upper boundaries of the Unit shall extend to the unfinished interior surfaces of the unfinished sheetrock or other ceiling material. The lower boundaries of the Unit shall extend to the unfinished surface of the structural concrete slab constituting the floor.

b. The perimetrical boundaries of the Unit shall extend to the unfinished interior surfaces of the perimeter walls of the Unit excluding load bearing structural interior walls or components.

c. Each Unit shall also encompass and include, and each Owner shall be responsible for maintenance and repair of the following whether located within or without the boundaries described in (a) and (b) above: (i) the doorways, windows, vents and other non-structural elements in the walls, floor, and ceilings of the Unit which are regarded as enclosures of space; (ii) the doors (including any screen doors) opening into the Unit and into any storage area integral to the Unit, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (iii) the sliding-glass doors, if any, opening from each Unit to said Unit's balcony, (iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit; (v) the plumbing, wiring, and mechanical vents that exclusively serve the Unit; (vi) the appliances, air conditioning, and heating units, (including the condenser and all piping, wiring and attachments), hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, wiring, insulation, and other fixtures, furnishings, and building materials which are part of the Unit when delivered to the initial Owner and which exclusively serve the Unit; and (vii) all appurtenances which are integral and exclusive to the Unit, including, but not limited to, lamps attached to the exterior of the Unit and water and sewer pipes within the Unit and exclusively serving the Unit.

Section 6. Central Systems Not Part of Units. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designed for the service of

Section 2. Reservation of Rights. The Grantor, in accordance with the Master Deed, reserves all rights to submit to the Regime all or any portion of the Land as provided in Article I, Article XIV, and Article XV of the Master Deed, and all other rights reserved by the Grantor as provided in the Master Deed.

Section 3. Owners. By acceptance of the deed to a Unit, each purchaser of a Unit in Phases I, II and III ratifies and covenants to observe on behalf of himself, his heirs, successors and assigns, the Master Deed, as amended, and the Bylaws governing Shipyard Village Council of Co-Owners, Inc.

ARTICLE V
Miscellaneous

Section 1. Definitions. Except as otherwise set forth herein, the defined terms shall have those same meanings as set forth in the Master Deed.

Section 2. Controlling Provisions. Except as specifically amended herein, the Master Deed, as amended by the Second Amendment shall remain in full force and effect.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, Declarant has executed this Second Amendment to Master Deed the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Brenda M. Howell

Kay Lambert

SHIPYARD VILLAGE DEVELOPMENT CORP., LLC
a South Carolina limited liability company

By: The Litchfield Company of South Carolina Limited Partnership, a South Carolina limited partnership, its Manager

By: Litchfield Enterprises, Inc., its sole general partner

By: _____ (Seal)
Title: _____

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGEMENT
COUNTY OF GEORGETOWN)

I, Kay Lambert, a Notary Public residing in the County and State aforesaid, do certify that the Shipyard Village Development Corp., LLC, a South Carolina Limited Liability Company, by The Litchfield Company of South Carolina Limited Partnership, its Manager by Litchfield Enterprises, Inc., its sole general partner by D. G. Mahon, III, its President, who is personally known to me, this day appeared before me personally and did acknowledge that it did sign, seal and deliver the foregoing instrument of its own free will and accord, for the purposes therein named and expressed.

SWORN to before me this 15th day of October, 1998.

Kay Lambert (L.S.)
Notary Public for SC
My Commission Expires: 3/18/2001

EXHIBIT A
(Legal Description)

All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina in Tax District Number 4 containing 1.59 acres as shown on a map entitled "As-Built Survey of Phase III, Shipyard Village Horizontal Property Regime, prepared for the Shipyard Village Development Corp., L.L.C." dated October 1, 1998, prepared by E.T.S.-Engineering and Technical Services, Inc., and recorded in the Register of Deeds Office for Georgetown County in Slide 288 at Page 3, and such property having such size, shape, metes, bounds, courses and distances as will more fully appear according to said map which map is incorporated herein by reference.

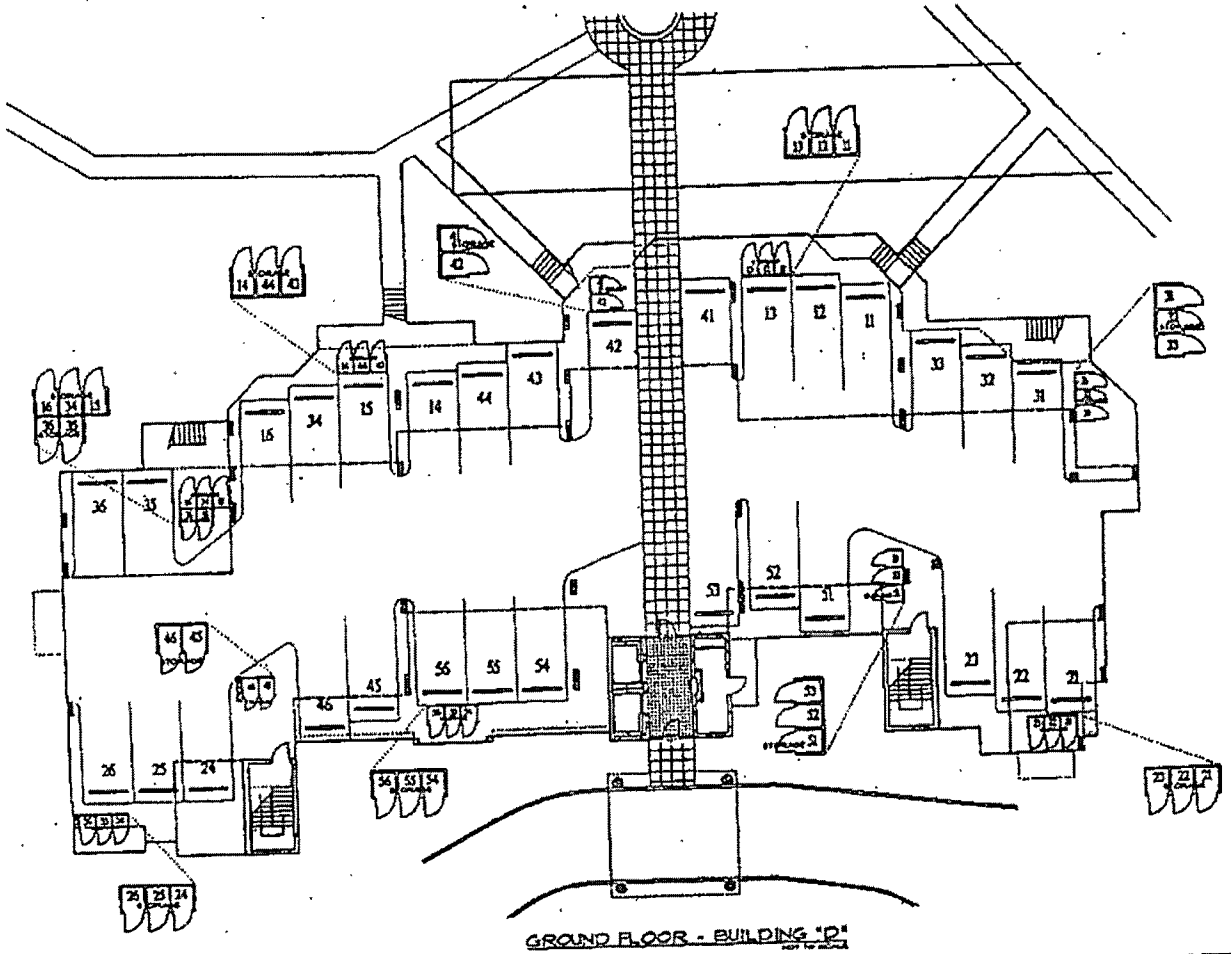
Georgetown: 24965

EXHIBIT B
(Phase III Plat)

As-Built Survey of Phase III, Shipyard Village Horizontal Property Regime prepared for Shipyard Village Development Corp., LLC by E.T.S.-Engineering and Technical Services, Inc., said map being dated October 1, 1998 and recorded in the Register of Deeds Office for Georgetown County in Slide 288 at page 3.

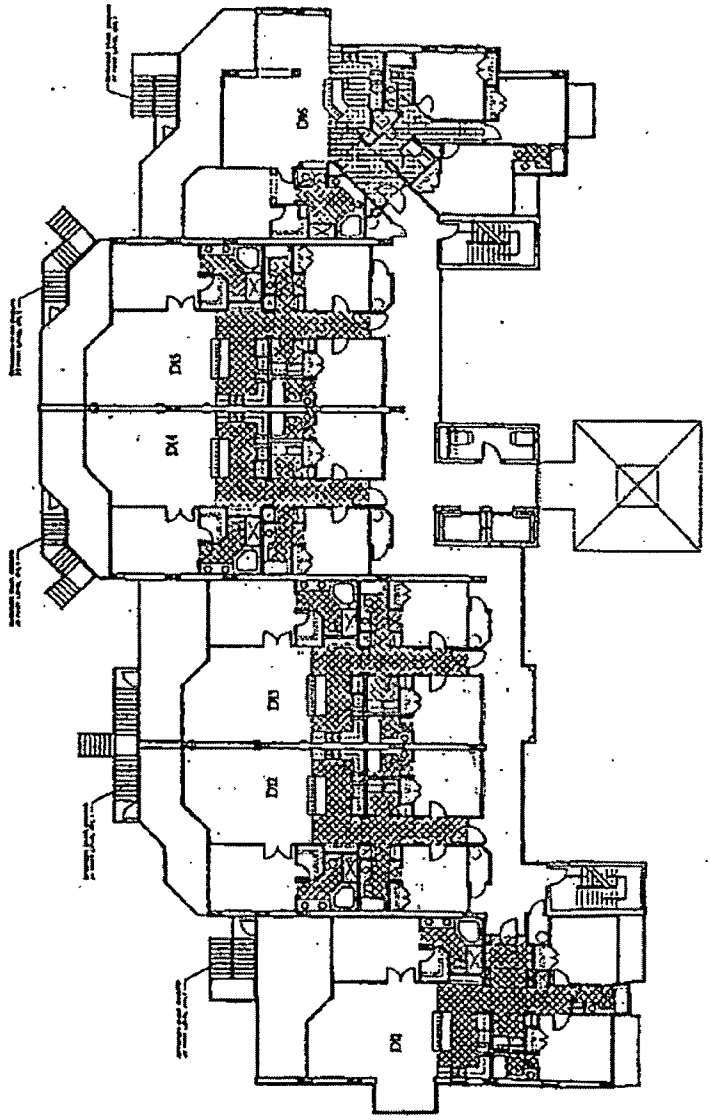
Georgetown: 24965

EXHIBIT C
(Unit Plans)

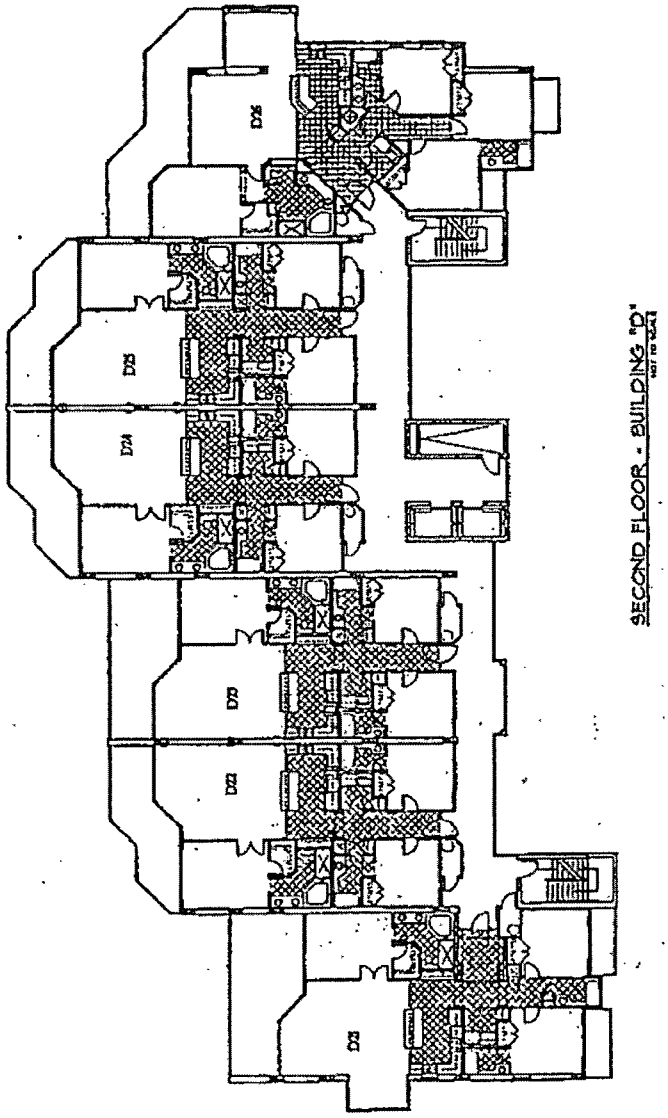


GROUND FLOOR - BUILDING "D"

00013908 10/16/1998 8910 P36

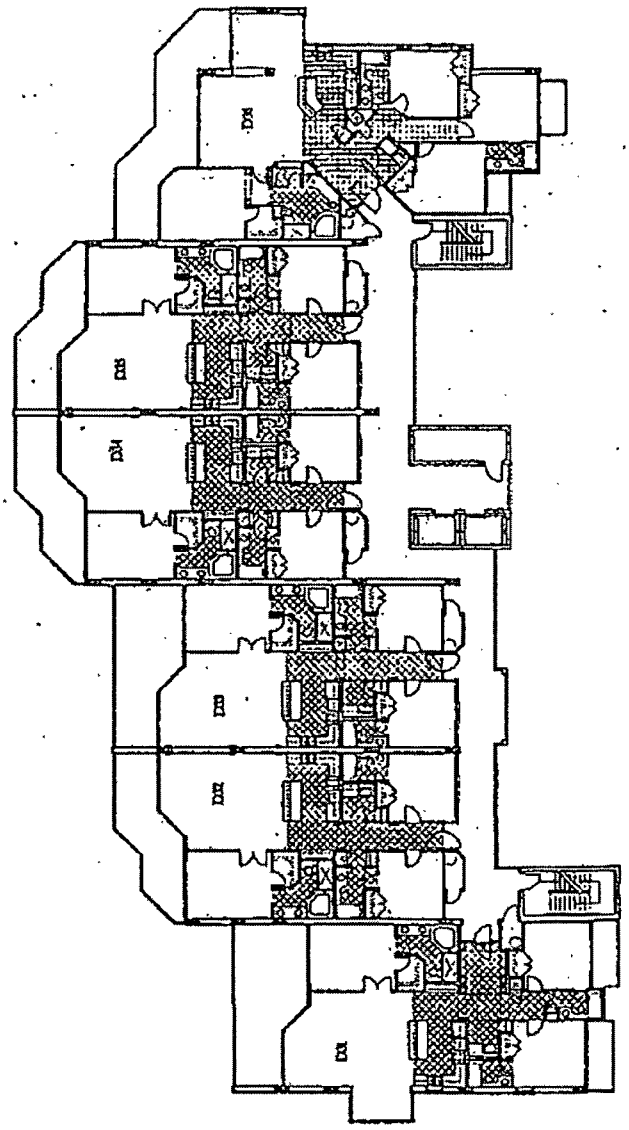


FIRST FLOOR - BUILDING "D"



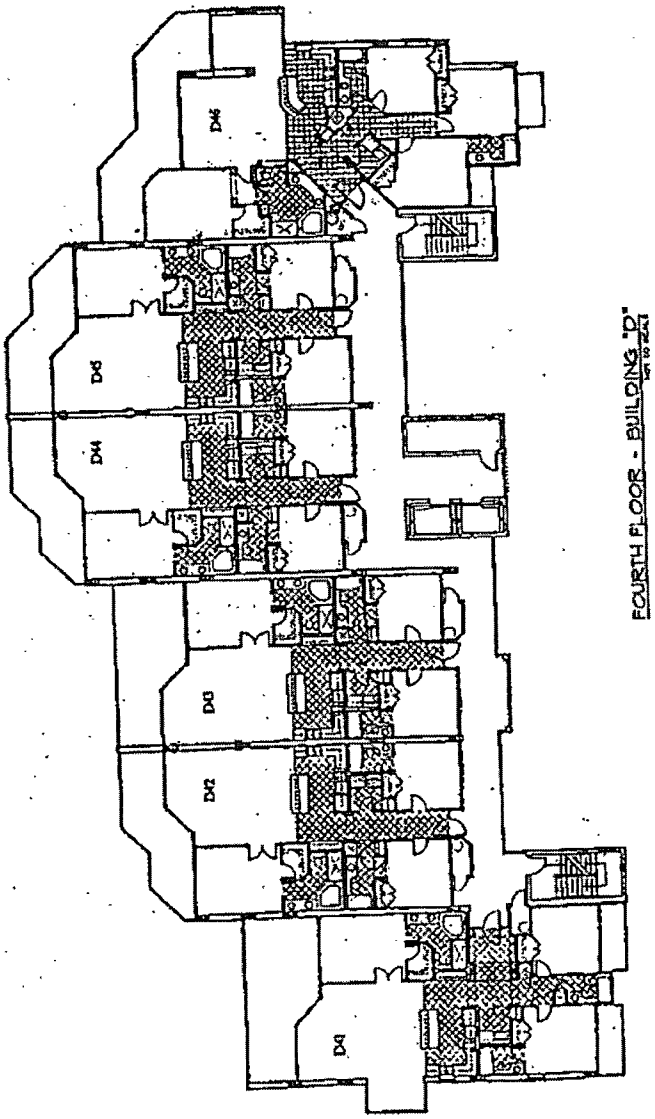
SECOND FLOOR - BUILDING "D"

00013908 10/16/1998 B910 P39



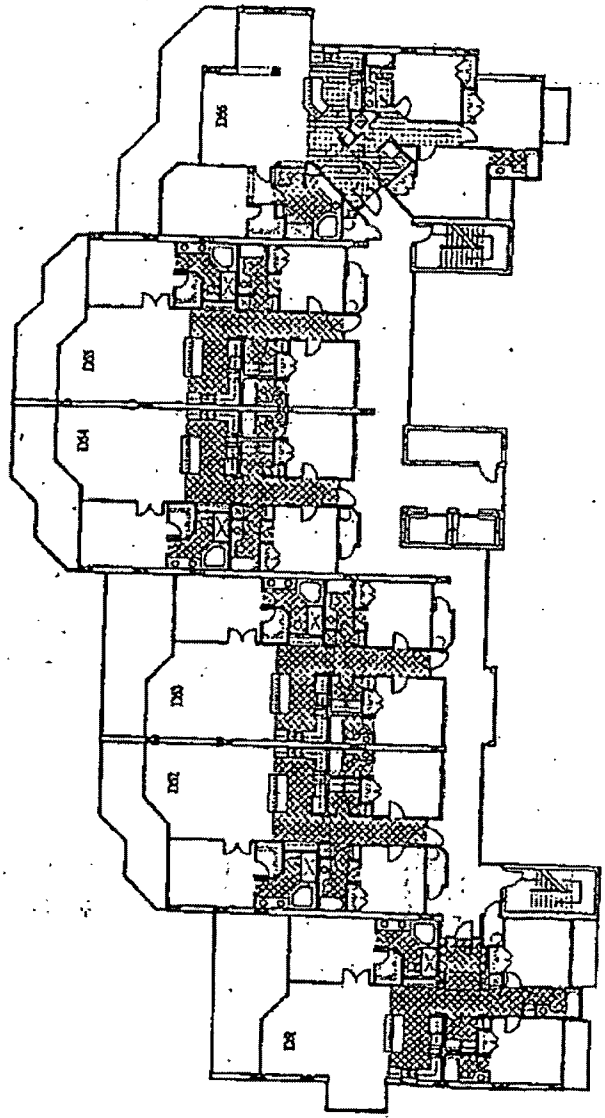
THIRD FLOOR - BUILDING "D"

00013908 10/16/1998 B910 P40



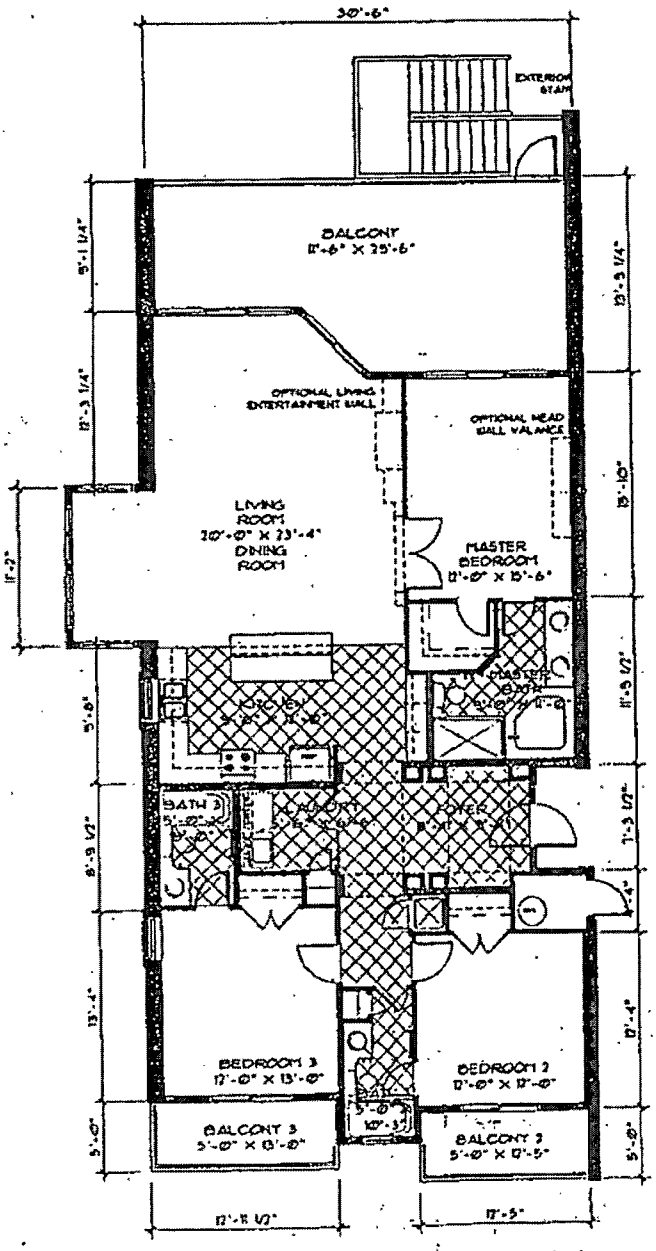
FOURTH FLOOR - BUILDING "D"
1/16" = 1'-0"

00013908 10/16/1998 B910 P41



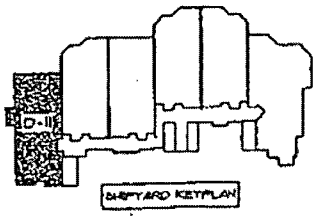
FIFTH FLOOR - BUILDING "D"

00013908 10/16/1998 B910 P42



UNIT "A-F" FLOOR PLAN

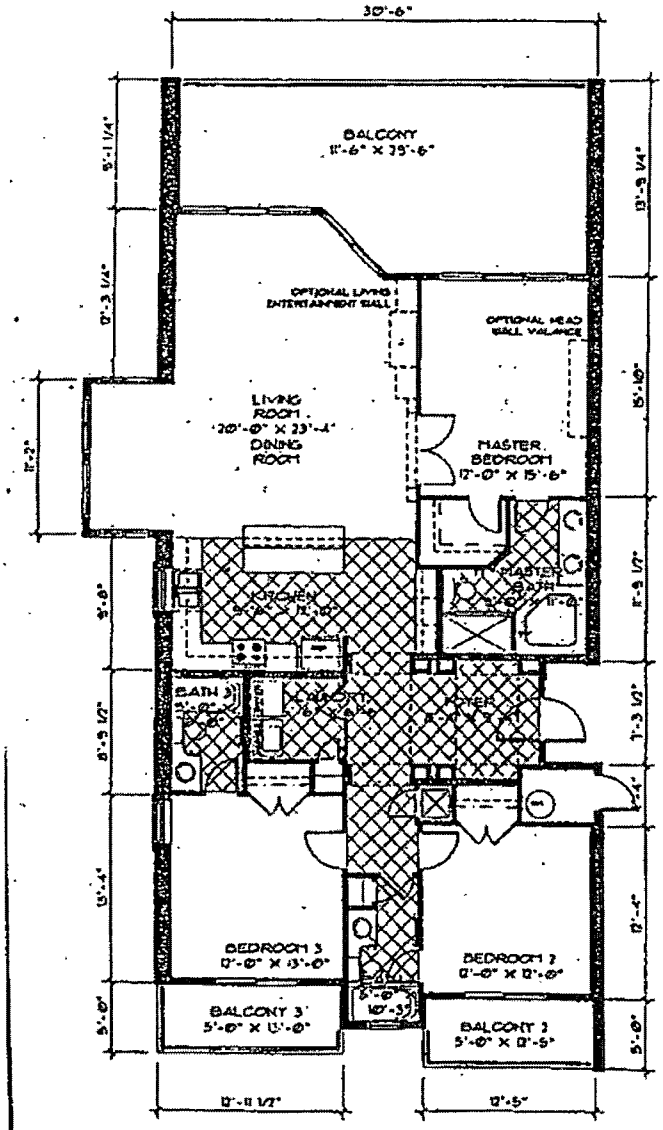
NOT TO SCALE



SHIPYARD KEYPLAN

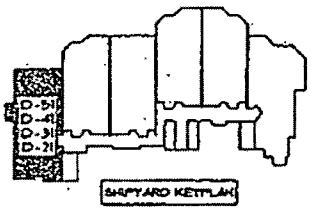
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BALCONY	467
STORAGE	26
TOTAL	2145

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UNIT "A" FLOOR PLAN

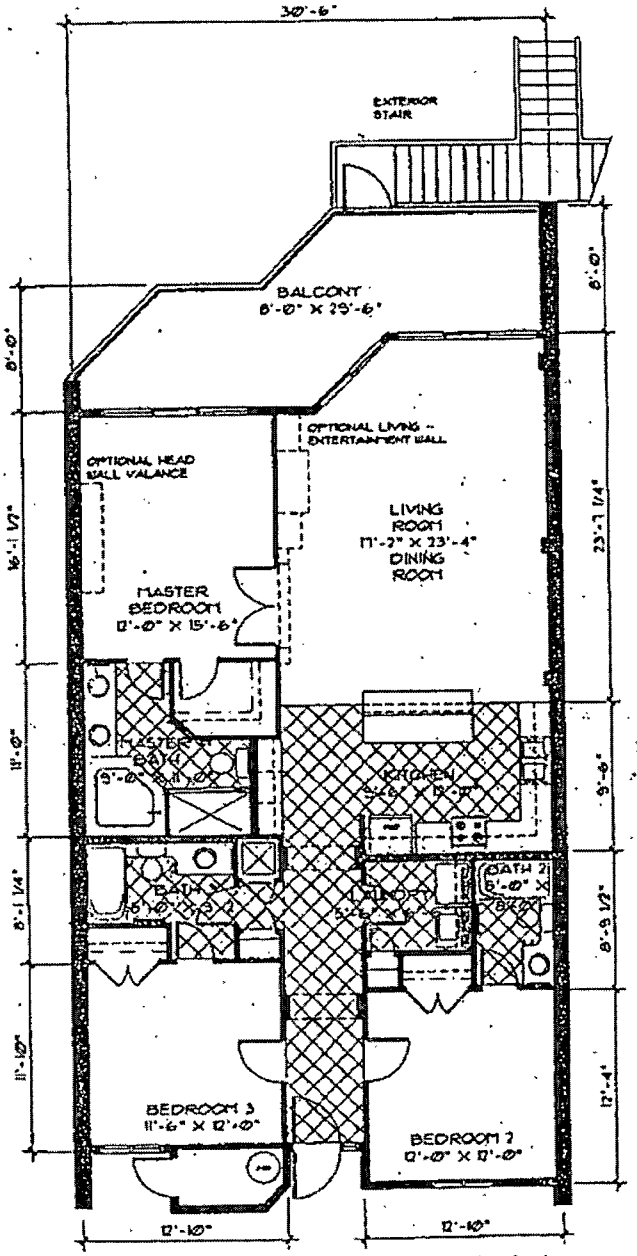
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SQUARE FOOTAGE	
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BALCONY	467
STORAGE	26
TOTAL	2145

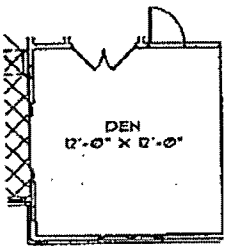
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00013908 10/16/1998 B910 P44



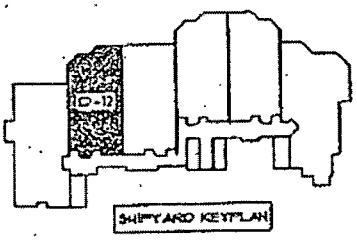
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

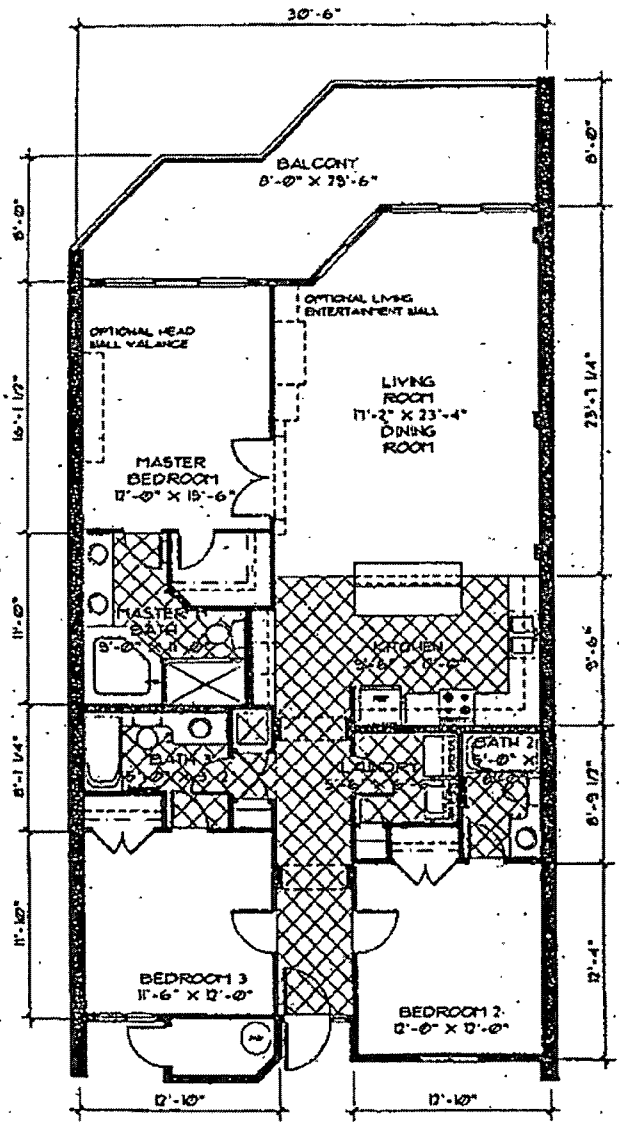
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SHIPYARD KEYPLAN

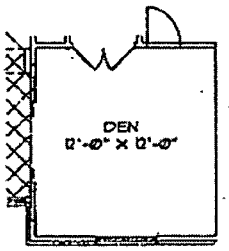
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HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVEL 1



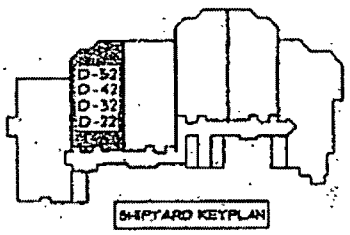
UNIT "B" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

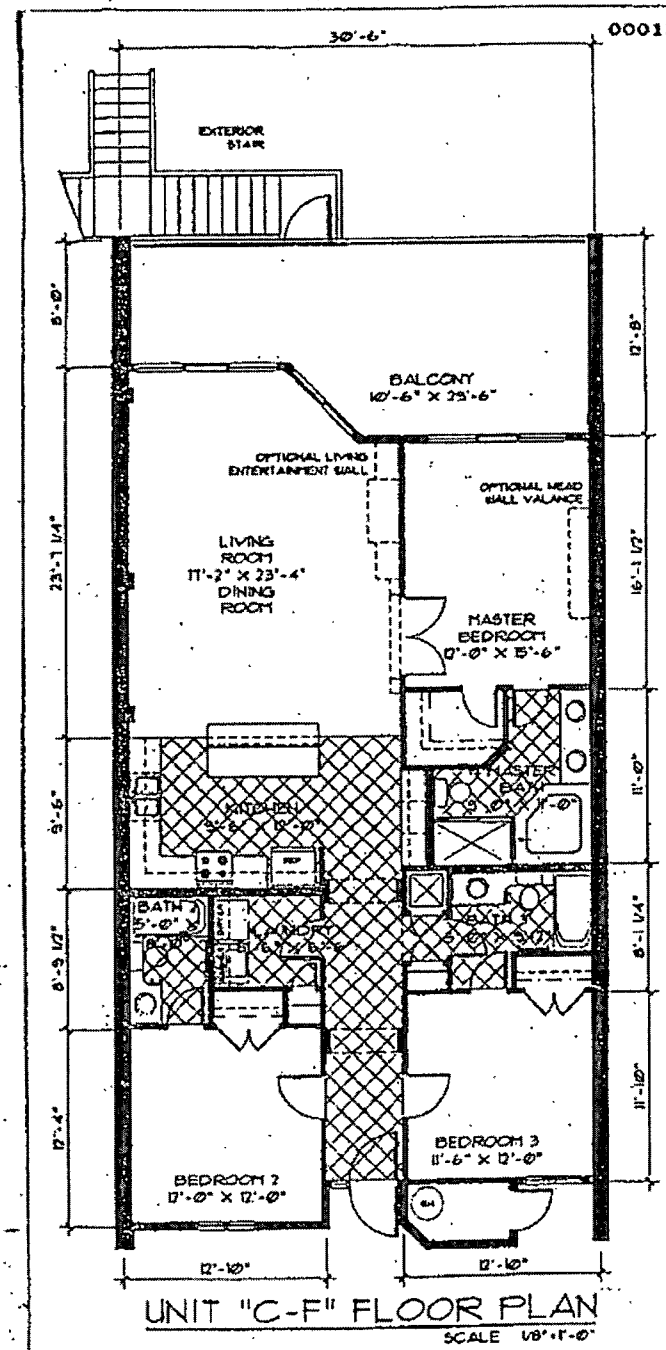
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SHIPYARD KEYPLAN

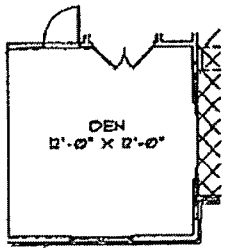
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BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.



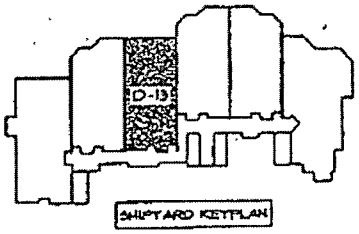
UNIT "C-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

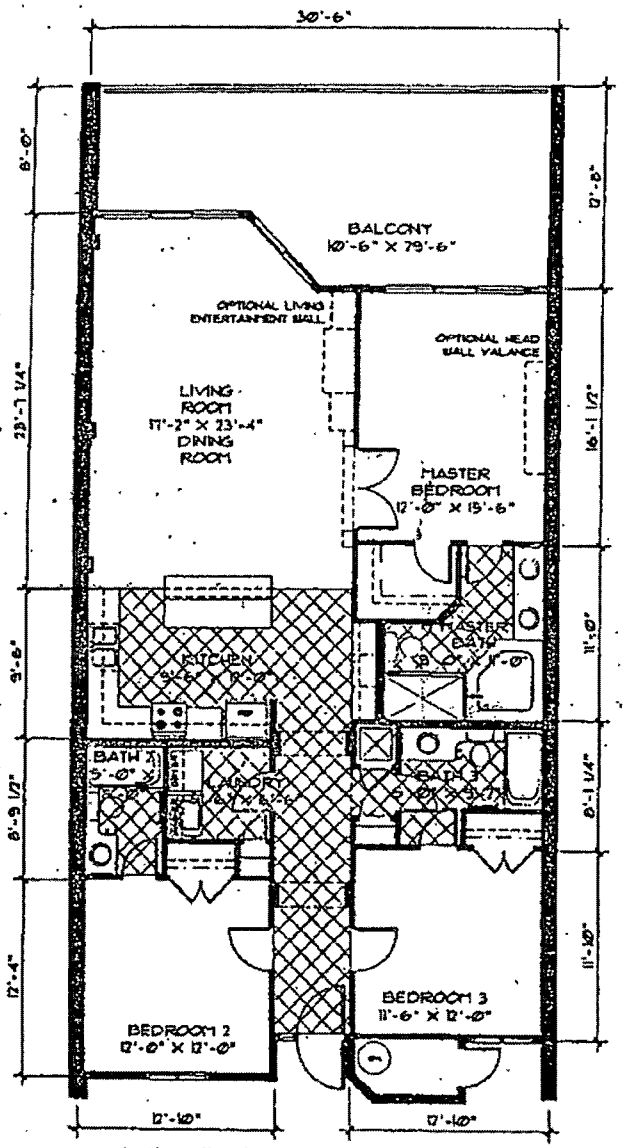
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SHIPYARD KEYPLAN

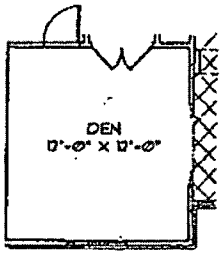
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TOTAL	1816

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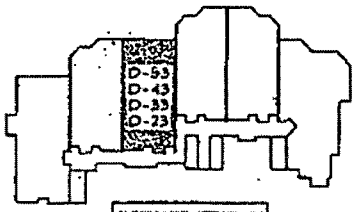
UNIT "C" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

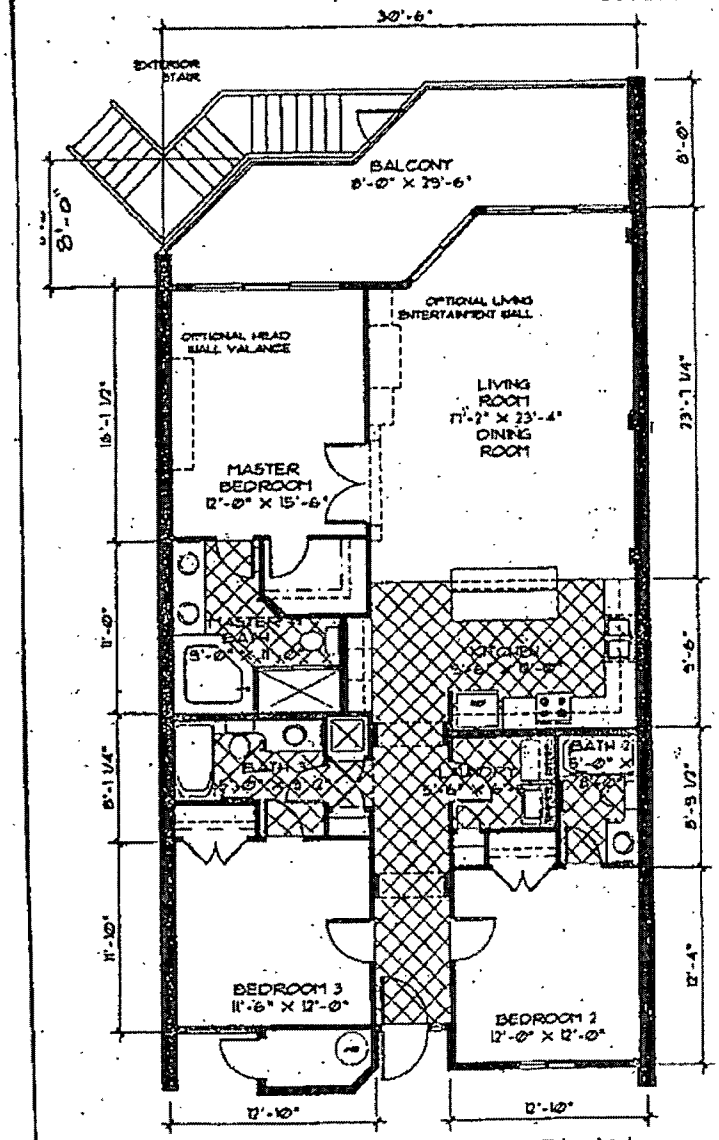


SHEETYARD KEYPLAN

SQUARE FOOTAGE	
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STORAGE	30
TOTAL	1876

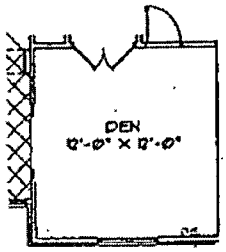
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00013908 10/16/1998 B910 P48



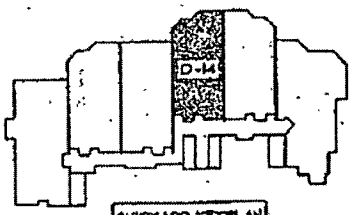
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-

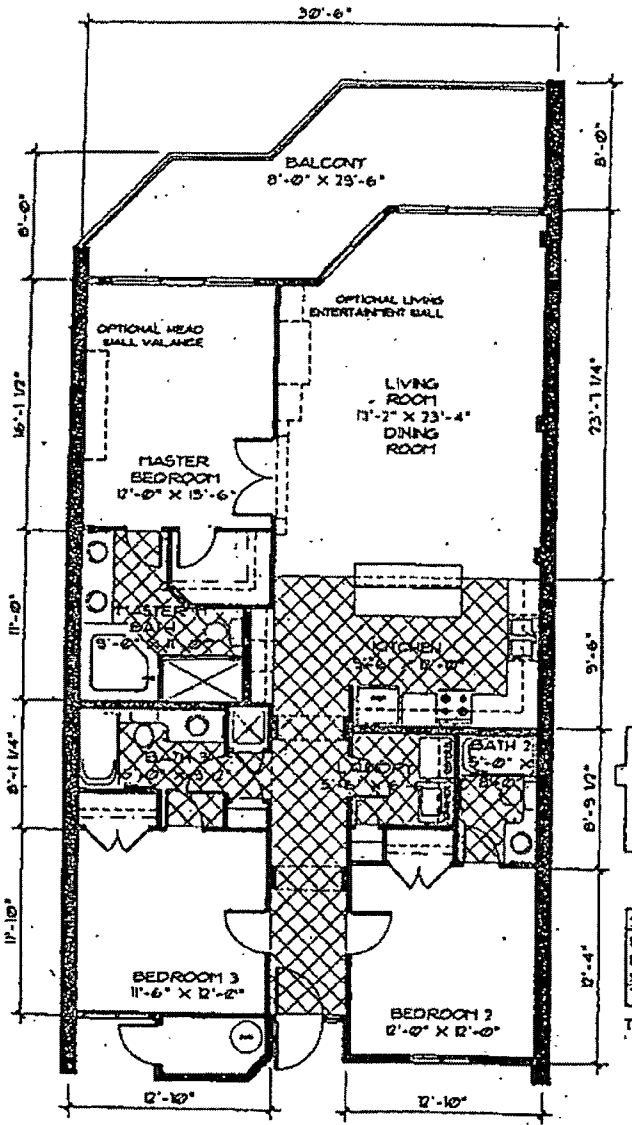


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
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BALCONY	235
STORAGE	30
TOTAL	1802

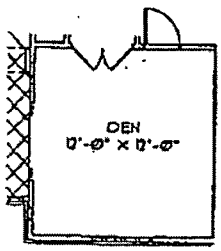
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00013908 10/16/1998 B910 P49



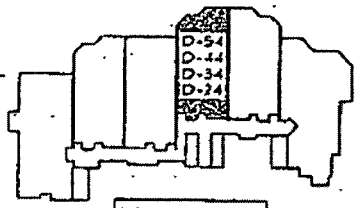
UNIT "B" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

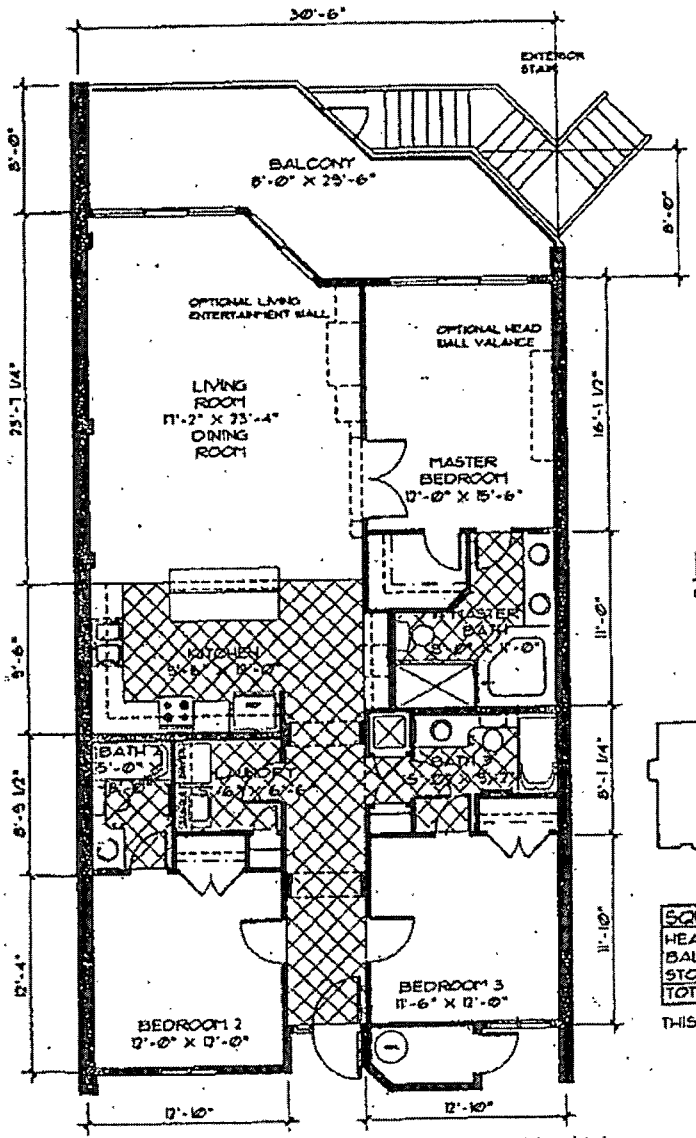


SHEPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

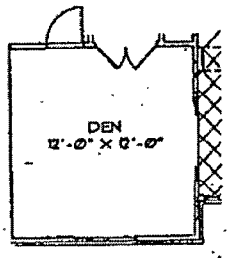
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00013908 10/16/1998 B910 P50



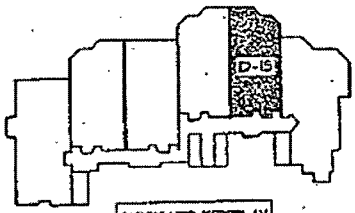
UNIT "B-F-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

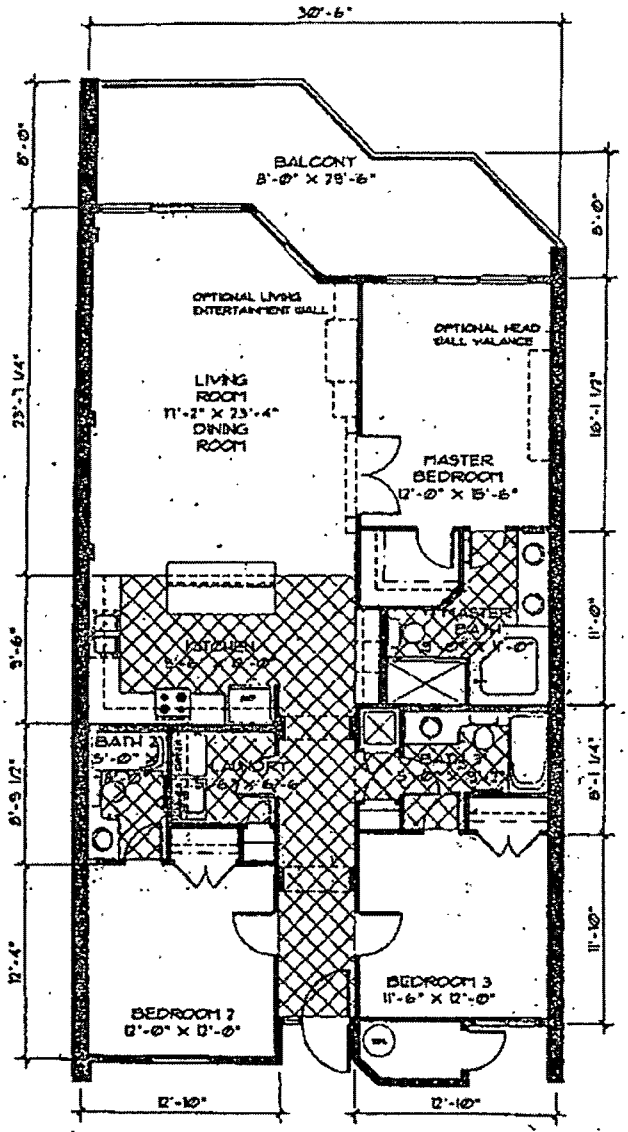


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

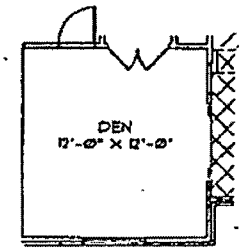
THIS UNIT OCCURS AT LEVEL 1

00013908 10/16/1998 B910 P51



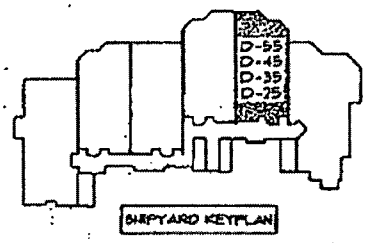
UNIT "B-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

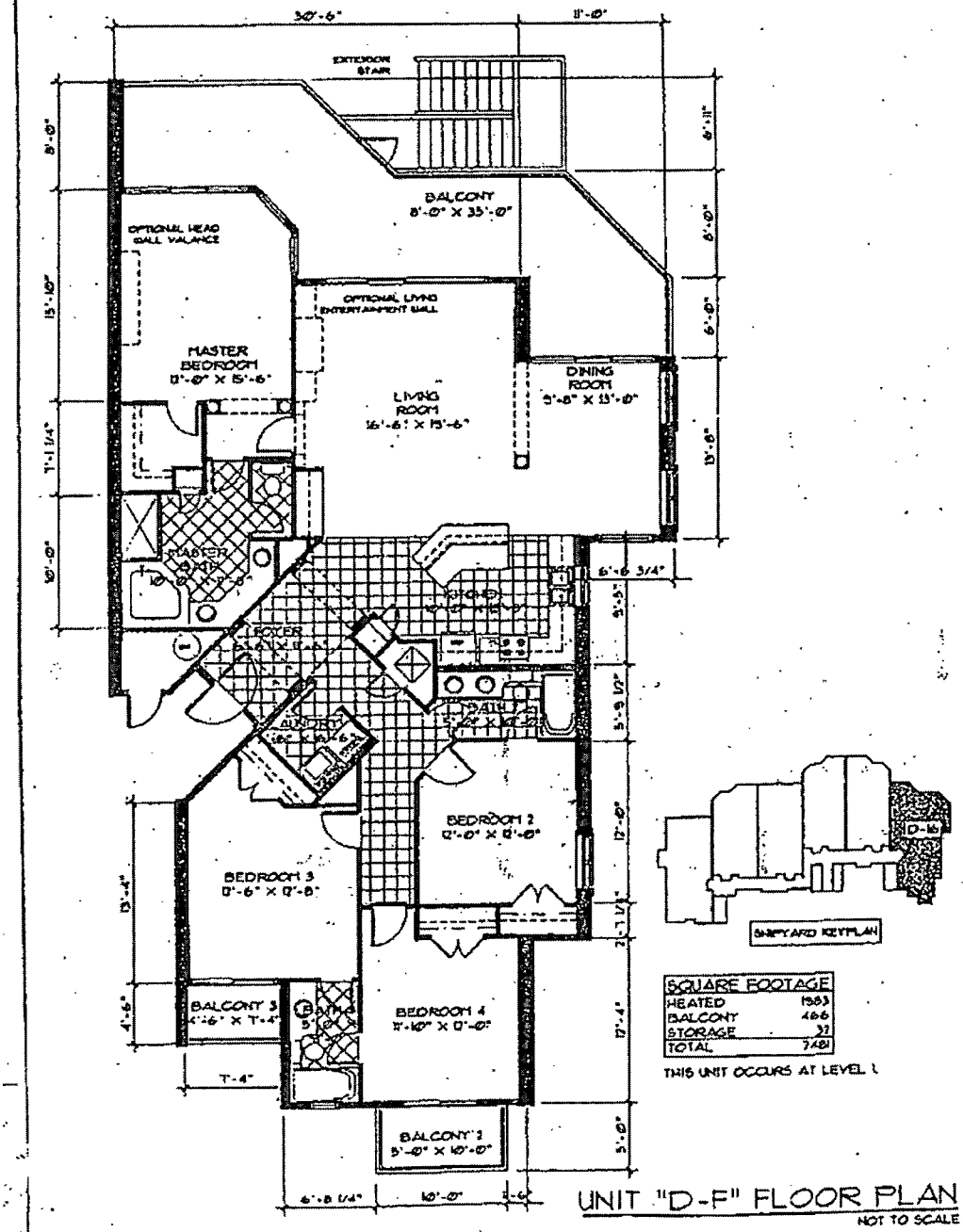


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1531
BALCONY	235
STORAGE	30
TOTAL	1902

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00013908 10/16/1998 B910 P52



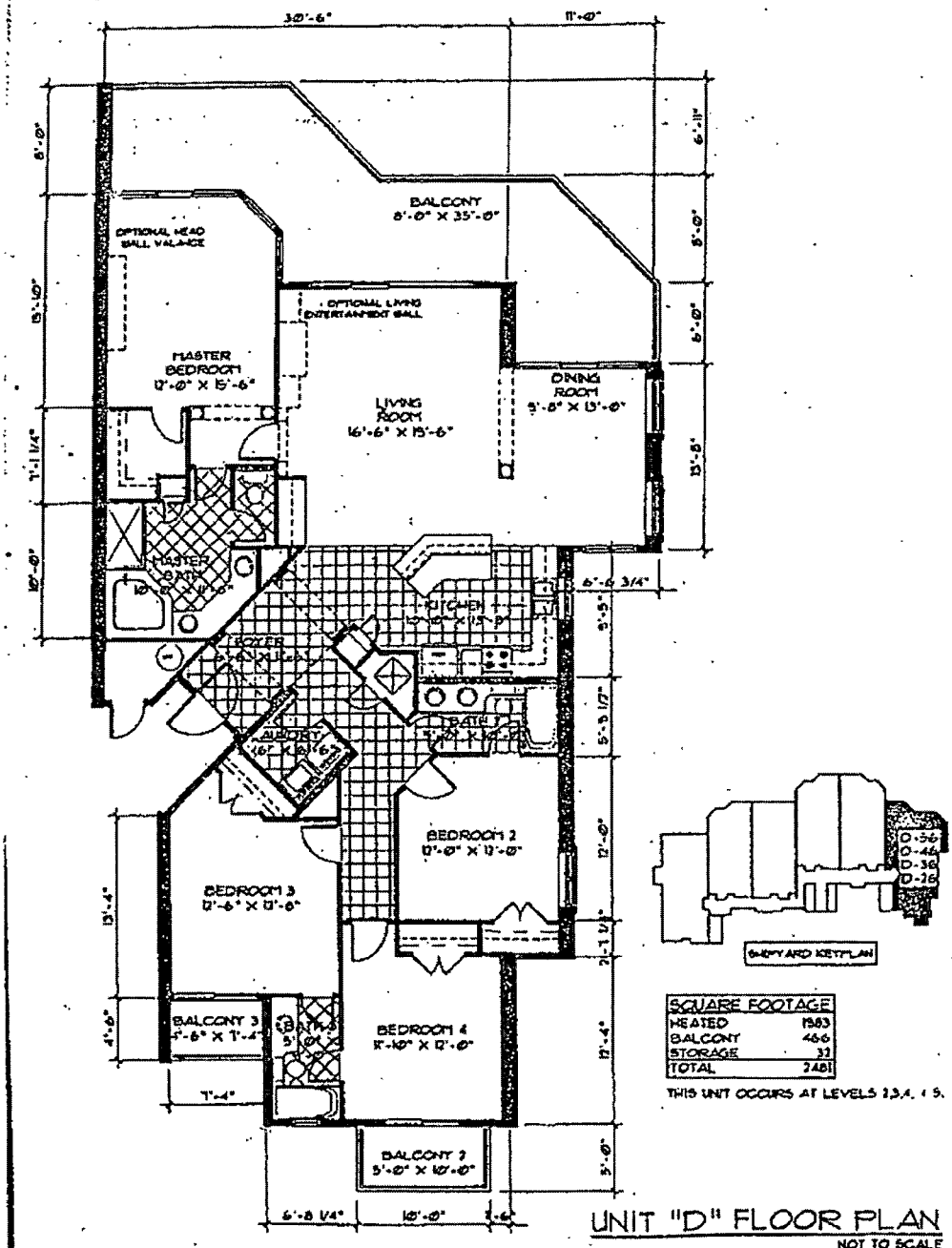
SQUARE FOOTAGE	
HEATED	1583
BALCONY	466
STORAGE	32
TOTAL	2081

THIS UNIT OCCURS AT LEVEL 1

UNIT "D-F" FLOOR PLAN

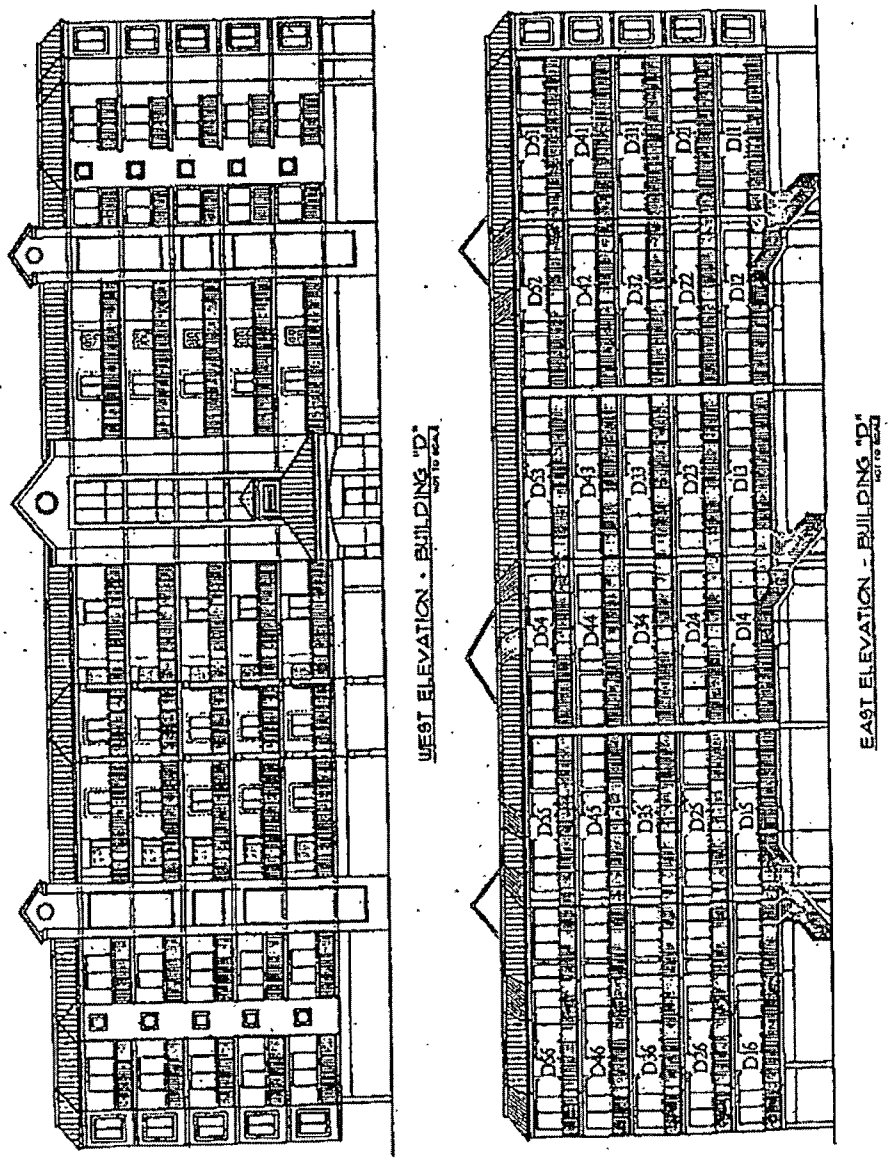
NOT TO SCALE

00013908 10/16/1998 B910 P53

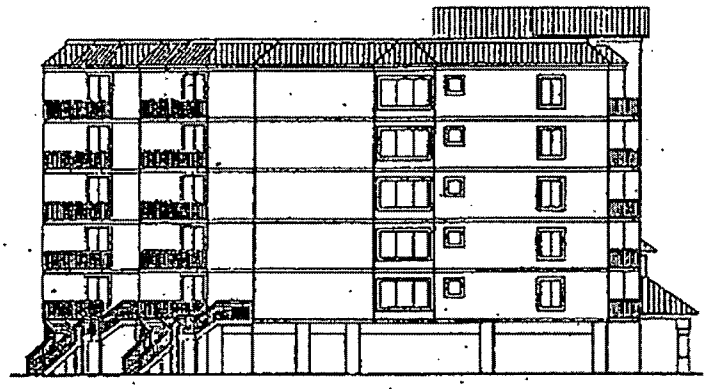


UNIT "D" FLOOR PLAN

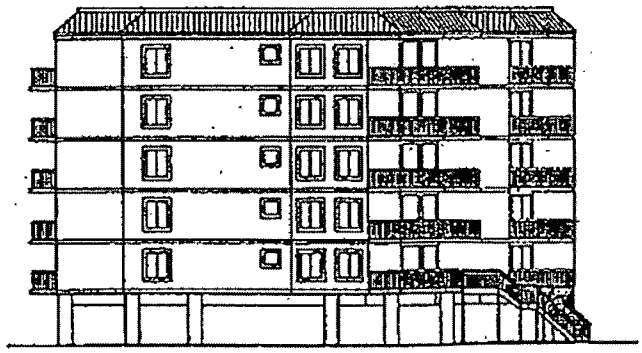
NOT TO SCALE


WEST ELEVATION - BUILDING "D"
EAST ELEVATION - BUILDING "D"

00013908 10/16/1998 B910 P55



SOUTH ELEVATION - BUILDING "D"



NORTH ELEVATION - BUILDING "D"

EXHIBIT D
(Architect's Certification)

ARCHITECT'S CERTIFICATE

Pursuant to Section 27-31-110 of the Code of Laws of South Carolina, 1976, as amended, I hereby certify the Unit Plans described in Exhibit C of the Second Amendment to the Master Deed of the Shipyard Village Horizontal Property Regime, as being those plans consisting of 20 pages and that the Phase III Building with the Units located therein shown in the Unit Plans is the same as constructed on the Property.

JENKINS, HANCOCK & SIDES

By: J Clif Burdette

Its: Architect

Georgetown: 24965

EXHIBIT E
(Percentage Interests)

SCHEDULE OF STATED VALUES AND PERCENTAGE INTERESTS

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-11	G	80,000	.67510%
A-12	G	80,000	.67510%
A-13	G	80,000	.67510%
A-14	G	80,000	.67510%
A-15	G	80,000	.67510%
A-16	G	80,000	.67510%
A-17	G	80,000	.67510%
A-18	G	80,000	.67510%
A-21	G	80,000	.67510%
A-22	G	80,000	.67510%
A-23	G	80,000	.67510%
A-24	G	80,000	.67510%
A-25	G	80,000	.67510%
A-26	G	80,000	.67510%
A-27	G	80,000	.67510%
A-28	G	80,000	.67510%
A-31	G	80,000	.67510%
A-32	G	80,000	.67510%
A-33	G	80,000	.67510%
A-34	G	80,000	.67510%
A-35	G	80,000	.67510%
A-36	G	80,000	.67510%
A-37	G	80,000	.67510%
A-38	G	80,000	.67510%
A-41	G	80,000	.67510%
A-42	G	80,000	.67510%
A-43	G	80,000	.67510%
A-44	G	80,000	.67510%
A-45	G	80,000	.67510%
A-46	G	80,000	.67510%
A-47	G	80,000	.67510%
A-48	G	80,000	.67510%
A-51	G	80,000	.67510%
A-52	G	80,000	.67510%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-53	G	80,000	.67510%
A-54	G	80,000	.67510%
A-55	G	80,000	.67510%
A-56	G	80,000	.67510%
A-57	G	80,000	.67510%
A-58	G	80,000	.67510%
B-11	G	80,000	.67510%
B-12	G	80,000	.67510%
B-13	G	80,000	.67510%
B-14	G	80,000	.67510%
B-15	G	80,000	.67510%
B-16	G	80,000	.67510%
B-17	G	80,000	.67510%
B-18	G	80,000	.67510%
B-21	G	80,000	.67510%
B-22	G	80,000	.67510%
B-23	G	80,000	.67510%
B-24	G	80,000	.67510%
B-25	G	80,000	.67510%
B-26	G	80,000	.67510%
B-27	G	80,000	.67510%
B-28	G	80,000	.67510%
B-31	G	80,000	.67510%
B-32	G	80,000	.67510%
B-33	G	80,000	.67510%
B-34	G	80,000	.67510%
B-35	G	80,000	.67510%
B-36	G	80,000	.67510%
B-37	G	80,000	.67510%
B-38	G	80,000	.67510%
B-41	G	80,000	.67510%
B-42	G	80,000	.67510%
B-43	G	80,000	.67510%
B-44	G	80,000	.67510%
B-45	G	80,000	.67510%
B-46	G	80,000	.67510%
B-47	G	80,000	.67510%
B-48	G	80,000	.67510%
B-51	G	80,000	.67510%
B-52	G	80,000	.67510%
B-53	G	80,000	.67510%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
B-54	G	80,000	.67510%
B-55	G	80,000	.67510%
B-56	G	80,000	.67510%
B-57	G	80,000	.67510%
B-58	G	80,000	.67510%
C-11	J	95,000	.80168%
C-12	I	90,000	.75949%
C-13	I	90,000	.75949%
C-14	I	90,000	.75949%
C-15	I	90,000	.75949%
C-16	I	90,000	.75949%
C-21	J	95,000	.80168%
C-22	I	90,000	.75949%
C-23	I	90,000	.75949%
C-24	I	90,000	.75949%
C-25	I	90,000	.75949%
C-26	I	90,000	.75949%
C-31	J	95,000	.80168%
C-32	I	90,000	.75949%
C-33	I	90,000	.75949%
C-34	I	90,000	.75949%
C-35	I	90,000	.75949%
C-36	I	90,000	.75949%
C-41	J	95,000	.80168%
C-42	I	90,000	.75949%
C-43	I	90,000	.75949%
C-44	I	90,000	.75949%
C-45	I	90,000	.75949%
C-46	I	90,000	.75949%
C-51	J	95,000	.80168%
C-52	I	90,000	.75949%
C-53	I	90,000	.75949%
C-54	I	90,000	.75949%
C-55	I	90,000	.75949%
C-56	I	90,000	.75949%
D-11	I	90,000	.75949%
D-12	I	90,000	.75949%
D-13	I	90,000	.75949%
D-14	I	90,000	.75949%
D-15	I	90,000	.75949%
D-16	J	95,000	.80168%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
D-21	I	90,000	.75949%
D-22	I	90,000	.75949%
D-23	I	90,000	.75949%
D-24	I	90,000	.75949%
D-25	I	90,000	.75949%
D-26	J	95,000	.80168%
D-31	I	90,000	.75949%
D-32	I	90,000	.75949%
D-33	I	90,000	.75949%
D-34	I	90,000	.75949%
D-35	I	90,000	.75949%
D-36	J	95,000	.80168%
D-41	I	90,000	.75949%
D-42	I	90,000	.75949%
D-43	I	90,000	.75949%
D-44	I	90,000	.75949%
D-45	I	90,000	.75949%
D-46	J	95,000	.80168%
D-51	I	90,000	.75949%
D-52	I	90,000	.75949%
D-53	I	90,000	.75949%
D-54	I	90,000	.75949%
D-55	I	90,000	.75949%
D-56	J	95,000	.80168%
		$11,850,000	100%

00013908 10/16/1998 B910 P61

#25167 McNair Law Firm
00013908
RECORDED 10/16/1998 02:53P
Bk:910 Pg:25 Pages:37
Fee:42.00 State:0.00
County:0.00 Trans:0.00
Georgetown County, SC
Register of Deeds
Wanda J. Gravatte

Shipyard Village Development Corp LLC

2nd amend Master Deed
1.59 ac Ph III
Shipyard Village HPR

Recorded this 20th day of
October A. D. 1998
Jessie McDuffie Mosley
Auditor, Georgetown Co., S.C.

00013908 10/16/1998 B910 P25
000000706 01/19/1999 BD0942 P00046

Re-record to correct scrivener's error in Paragraph 7 of 10/16/1998 BD0910 P025

99 JAN 19 AM 10:56
FILED
REGISTER OF MESNE CONVEYANCES
GEORGETOWN, S.C.

McNair Law Firm (JBM)

STATE OF SOUTH CAROLINA)
) SECOND AMENDMENT TO MASTER DEED OF
) SHIPYARD VILLAGE HORIZONTAL PROPERTY
COUNTY OF GEORGETOWN) REGIME

This Second Amendment to the Master Deed of Shipyard Village Horizontal Property Regime (the "Second Amendment") is made, published and declared this 15 day of October, 1998 by the Shipyard Village Development Corp., LLC, a South Carolina limited liability company, successor to the development rights of Litchfield-By-The-Sea, a South Carolina Joint Venture, (hereinafter called the "Grantor") pursuant to the Master Deed for Shipyard Village Horizontal Property Regime dated July 7, 1982 and recorded in the Register of Deeds Office for Georgetown County ("R.O.D.") in Deed Book 201 at page 883, (hereinafter referred to as the "Master Deed") the First Amendment to Master Deed of Shipyard Village Horizontal Property Regime dated August 3, 1998 and recorded in the R.O.D. in Deed Book 891 at page 1 (the "First Amendment"), and the provisions of the Horizontal Property Act of South Carolina, 1976 as amended (the "Act"), Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976 as amended.

RECITALS

1. Litchfield-By-The-Sea, a South Carolina Joint Venture ("LBTS") was the Grantor in the Master Deed.

2. LBTS reserved various developer rights under the terms of the Master Deed including but not limited to the right to submit to the Shipyard Village Horizontal Property Regime all or any portion of the Land as well as those rights set forth in Articles I, XIV and XV of the Master Deed.

3. LBTS assigned all of its reserved developer rights under the Master Deed to The Litchfield Company of South Carolina Limited Partnership by Assignment dated December 29, 1988 and recorded February 7, 1989 in the R.O.D. in Deed Book 322 at page 257 and The Litchfield Company of South Carolina Limited Partnership assigned said reserved developer rights to the Shipyard Village Development Corp., LLC by Assignment dated August 3, 1998 and recorded August 5, 1998 in the R.O.D in Deed Book 890 at page 335.

ARTICLE I
Purpose and Submission - Condominium Ownership

By the recording of the Master Deed, the Declarant created a Horizonal Property Regime and established certain easements, covenants and restrictions which run with the property as more fully set forth in said Master Deed. By virtue of the Master Deed and the First Amendment, the Grantor submitted to condominium ownership the Property (hereafter defined)

GEORGETOWN COUNTY PARCEL # 4-142-184
RWD

CERTIFIED A TRUE
AND CORRECT COPY
Wanda J. Prevatte
REGISTER OF DEEDS
GEORGETOWN COUNTY, S.C.

constituting Phase I and Phase II of Shipyard Village Horizontal Property Regime. The Declarant specifically reserved the right to amend the Master Deed in the future to elect to incorporate into Shipyard Village Horizontal Property Regime portions of the Land, which together with the Property originally submitted in the Master Deed may be developed into up to four phases, all of which is more fully set forth in Article I of the Master Deed.

This Second Amendment to the Master Deed is made, published and filed of record by the Grantor in order to publish its election to develop a portion of the Land composing Phase III (as hereinafter described) pursuant to its rights reserved in Article I of the Master Deed. The Grantor hereby specifies that this Second Amendment to the Master Deed shall constitute its election to submit to the Master Deed and the Act the property composing Phase III (the "Phase III Property") and shall bind and inure to the benefit of the Grantor, its successors and assigns, and all subsequent owners of any interest in the Phase III Property, their grantees, successors, heirs, executors, administrators, devisees or assigns. The Grantor publishes and declares that the portion of the Land as described in Exhibit A attached hereto composing Phase III is hereby integrated and combined with the property composing Phase I and Phase II (the property composing Phases I, II and III shall be collectively referred to as the "Property") and shall be owned, occupied, used, conveyed, encumbered, leased, and improved in accordance with the provisions of the Act and in accordance with the covenants, restrictions, encumbrances, easements and obligations of record affecting the Property as set forth or incorporated by reference in the Master Deed as amended hereby, all of which shall be deemed to be covenants and obligations running with the Property.

ARTICLE II
Phase III Property

Section 1. The Property. The portion of the Land submitted to condominium ownership in Phase III is shown by the plat entitled "Asbuilt Survey of Phase III, Shipyard Village Horizontal Property Regime" dated October 1, 1998 prepared by ETS - Engineering and Technical Services, Inc., which plat is attached hereto as Exhibit B and incorporated herein by reference and is recorded in the R.O.D. in Slide 288 at page 3 (the "Phase III Plat"), and the Phase III Property is furthermore described in Exhibit A attached hereto and specifically incorporated by reference herein.

PURSUANT TO SECTION 27-31-100 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976 AS AMENDED, NOTICE IS GIVEN THAT ALL ACTIVITIES ON OR OVER AND ALL USES OF ANY SUBMERGED LAND OR OTHER CRITICAL AREAS ARE SUBJECT TO THE JURISDICTION OF THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT, INCLUDING, BUT NOT LIMITED TO, THE REQUIREMENTS THAT ANY ACTIVITY OR USE MUST BE AUTHORIZED BY THE SOUTH CAROLINA OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT. PURSUANT THERETO, ANY OWNER IS LIABLE TO THE EXTENT OF HIS OWNERSHIP FOR ANY DAMAGES TO, ANY INAPPROPRIATE OR UNPERMITTED USES OF, AND ANY DUTIES OR RESPONSIBILITIES

CONCERNING ANY SUBMERGED LAND, COASTAL WATERS OR OTHER CRITICAL AREA.

Section 2. Phase III Building Locations. Grantor has constructed upon the Phase III Property one building containing 30 Units, said building being designated as the "Captain's Quarters D" Building or the "Phase III Building" on the Unit Plans (as hereinafter defined). The Phase III Building is of concrete and steel construction on pilings with steel stud and synthetic stucco siding. The floors in the Phase III Building are post tensional concrete. The Phase III Building is five (5) floors in height above covered parking with six (6) Units located on each floor. The Phase III Plat and the Unit Plans (as hereinafter defined) show the horizontal and vertical location of the Phase III Building and the Units located therein. Each of the five (5) floors has a common walkway which is connected by two elevators and two common stairways, all of which are General Common Elements. All of the Units in the Phase III Building are adjacent to and are connected with a common walkway located on each floor of the Phase III Building. The location of the Phase III Building and other improvements on the Regime Property is shown on the Phase III Plat. The Phase III Building and the Units contained therein and the General Common Elements and Limited Common Elements constructed on and forming a part of the Regime Property are constructed in substantial accordance with the architectural plans identified as Exhibit C attached hereto and incorporated herein (the "Unit Plans"), which Unit Plans are certified to by a architect licensed to practice in the State of South Carolina, said certification attached hereto as Exhibit D. The Phase III Building is also referred to as the "Captain's Quarters at Shipyard Village." The Phase III Building contains the following Units:

Floor	Unit Numbers
1	D-11, D-12, D-13, D-14, D-15, D-16
2	D-21, D-22, D-23, D-24, D-25, D-26
3	D-31, D-32, D-33, D-34, D-35, D-36
4	D-41, D-42, D-43, D-44, D-45, D-46
5	D-51, D-52, D-53, D-54, D-55, D-56

Section 3. Description of Parking Areas. The Regime contains covered and uncovered parking areas for the use of Unit Owners in parking vehicles and for guest parking. Some of the covered parking areas are Limited Common Elements and their use is restricted exclusively to the Owner of the Unit to which said covered parking is appurtenant, members of his immediate family, guests and tenants. The covered parking is more fully shown in the Unit Plans attached hereto as Exhibit C. The parking will be subject to the rules and regulations promulgated by the Association from time to time.

Section 4. Description of Units in Phase III. The location of the Phase III Building and the Units contained therein are more fully shown on the Phase III Plat and in the Unit Plans attached hereto as Exhibits B and C, respectively and by reference incorporated herein. There are thirty (30) Units in the Phase III Building representing ten (10) different floor plans. The individual Units in Phase III and their floor plans, dimensions and location in the Phase III

Building are depicted by the Phase III Plat and the Unit Plans and are described as follows:

a. "A" Floor Plan Unit. There are four (4) "A" Floor Plan Units in the Phase III Building located on the second, third, fourth and fifth floors (above the covered parking). Units D-21, D-31, D-41 and D-51 are "A" Floor Plan Units, as more fully shown on the Unit Plans. Each "A" Floor Plan Unit contains approximately 1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "A" Floor Plan Units include rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

b. "A-F" Floor Plan Unit. There is one (1) A-F Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Unit D-11 is the "A-F" Floor Plan Unit, as more fully shown on the Unit Plans. The "A-F" Floor Plan Unit contains approximately 1,652 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "A-F" Floor Plan Unit includes rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

c. "B" Floor Plan Unit. There are eight (8) "B" Floor Plan Units in the Phase III Building, located on the second, third, fourth and fifth floors (above the covered parking). Units D-22, D-32, D-42, D-52, D-24, D-34, D-44 and D-54 are "B" Floor Plan Units, as more fully shown on the Unit Plans. The "B" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

d. "B-F" Floor Plan Unit. There are two (2) "B-F" Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Units D-12 and D-14 are the "B-F" Floor Plan Units. The "B-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

e. "B-Opposite" Floor Plan Unit. There are four (4) "B-Opposite" Floor Plan Units in the Phase III Building located on the second, third, fourth and fifth floors (above the covered parking). Units D-25, D-35, D-45 and D-55 are "B-Opposite" Floor Plan Units, as more fully shown on the Unit Plans. The "B-Opposite"

Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-Opposite" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

f. "B-F Opposite" Floor Plan Unit. There is one (1) "B-F Opposite" Floor Plan Unit in the Phase III Building located on the first floor (above the covered parking). Unit D-15 is the "B-F Opposite" Floor Plan Unit, as more fully shown on the Unit Plans. The "B-F Opposite" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "B-F Opposite" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

g. "C" Floor Plan Unit. There are four (4) "C" Floor Plan Units in the Phase III Building, located on the second, third, fourth and fifth floors (above the covered parking). Units D-23, D-33, D-43 and D-53 are "C" Floor Plan Units, as more fully shown on the Unit Plans. The "C" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C" Floor Plan Units contain rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

h. C-F" Floor Plan Unit. There is one "C-F" Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Unit C-13 is the "C-F" Floor Plan Unit. The "C-F" Floor Plan Unit contains approximately 1,537 square feet of heated space, is located on one (1) level, and contains three (3) bedrooms. The "C-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, two (2) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

i. "D" Floor Plan Unit. There are four (4) "D" Floor Plan Units in the Phase III Building, located on the second, third, fourth and fifth floors (above the covered parking). Units D-26, D-36, D-46 and D-56 are "D" Floor Plan Units, as more fully shown on the Unit Plans. The "D" Floor Plan Units contain approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "D" Floor Plan Units contain rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

j. "D-F" Floor Plan Unit. There is one "D-F" Floor Plan Unit in the Phase III Building, located on the first floor (above the covered parking). Unit D-16 is the "D-F" Floor Plan Unit. The "D-F" Floor Plan Unit contains approximately 1,983 square feet of heated space, is located on one (1) level, and contains four (4) bedrooms. The "D-F" Floor Plan Unit contains rooms as follows: foyer, laundry room, three (3) guest bedrooms, two (2) guest bathrooms, master bedroom, master bathroom, living room/dining room combination, kitchen, together with closets.

Section 5. Unit Boundaries. Each Unit in Phase III is composed of the interior cubic space, fixtures, appliances, furnishings, walls, floors, ceilings, and building material enclosed within the following boundaries:

a. The upper boundaries of the Unit shall extend to the unfinished interior surfaces of the unfinished sheetrock or other ceiling material. The lower boundaries of the Unit shall extend to the unfinished surface of the structural concrete slab constituting the floor.

b. The perimetrical boundaries of the Unit shall extend to the unfinished interior surfaces of the perimeter walls of the Unit excluding load bearing structural interior walls or components.

c. Each Unit shall also encompass and include, and each Owner shall be responsible for maintenance and repair of the following whether located within or without the boundaries described in (a) and (b) above: (i) the doorways, windows, vents and other non-structural elements in the walls, floor, and ceilings of the Unit which are regarded as enclosures of space; (ii) the doors (including any screen doors) opening into the Unit and into any storage area integral to the Unit, including the frames, casings, hinges, handles and other fixtures which are part of the doors; (iii) the sliding-glass doors, if any, opening from each Unit to said Unit's balcony, (iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit; (v) the plumbing, wiring, and mechanical vents that exclusively serve the Unit; (vi) the appliances, air conditioning, and heating units, (including the condenser and all piping, wiring and attachments), hot water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, trim finished surface of ceilings and walls, wiring, insulation, and other fixtures, furnishings, and building materials which are part of the Unit when delivered to the initial Owner and which exclusively serve the Unit; and (vii) all appurtenances which are integral and exclusive to the Unit, including, but not limited to, lamps attached to the exterior of the Unit and water and sewer pipes within the Unit and exclusively serving the Unit.

Section 6. Central Systems Not Part of Units. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designed for the service of

Section 2. Reservation of Rights. The Grantor, in accordance with the Master Deed, reserves all rights to submit to the Regime all or any portion of the Land as provided in Article I, Article XIV, and Article XV of the Master Deed, and all other rights reserved by the Grantor as provided in the Master Deed.

Section 3. Owners. By acceptance of the deed to a Unit, each purchaser of a Unit in Phases I, II and III ratifies and covenants to observe on behalf of himself, his heirs, successors and assigns, the Master Deed, as amended, and the Bylaws governing Shipyard Village Council of Co-Owners, Inc.

ARTICLE V
Miscellaneous

Section 1. Definitions. Except as otherwise set forth herein, the defined terms shall have those same meanings as set forth in the Master Deed.

Section 2. Controlling Provisions. Except as specifically amended herein, the Master Deed, as amended by the Second Amendment shall remain in full force and effect.

[SIGNATURE PAGE ATTACHED]

00013908 10/16/1998 B910 P32
000000706 01/19/1999 BD0942 P00053

IN WITNESS WHEREOF, Declarant has executed this Second Amendment to Master Deed the day and year first above written.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Linda M. Howell

Kay Lambert

SHIPYARD VILLAGE DEVELOPMENT CORP., LLC
a South Carolina limited liability company

By: The Litchfield Company of South Carolina Limited Partnership, a South Carolina limited partnership, its Manager

By: Litchfield Enterprises, Inc., its sole general partner

By: D. G. Mahon III (Seal)
Title: President

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGEMENT
COUNTY OF GEORGETOWN)

I, Kay Lambert, a Notary Public residing in the County and State aforesaid, do certify that the Shipyard Village Development Corp., LLC, a South Carolina Limited Liability Company, by The Litchfield Company of South Carolina Limited Partnership, its Manager by Litchfield Enterprises, Inc., its sole general partner by D. G. Mahon, III, its President, who is personally known to me, this day appeared before me personally and did acknowledge that it did sign, seal and deliver the foregoing instrument of its own free will and accord, for the purposes therein named and expressed.

SWORN to before me this 15th day of October, 1998.

Kay Lambert (L.S.)
Notary Public for SC
My Commission Expires: 3/18/2001

00013908 10/16/1998 B910 P33
000000706 01/19/1999 RD0942 P00054

EXHIBIT A
(Legal Description)

All that certain piece, parcel or tract of land situate, lying and being in the County of Georgetown, State of South Carolina in Tax District Number 4 containing 1.59 acres as shown on a map entitled "As-Built Survey of Phase III, Shipyard Village Horizontal Property Regime, prepared for the Shipyard Village Development Corp., L.L.C." dated October 1, 1998, prepared by E.T.S.-Engineering and Technical Services, Inc., and recorded in the Register of Deeds Office for Georgetown County in Slide 288 at Page 3, and such property having such size, shape, metes, bounds, courses and distances as will more fully appear according to said map which map is incorporated herein by reference.

Georgetown: 24965

00013908 10/16/1998 B910 P34
000000706 01/19/1999 BD0942 P00055

EXHIBIT B
(Phase III Plat)

As-Built Survey of Phase III, Shipyard Village Horizontal Property Regime prepared for Shipyard Village Development Corp., LLC by E.T.S.-Engineering and Technical Services, Inc., said map being dated October 1, 1998 and recorded in the Register of Deeds Office for Georgetown County in Slide 28 at page 3.

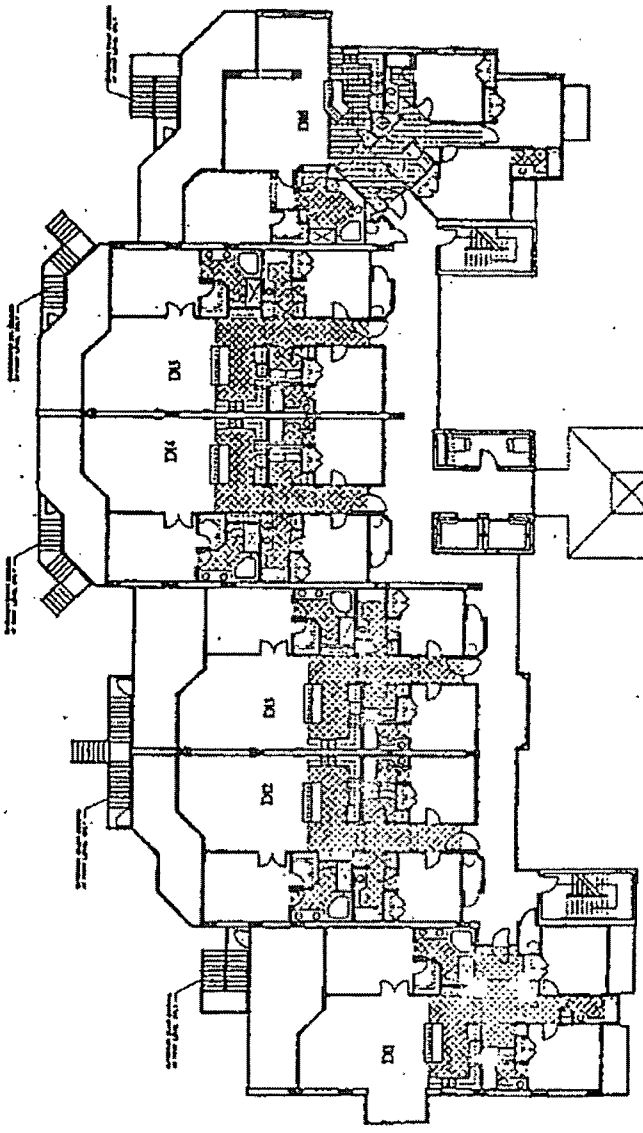
Georgetown: 24965

00013908 10/16/1998 B910 P35
000000706 01/19/1999 BD0942 P00056

EXHIBIT C
(Unit Plans)

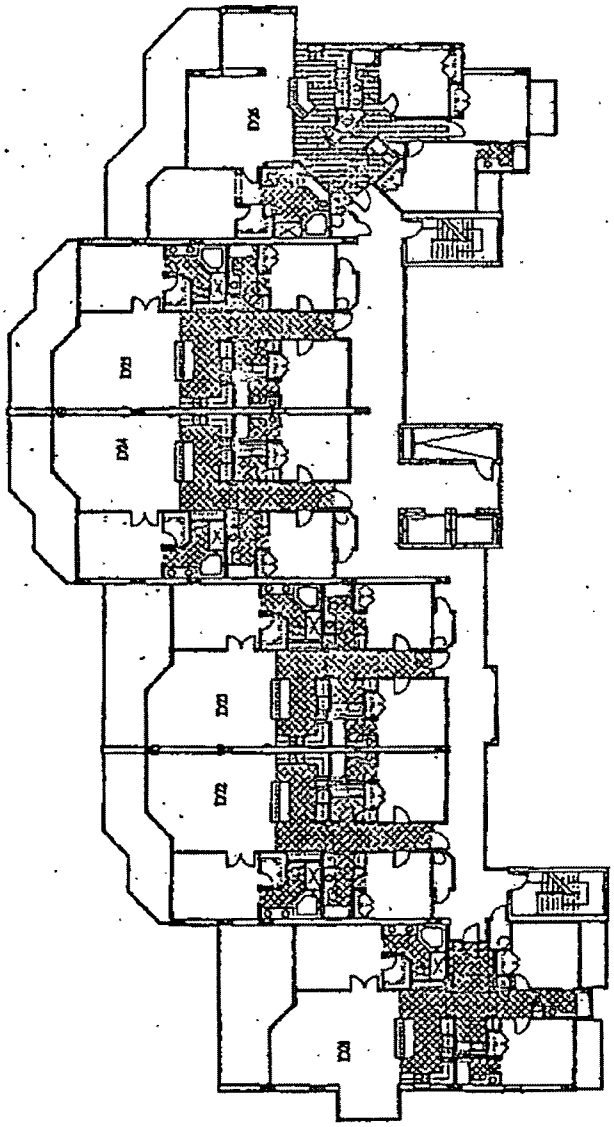
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00013908 10/16/1998 B910 P37
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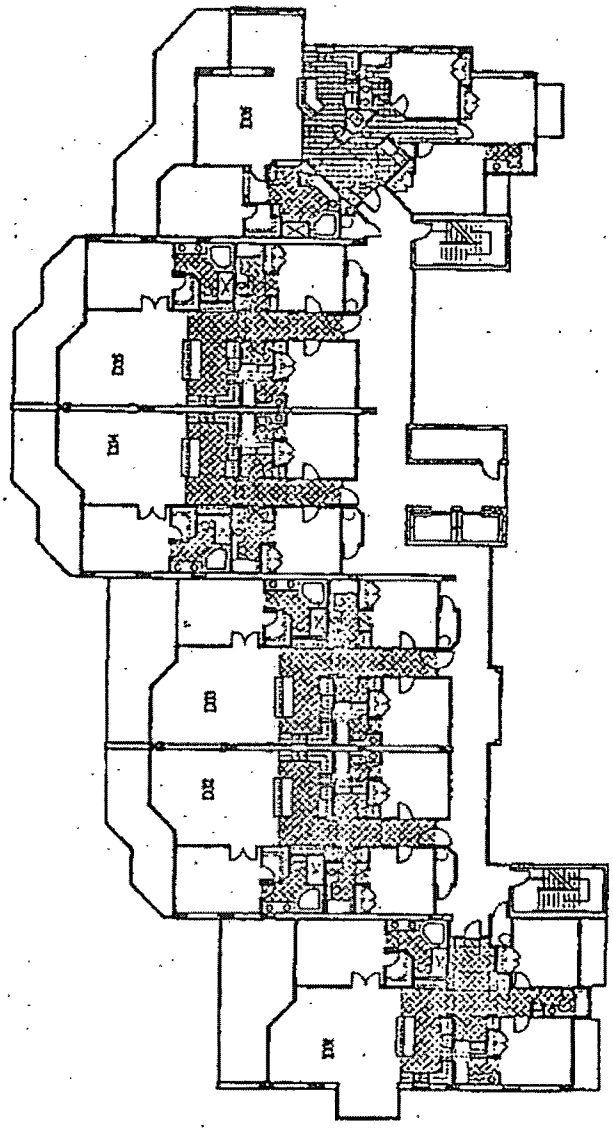
FIRST FLOOR - BUILDING "D"

00013908 10/16/1998 B910 P38
000000706 01/19/1999 BD0942 P00059



SECOND FLOOR - BUILDING "D"

00013908 10/16/1998 B910 P39
000000706 01/19/1999 BD0942 P00060

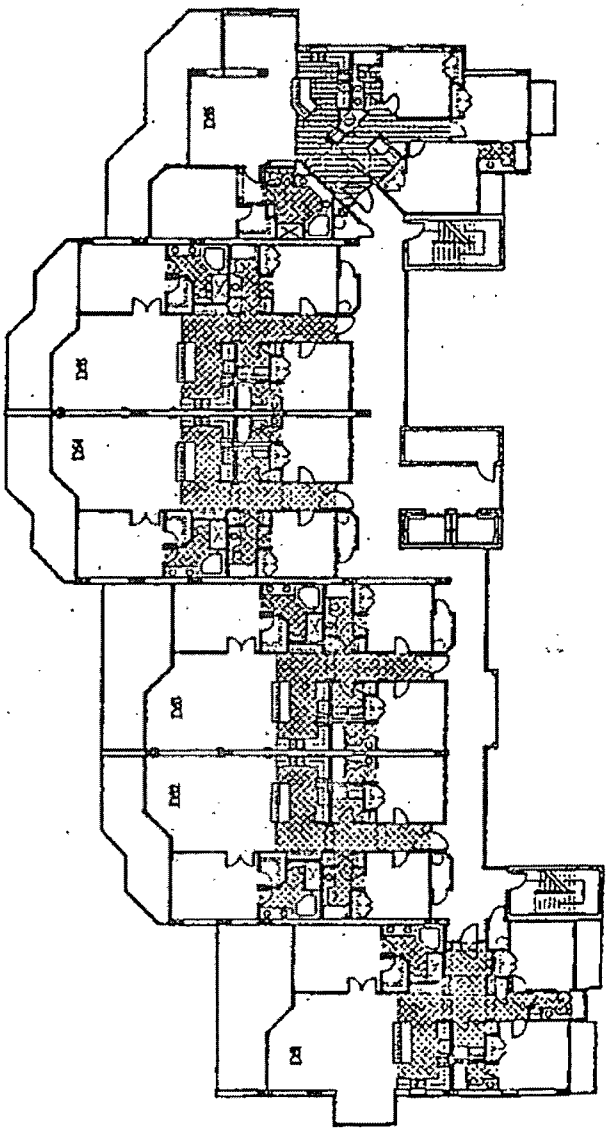


THIRD FLOOR - BUILDING "D"

FOURTH FLOOR - BUILDING "D"

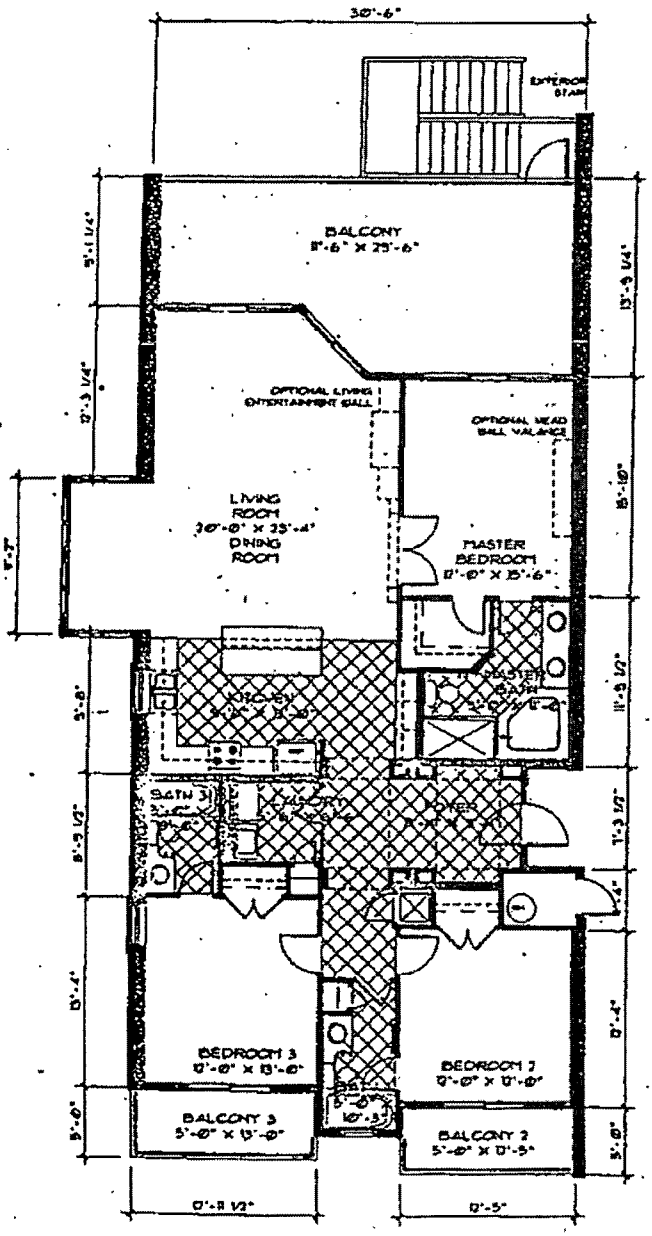
0001390B 10/16/1998 B910 P40
00000070E 01/19/1999 BD0942 P00061

00013908 10/16/1998 B910 P41
000000706 01/19/1999 RD0942 P00062



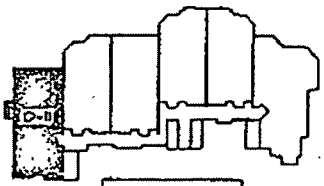
FIFTH FLOOR - BUILDING "D"

00013908 10/16/1998 B910 P42
000000706 01/19/1999 BD0942 P00063



UNIT "A-F" FLOOR PLAN

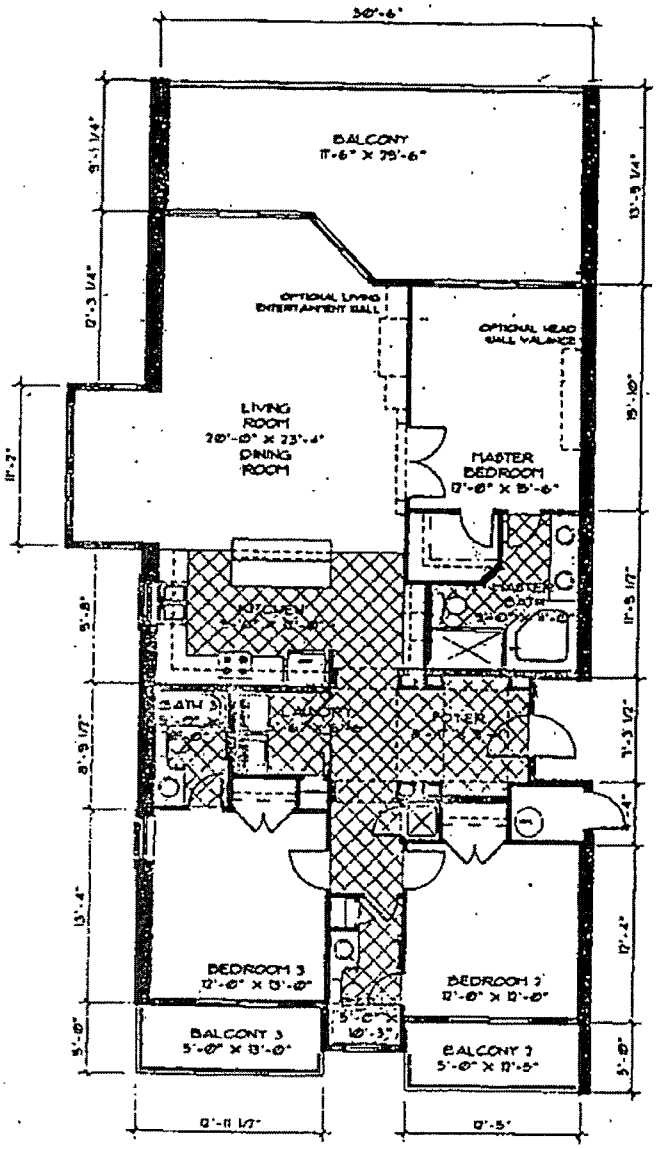
NOT TO SCALE



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BALCONY	467
STORAGE	26
TOTAL	2145

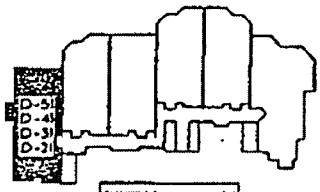
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00013908 10/16/1998 B910 P43
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UNIT "A" FLOOR PLAN

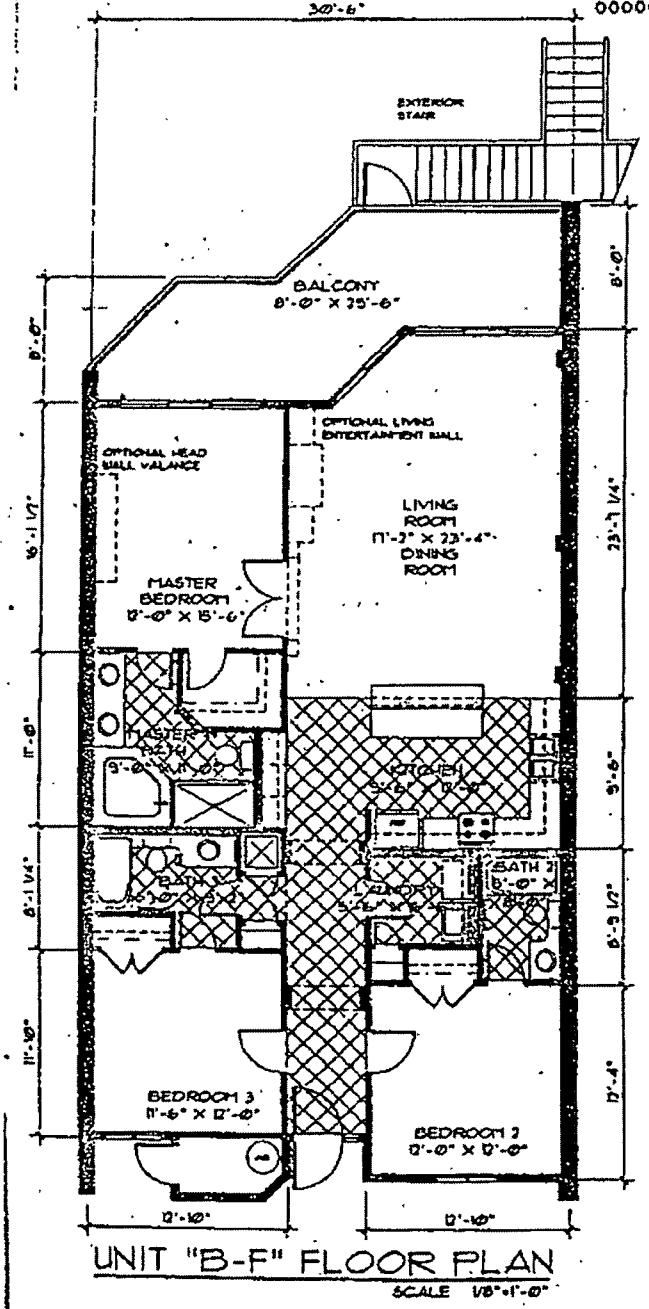
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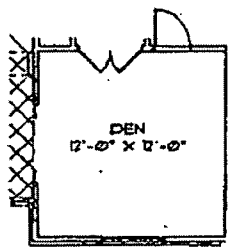
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BALCONY	467
STORAGE	76
TOTAL	2195

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

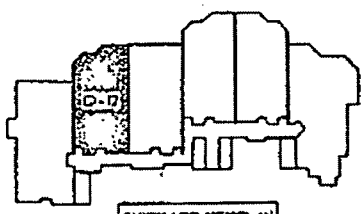
00013908 10/16/1998 B910 P44
000000706 01/19/1999 BD0942 P00065



UNIT "B-F" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

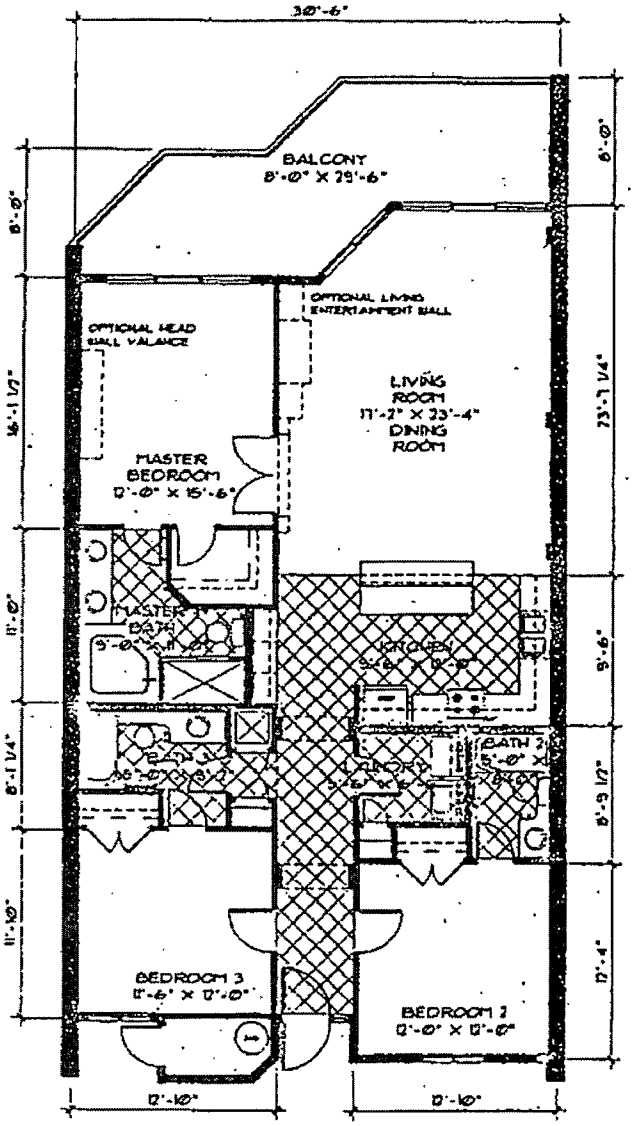


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

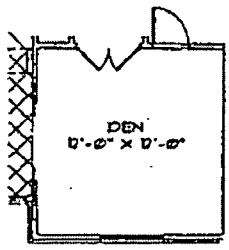
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00013908 10/16/1998 B910 P45
000000706 01/19/1999 BD0942 P00066



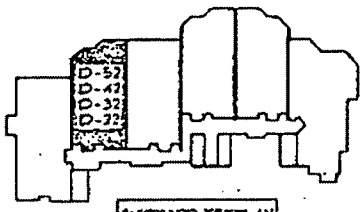
UNIT "B" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

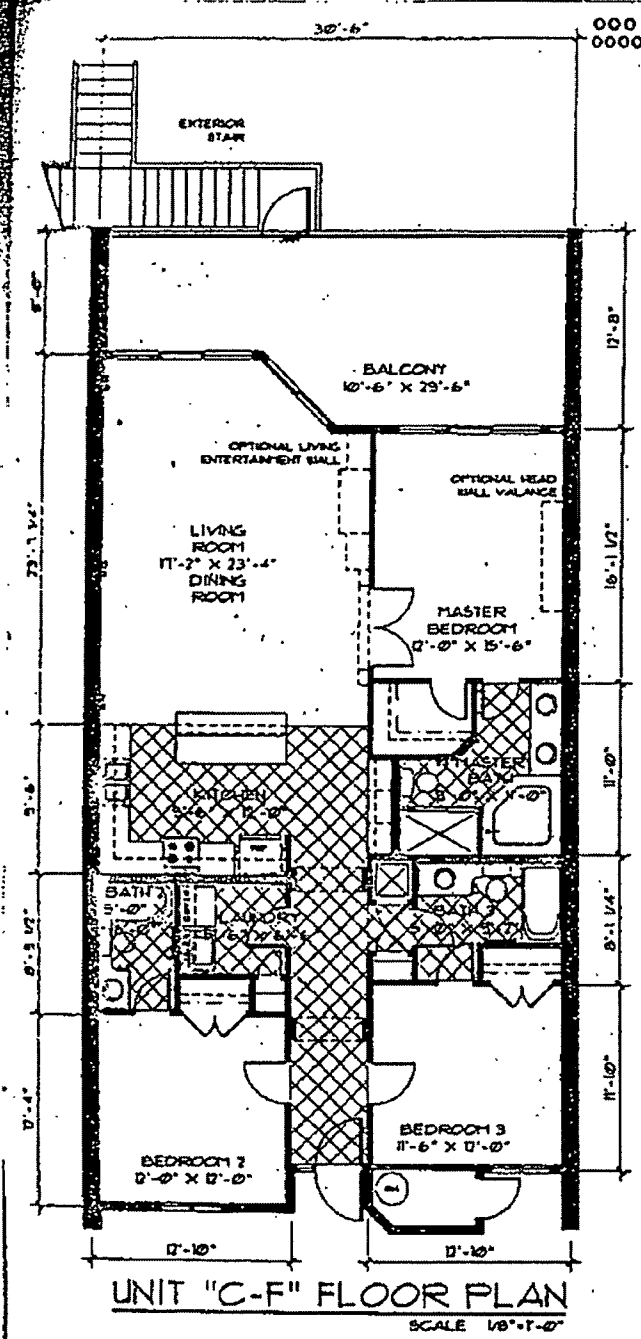


BIRDYARD KEYPLAN

SQUARE FOOTAGE	
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BALCONY	235
STORAGE	30
TOTAL	1802

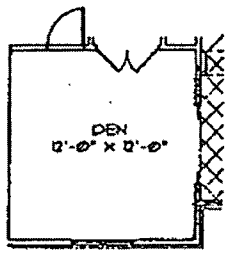
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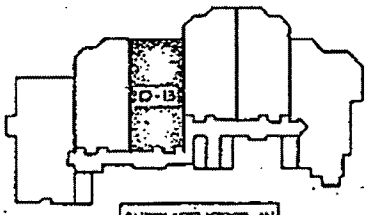
UNIT "C-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

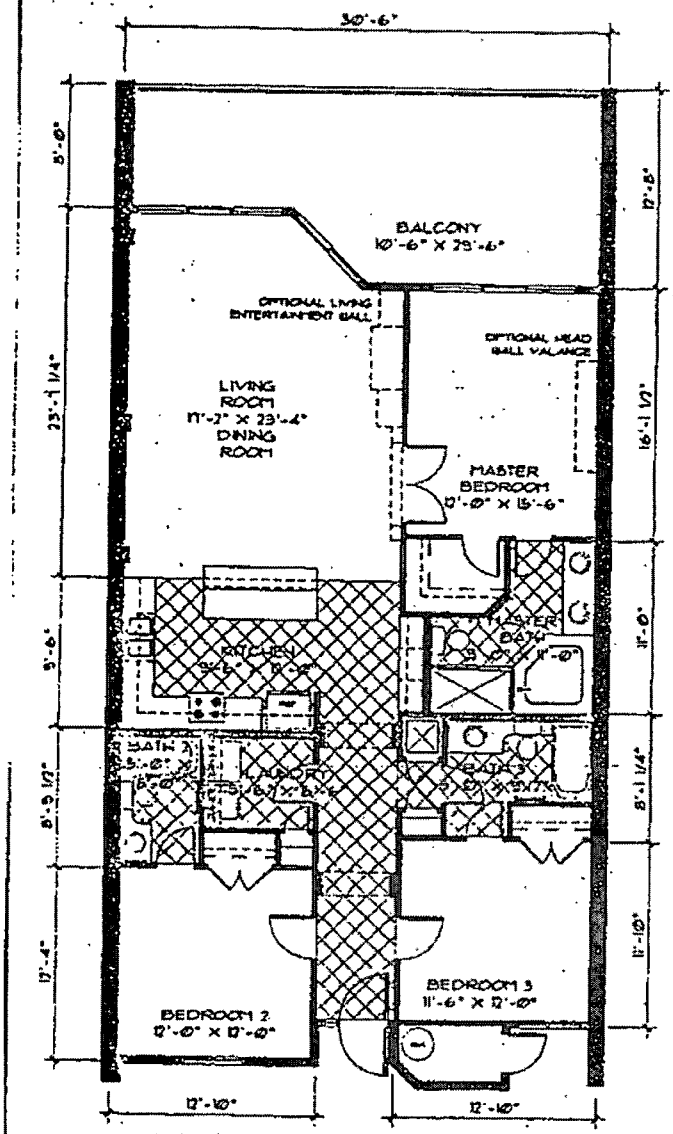


SHIPYARD KEYPLAN

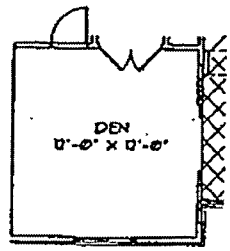
SQUARE FOOTAGE	
HEATED	1537
BALCONY	309
STORAGE	30
TOTAL	1876

THIS UNIT OCCURS AT LEVEL 1

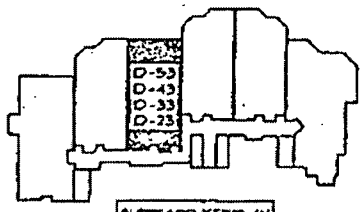
00013908 10/16/1998 B910 P47
000000706 01/19/1999 BD0942 P00068



UNIT "C" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

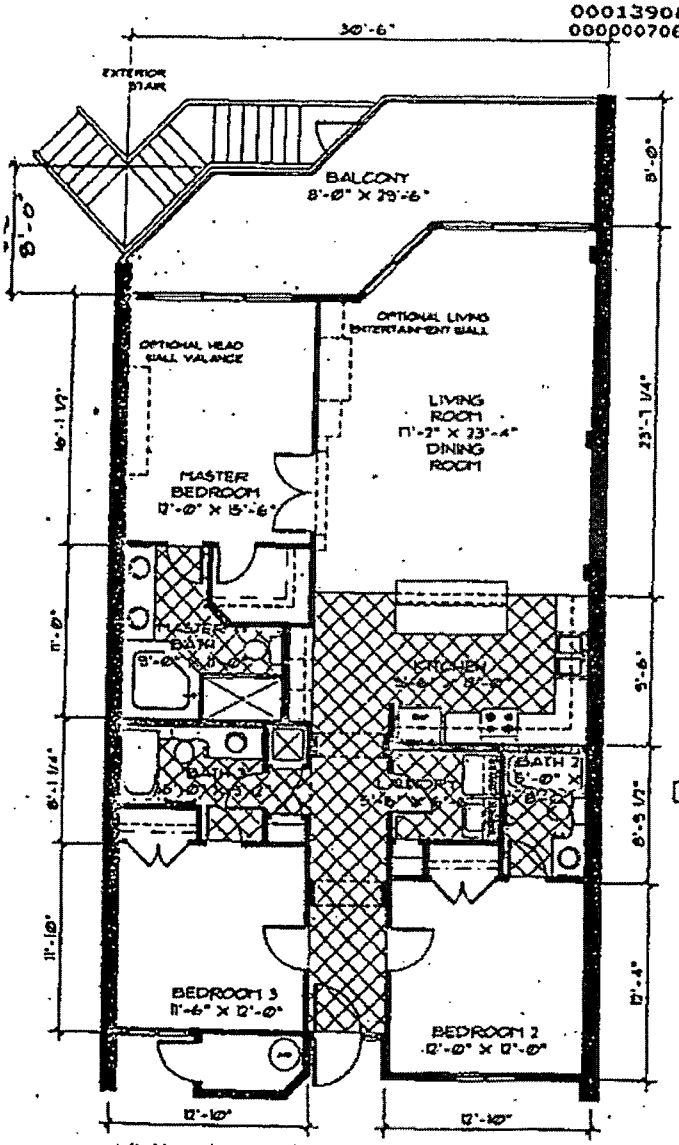


BLUEPRINT KEYPLAN

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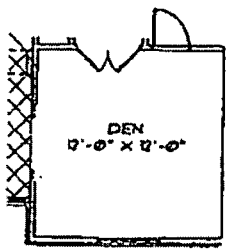
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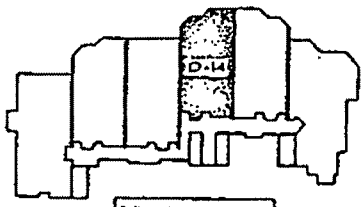
UNIT "B-F" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-

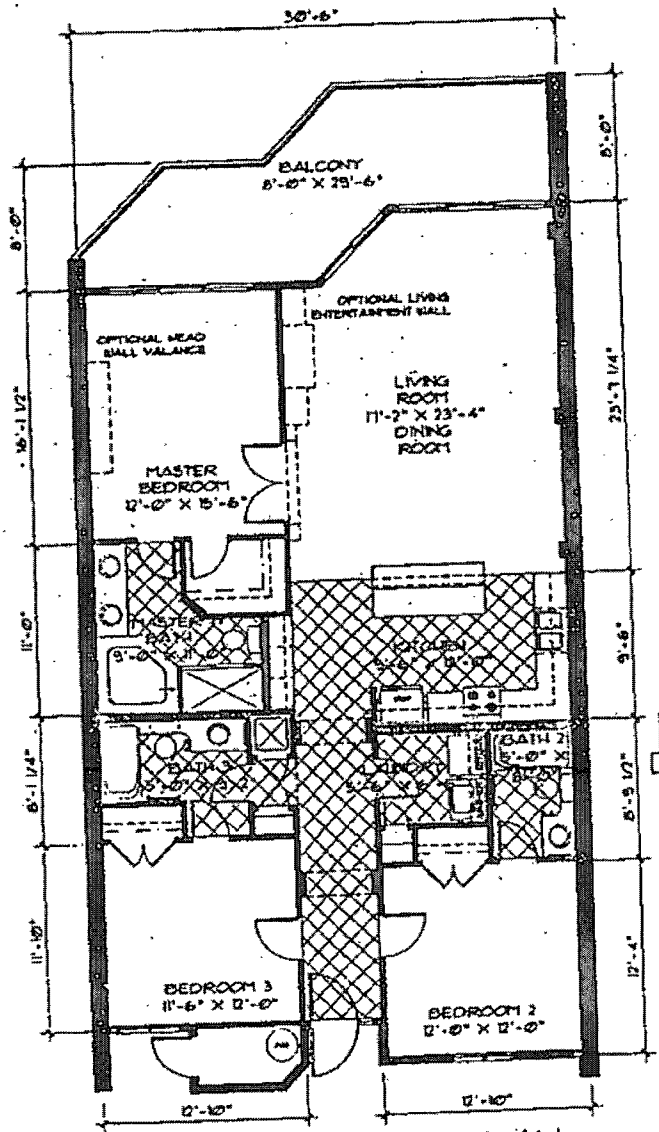


SHIPYARD KEYPLAN

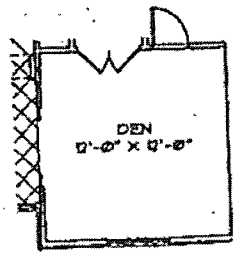
SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVEL 1

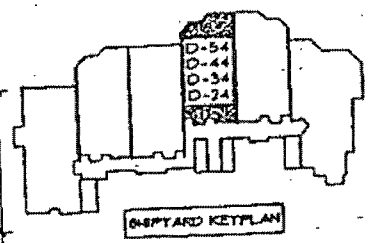
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000000706 01/19/1999 BD0942 P00070



UNIT "B" FLOOR PLAN
SCALE 1/8"=1'-0"



POCKET DOORS
OPTIONAL SCALE 1/8"=1'-0"

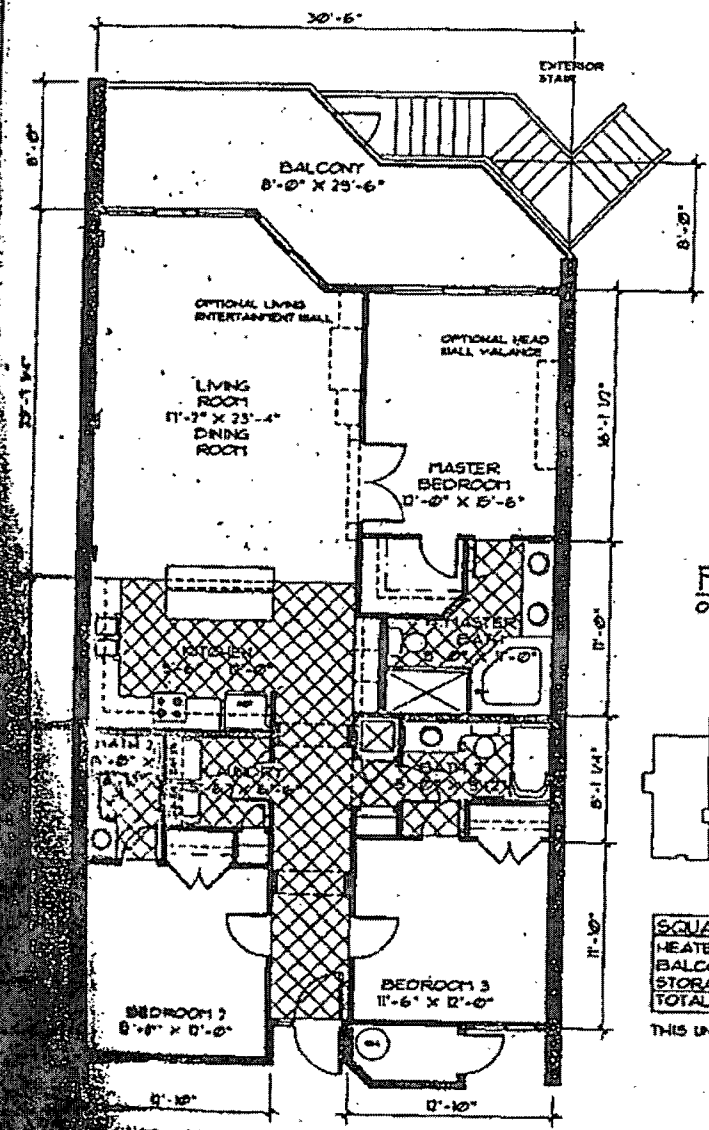


COURTYARD KEYPLAN

SQUARE FOOTAGE	
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BALCONY	235
STORAGE	30
TOTAL	1802

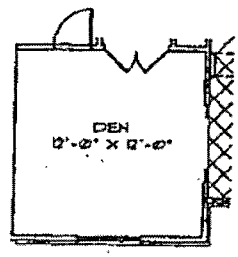
THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

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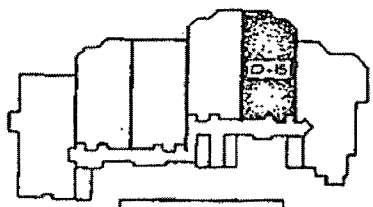
"B-F-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

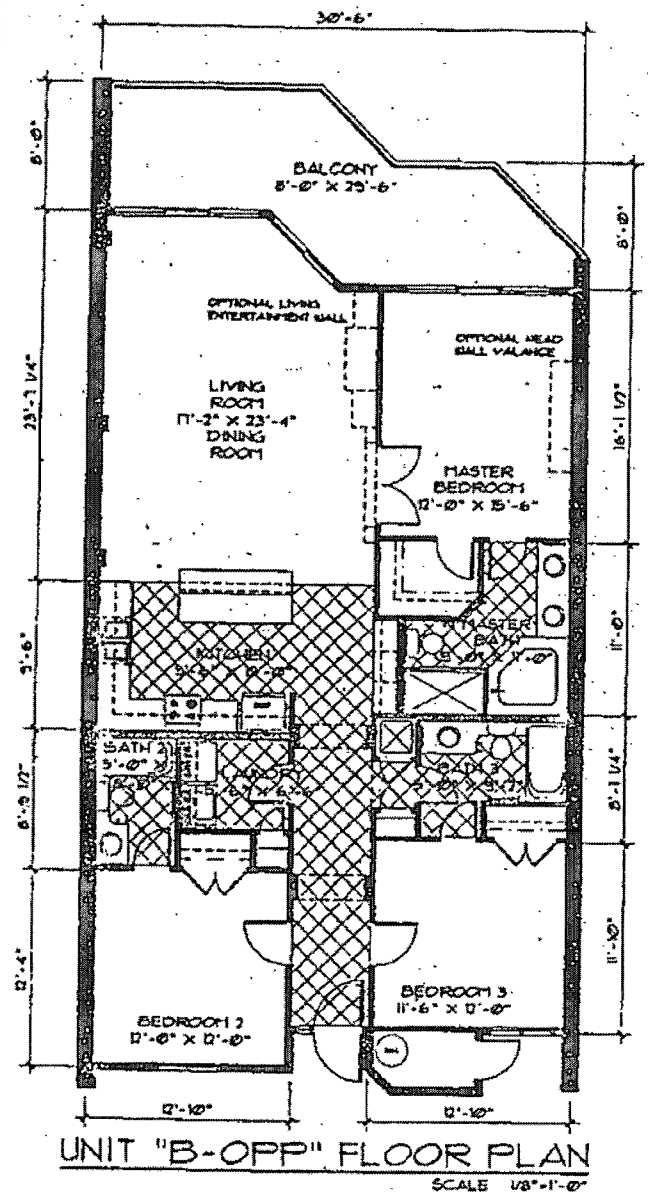


SHIPYARD KEYPLAN

SQUARE FOOTAGE	
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BALCONY	235
STORAGE	30
TOTAL	1802

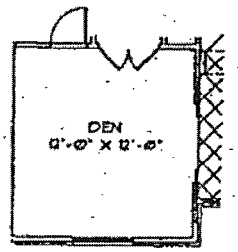
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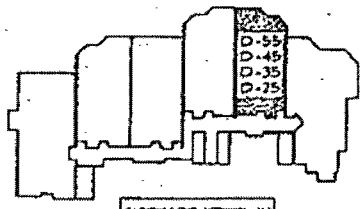
UNIT "B-OPP" FLOOR PLAN

SCALE 1/8"=1'-0"



POCKET DOORS

OPTIONAL SCALE 1/8"=1'-0"

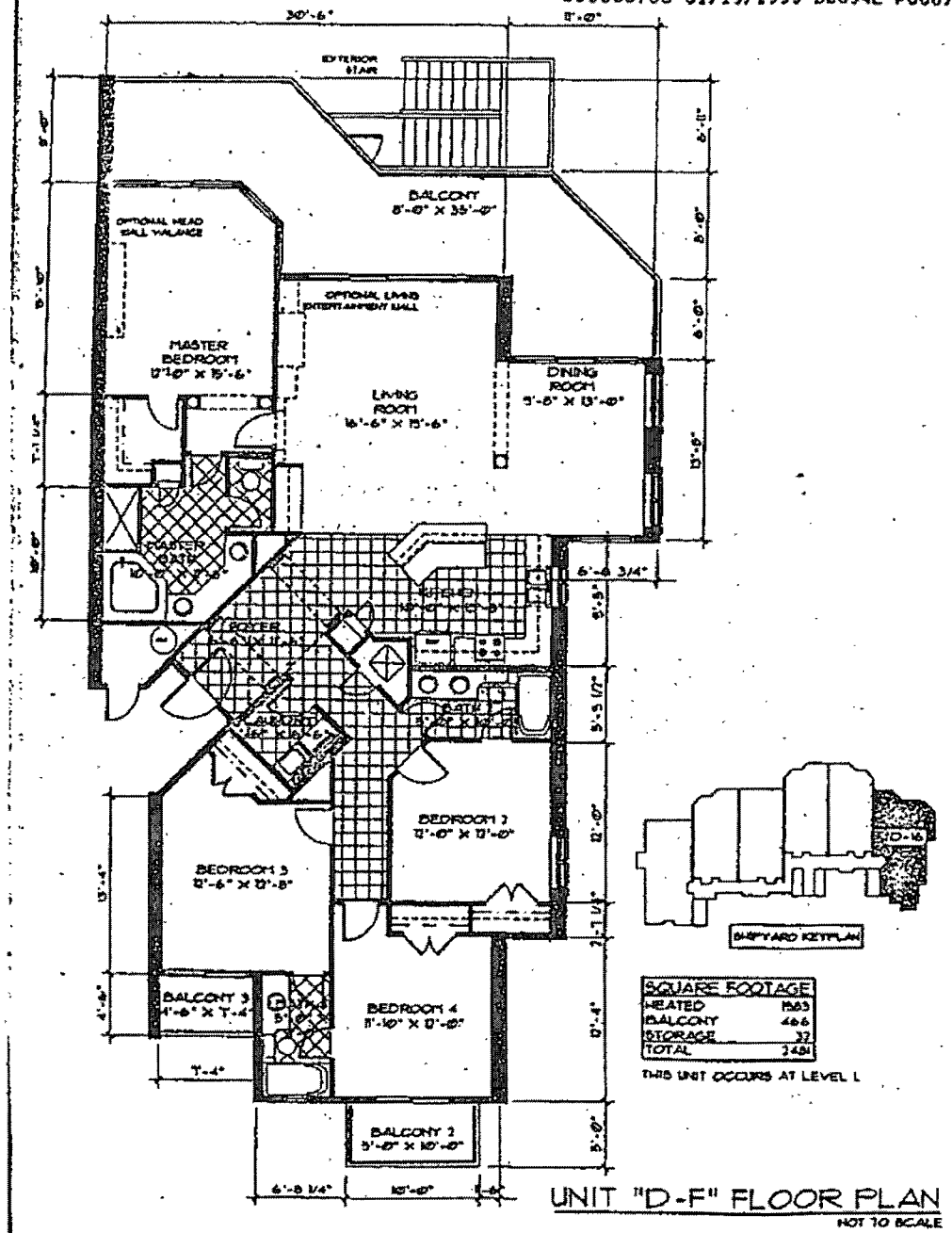


BACKYARD KEYPLAN

SQUARE FOOTAGE	
HEATED	1537
BALCONY	235
STORAGE	30
TOTAL	1802

THIS UNIT OCCURS AT LEVELS 2,3,4, & 5.

00013908 10/16/1998 B910 P52
000000706 01/19/1999 BD0942 P00073



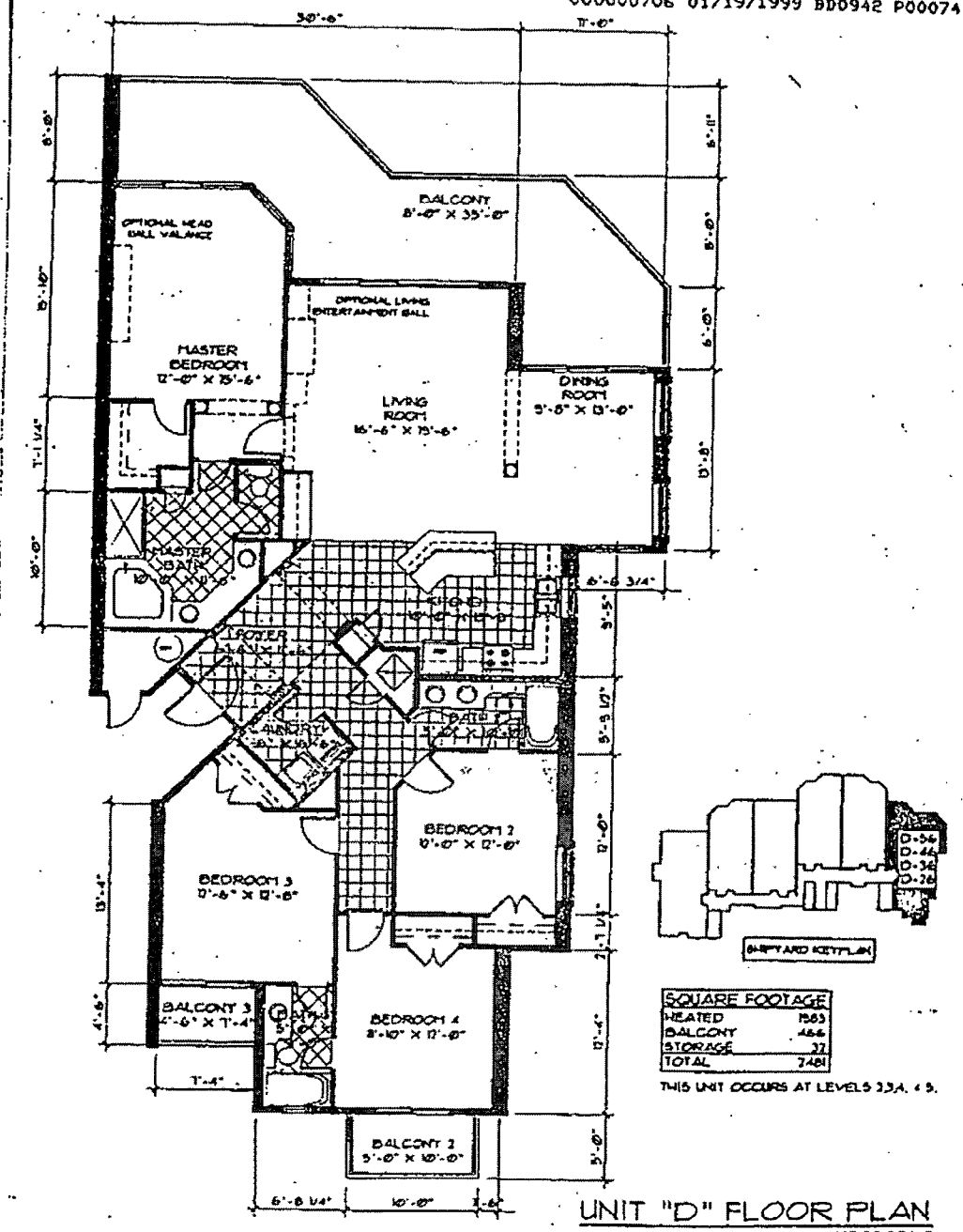
SQUARE FOOTAGE	
HEATED	1983
BALCONY	466
STORAGE	32
TOTAL	2481

THIS UNIT OCCURS AT LEVEL L

UNIT "D-F" FLOOR PLAN

NOT TO SCALE

00013908 10/16/1998 B910 P53
000000706 01/19/1999 BD0942 P00074



SQUARE FOOTAGE	
HEATED	1563
BALCONY	486
STORAGE	32
TOTAL	2481

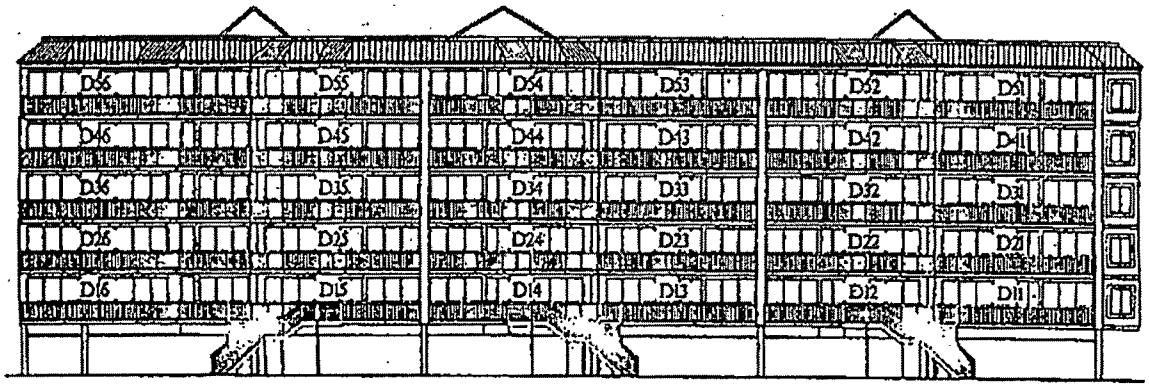
THIS UNIT OCCURS AT LEVELS 3,3A, & 5.

UNIT "D" FLOOR PLAN

NOT TO SCALE



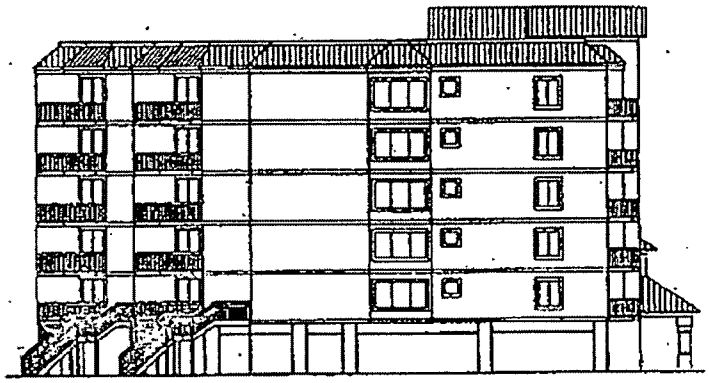
WEST ELEVATION - BUILDING "D"
NOT TO SCALE



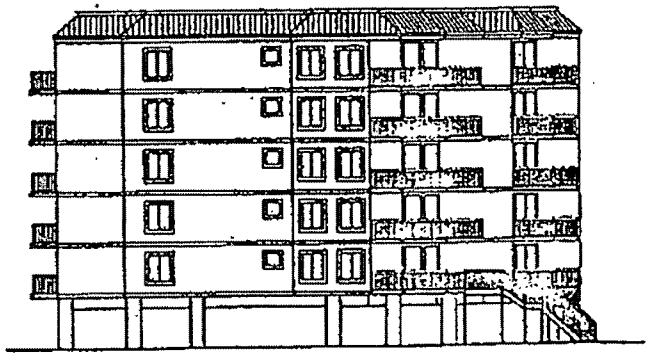
EAST ELEVATION - BUILDING "D"
NOT TO SCALE

00013908 10/16/1998 8910 PS4
00000706 01/19/1999 BD0942 P00075

00013908 10/16/1998 B910 P35
000000706 01/19/1999 BD0942 P00076



SOUTH ELEVATION - BUILDING "D"
NOT TO SCALE



NORTH ELEVATION - BUILDING "D"
NOT TO SCALE

00013908 10/16/1998 B910 P56
000000706 01/19/1999 BD0942 P00077

EXHIBIT D
(Architect's Certification)

ARCHITECT'S CERTIFICATE

Pursuant to Section 27-31-110 of the Code of Laws of South Carolina, 1976, as amended, I hereby certify the Unit Plans described in Exhibit C of the Second Amendment to the Master Deed of the Shipyard Village Horizontal Property Regime, as being those plans consisting of 20 pages and that the Phase III Building with the Units located therein shown in the Unit Plans is the same as constructed on the Property.

JENKINS, HANCOCK & SIDES

By: J Clif Burdette

Its: Architect

Georgetown: 24965

EXHIBIT E
(Percentage Interests)

SCHEDULE OF STATED VALUES AND PERCENTAGE INTERESTS

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-11	G	80,000	.67510%
A-12	G	80,000	.67510%
A-13	G	80,000	.67510%
A-14	G	80,000	.67510%
A-15	G	80,000	.67510%
A-16	G	80,000	.67510%
A-17	G	80,000	.67510%
A-18	G	80,000	.67510%
A-21	G	80,000	.67510%
A-22	G	80,000	.67510%
A-23	G	80,000	.67510%
A-24	G	80,000	.67510%
A-25	G	80,000	.67510%
A-26	G	80,000	.67510%
A-27	G	80,000	.67510%
A-28	G	80,000	.67510%
A-31	G	80,000	.67510%
A-32	G	80,000	.67510%
A-33	G	80,000	.67510%
A-34	G	80,000	.67510%
A-35	G	80,000	.67510%
A-36	G	80,000	.67510%
A-37	G	80,000	.67510%
A-38	G	80,000	.67510%
A-41	G	80,000	.67510%
A-42	G	80,000	.67510%
A-43	G	80,000	.67510%
A-44	G	80,000	.67510%
A-45	G	80,000	.67510%
A-46	G	80,000	.67510%
A-47	G	80,000	.67510%
A-48	G	80,000	.67510%
A-51	G	80,000	.67510%
A-52	G	80,000	.67510%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
A-53	G	80,000	.67510%
A-54	G	80,000	.67510%
A-55	G	80,000	.67510%
A-56	G	80,000	.67510%
A-57	G	80,000	.67510%
A-58	G	80,000	.67510%
B-11	G	80,000	.67510%
B-12	G	80,000	.67510%
B-13	G	80,000	.67510%
B-14	G	80,000	.67510%
B-15	G	80,000	.67510%
B-16	G	80,000	.67510%
B-17	G	80,000	.67510%
B-18	G	80,000	.67510%
B-21	G	80,000	.67510%
B-22	G	80,000	.67510%
B-23	G	80,000	.67510%
B-24	G	80,000	.67510%
B-25	G	80,000	.67510%
B-26	G	80,000	.67510%
B-27	G	80,000	.67510%
B-28	G	80,000	.67510%
B-31	G	80,000	.67510%
B-32	G	80,000	.67510%
B-33	G	80,000	.67510%
B-34	G	80,000	.67510%
B-35	G	80,000	.67510%
B-36	G	80,000	.67510%
B-37	G	80,000	.67510%
B-38	G	80,000	.67510%
B-41	G	80,000	.67510%
B-42	G	80,000	.67510%
B-43	G	80,000	.67510%
B-44	G	80,000	.67510%
B-45	G	80,000	.67510%
B-46	G	80,000	.67510%
B-47	G	80,000	.67510%
B-48	G	80,000	.67510%
B-51	G	80,000	.67510%
B-52	G	80,000	.67510%
B-53	G	80,000	.67510%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
B-54	G	80,000	.67510%
B-55	G	80,000	.67510%
B-56	G	80,000	.67510%
B-57	G	80,000	.67510%
B-58	G	80,000	.67510%
C-11	J	95,000	.80168%
C-12	I	90,000	.75949%
C-13	I	90,000	.75949%
C-14	I	90,000	.75949%
C-15	I	90,000	.75949%
C-16	I	90,000	.75949%
C-21	J	95,000	.80168%
C-22	I	90,000	.75949%
C-23	I	90,000	.75949%
C-24	I	90,000	.75949%
C-25	I	90,000	.75949%
C-26	I	90,000	.75949%
C-31	J	95,000	.80168%
C-32	I	90,000	.75949%
C-33	I	90,000	.75949%
C-34	I	90,000	.75949%
C-35	I	90,000	.75949%
C-36	I	90,000	.75949%
C-41	J	95,000	.80168%
C-42	I	90,000	.75949%
C-43	I	90,000	.75949%
C-44	I	90,000	.75949%
C-45	I	90,000	.75949%
C-46	I	90,000	.75949%
C-51	J	95,000	.80168%
C-52	I	90,000	.75949%
C-53	I	90,000	.75949%
C-54	I	90,000	.75949%
C-55	I	90,000	.75949%
C-56	I	90,000	.75949%
D-11	I	90,000	.75949%
D-12	I	90,000	.75949%
D-13	I	90,000	.75949%
D-14	I	90,000	.75949%
D-15	I	90,000	.75949%
D-16	J	95,000	.80168%

Unit Number	Unit Type	Assigned Value for Purposes of Horizontal Property Act	Percentage Interest
D-21	I	90,000	.75949%
D-22	I	90,000	.75949%
D-23	I	90,000	.75949%
D-24	I	90,000	.75949%
D-25	I	90,000	.75949%
D-26	J	95,000	.80168%
D-31	I	90,000	.75949%
D-32	I	90,000	.75949%
D-33	I	90,000	.75949%
D-34	I	90,000	.75949%
D-35	I	90,000	.75949%
D-36	J	95,000	.80168%
D-41	I	90,000	.75949%
D-42	I	90,000	.75949%
D-43	I	90,000	.75949%
D-44	I	90,000	.75949%
D-45	I	90,000	.75949%
D-46	J	95,000	.80168%
D-51	I	90,000	.75949%
D-52	I	90,000	.75949%
D-53	I	90,000	.75949%
D-54	I	90,000	.75949%
D-55	I	90,000	.75949%
D-56	J	95,000	.80168%
		$11,850,000	100%

#556 #42.00 re-record
McNair

FILED
REGISTER OF MESNE
CONVEYANCES

99 JAN 19 AM 11:56

RECORDED IN GEORGETOWN COUNTY, S.C.
BOOK 942 PAGE 116
Wanda G. Gasque

00013908 10/16/1998 B910 P61

#25167 McNair Law Firm
00013908
RECORDED 10/16/1998 02:53P
Bk:910 Pg:25 Pages:37
Fee:42.00 State:0.00
County:0.00 Trans:0.00
Georgetown County, SC
Register of Deeds
Wanda G. Gasque

000009706 01/19/1999 BD0942 P00082

re-record

Shipyard Village Development Corp LLC

Recorded this 27th day of
January A. D. 1999
Edna Y. Pearson
Auditor, Georgetown Co., S.C.

3rd amend Master Deed
1.59 ac Ph III
Shipyard Village HPR

Recorded this 20th day of
October A. D. 1998
Jessie McDuffie Mosty
Auditor, Georgetown Co., S.C.

10-16-06

equested By: kcc 10/05/2009

Instrument 200600022615 Book 235 Page 9

STATE OF SOUTH CAROLINA)
) AMENDMENT TO THE MASTER DEED OF SHIPYARD VILLAGE
COUNTY OF GEORGETOWN) HORIZONTAL PROPERTY REGIME

WHEREAS, the Master Deed for Shipyard Village Horizontal Property Regime (hereinafter the "Master Deed") was filed with the Register of Deeds for Georgetown County, South Carolina, on July 9, 1982 in Deed Book 201 at page 880; and

WHEREAS, the Master Deed has been amended by the filing of a First Amendment in the Register of Deeds for Georgetown County in Deed Book 891 at Page 001 (said First Amendment was re-recorded in Deed Book 907 at Page 127 and re-recorded in Deed Book 942 at Page 001), and by the filing of a Second Amendment in the Register of Deeds for Georgetown County in Deed Book 910 at Page 25 (said Second Amendment was re-recorded in Deed Book 942 at Page 46); and

WHEREAS, the Shipyard Village Council of Co-Owners, Inc. is a nonprofit corporation organized and existing under the laws of the State of South Carolina; and

WHEREAS, after proper and timely notice to Association members, a Special Meeting was held on April 15, 2006 for the purpose of voting on this Amendment to the Master Deed; and

WHEREAS, at that Special Meeting this Amendment was adopted by the affirmative vote the Co-Owners of two-thirds of the total interest in the Common Elements, pursuant to pursuant to Article XIV, Section 14.1 of the Master Deed; and

WHEREAS, the Shipyard Village Council of Co-Owners now desires to place this Amendment upon the public record;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Master Deed for Shipyard Village Horizontal Property Regime is amended as follows:

The following language is hereby **deleted** from Article III, Section 3.6(c):

> (ii) the window glasses, screens, frames and casings which are part of the window openings of the Unit;

The following language is hereby **deleted** from Article II, Section 5(c) of the First and Second Amendments to the Master Deed:

CERTIFIED A TRUE AND CORRECT COPY
Wanda J. Prevatte
REGISTER OF DEEDS
GEORGETOWN COUNTY, S.C.

GEORGETOWN COUNTY PARCEL # _____ SPE

(iv) the window glasses, screens, frames, and casings which are part of the window openings of the Unit;

The following sentence is hereby added to the end of Article III, Section 3.7(b) of the Master Deed:

> The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings.

The First and Second Amendments to the Master Deed are hereby amended so that the final two sentences of Article III, Section 2 of those Amendments read as follows:

> The Limited Common Elements shall also include the window glasses, screens, frames, and casings which are part of the window openings. Except as otherwise set forth herein, the use of the Limited Common Elements are restricted exclusively to the respective Unit Owner, members of his immediate family, guests and tenants.

Any other provisions of the Master Deed and Amendments thereto which are otherwise inconsistent with this Amendment are hereby amended so that such provisions are consistent with this Amendment. All other provisions of the Master Deed and Amendments thereto are unchanged and shall remain in full force and effect.

IN WITNESS WHEREOF, the President and Secretary of the Shipyard Village Council of Co-Owners, Inc., have caused this Amendment to be transcribed and hereby certify that this Amendment to the Master Deed and First and Second Amendments of the Shipyard Village Horizontal Property Regime was duly adopted in accordance with the provisions of the Master Deed.

Instrument 200600022615 Book 235 Page 7

SIGNED, SEALED, and DELIVERED IN THE PRESENCE OF:

WITNESSES:

1st Witness Signature

Vicki Gallagher, Witness/Notary

SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.

By:

Brian Nisbet
Its: President

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

ACKNOWLEDGEMENT
(S.C. CODE ANN. §30-5-30(B)(C)

I, the undersigned Notary Public for South Carolina, do hereby certify that Shipyard Village Council of Co-Owners, Inc. by Brian Nisbet, its President, appeared before me this day and acknowledged the due execution of the foregoing instrument as its act and deed.

Witness my hand and official seal this 26th day of September, 2006.

Vicki Gallagher
Notary Public for South Carolina
My Commission Expires: August 16, 2012

(SEAL)

Instrument 200600022615 Book 235 Page 8

WITNESSES:

1st Witness Signature

Kellie A. Diehl

SHIPYARD VILLAGE COUNCIL OF CO-OWNERS, INC.

By: James C. Poag, Jr.
James C. Poag, Jr.
Its: Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

ACKNOWLEDGEMENT
(S.C. CODE ANN. §30-5-30(B)(C)

I, the undersigned Notary Public for South Carolina, do hereby certify that Shipyard Village Council of Co-Owners, Inc. by James C. Poag, Jr., its Secretary, appeared before me this day and acknowledged the due execution of the foregoing instrument as its act and deed.

Witness my hand and official seal this 26th day of September, 2006.

Vicki Gallagher
Notary Public for South Carolina
My Commission Expires: August 16, 2013

(SEAL)

Instrument 200600022615 Book 235 Page 9

48054 RLS

200600022615
Filed for Record in
GEORGETOWN SC
REGISTER OF DEEDS
10-16-2006 At 01:37 pm.
AMENDMENT 10.00
STATE TAX .00
COUNTY TAX .00
Book 235 Page 5 - 9
Wanda J. Prevatte

RECORD THIS DATE

AUDITOR GEORGETOWN CO.
LINDA S. MOCK

Requested By: kcc 10/05/2009