

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

STERLING LAND VENTURES I, LTD.)

TO)

MASTER DEED ESTABLISHING
THE PRESERVE AT INDIGO RUN
(PHASE I)

THE PRESERVE AT INDIGO RUN HORIZONTAL)
PROPERTY REGIME)

At Hilton Head Island, County of Beaufort, State of South Carolina, on this 13th day of November, in the year of our Lord Two Thousand Three, Sterling Land Ventures I, Ltd., a Georgia limited partnership organized under the laws of Georgia and authorized to transact business in South Carolina, with its principal places of business in Atlanta, Georgia and Hilton Head Island, South Carolina, (hereinafter referred to as "Declarant"), does hereby declare:

1. **LAND.** Declarant is the sole owner of the land described in Exhibit "A" attached hereto and made a part hereof which is more particularly shown on the plat thereof, said plat being described on Exhibit "A" and being recorded in the Beaufort County Land Records Office, South Carolina, in Plat Book ___ at Page ___.

2. **PROPERTY; REGIME; ASSOCIATION.** Declarant does hereby, by duly executing this Master Deed, submit the land referred to in Section 1, together with the buildings and improvements erected thereon, and all easements, rights and appurtenances belonging thereto (hereinafter referred to as the "Property") to the provisions of the Horizontal Property Act of South Carolina (the "Act"), and does hereby state that it proposes to create and does hereby create, with respect to the Property, a Horizontal Property Regime that shall be known as **The Preserve at Indigo Run Horizontal Property Regime** (hereinafter sometimes referred to as the "Regime") to be governed by and be subject to the provisions of this Master Deed and the provisions of the Act. Declarant does further declare that it has caused to be incorporated under the laws of the State of South Carolina an association known as **The Preserve at Indigo Run Owners' Association, Inc.** (hereinafter referred to as the "Association") which shall, pursuant to the provisions of Section 27-31-90 of the Act, constitute the incorporated Council of Co-Owners of the Regime and shall be governed by this Master Deed and the By-Laws attached hereto.

3. **IMPROVEMENTS.** The improvements constructed on and forming a part of the Property are constructed in accordance with the as built survey referenced on Exhibit "A" hereto (the "Plat") and the floor plans referenced on Exhibit "C-1" hereto and made a part hereof (the "Plans"), which survey was prepared by Gasque & Associates, Inc., David S. Gasque, R.L.S. No. 10506, and floor plans which were prepared by Humphrey & Partners Architects, architects duly licensed to practice in the State of South Carolina under Registration Certificate Number 98055. Attached to this Master Deed as Exhibit "C-2" is a certificate by said architect that the condominium Villas constructed on the Property were constructed substantially in compliance with said plans.

4. **DEFINITIONS.** The terms used in this Master Deed and in the Exhibits hereto shall have the meanings stated in the Horizontal Property Act and as follows, unless the context otherwise requires:

- a. Act means the Horizontal Property Act as currently set forth in Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as amended.
- b. Assessment means a Co-owner's pro rata share of the Common Expenses which from time to time is assessed against a Co-owner by the Association.
- c. Association means the Council of Co-Owners as defined by the Act, and also means **The Preserve at Indigo Run Owners' Association**, the corporate form by which the Council of Co-Owners shall operate the Regime.
- d. Board of Directors or Board means the group of persons selected, authorized and directed to manage and operate the Association as provided by the Act, this Master Deed and the By-Laws.
- e. Building means a structure or structures, containing in the aggregate two or more Villas, comprising a part of the Property.
- f. Common Elements means the General and Limited Common Elements, as defined herein in Section 7 and in the Act.
- g. Common Expenses means the expenses for which the Co-owners are liable to the Association and include:
- i. expenses of administration, expenses of maintenance, insurance, operation, repair or replacement of the Common Elements, and of the portions of Villas which are the responsibility of the Association.
 - ii. expenses declared Common Expenses by provisions of this Master Deed.
- h. Common surplus means the excess of all receipts of the Association, including but not limited to, Assessments over the amount of Common Expenses.
- i. Co-owner means a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Villa.
- j. Condominium means a Villa in **The Preserve at Indigo Run Horizontal Property Regime**.
- k. Condominium ownership means the individual ownership of a particular Villa in a building and the common right to a share, with other Co-owners, in the General and Limited Common Elements of the Property.
- l. Council of Co-Owners means all the Co-owners as defined herein and it shall also refer to the Association as herein defined.
- m. Declarant means Sterling Land Ventures I, Ltd., a Georgia limited partnership with its principal places of business located on Hilton Head Island and in Atlanta, Georgia, and its successors and assigns.
- n. Majority of Co-owners means the Co-owners owning fifty-one (51%) percent or more of the statutory value of the Property as a whole as referenced in Section 11.

- o. _____ Master Deed means this deed or declaration establishing and recording the Property of the Regime and all exhibits hereto.
- p. _____ Owner (See "Co-owner" above in Section 4(i)).
- q. _____ Person means an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.
- r. _____ Property means and includes the land, the Buildings, all improvements and structures thereon, as shown and described on Exhibits "A" and "B" and all easements, rights and appurtenances belonging thereto.
- s. _____ Regime means **The Preserve at Indigo Run Horizontal Property Regime** created by the Master Deed and all references to the Association, as herein defined, shall likewise include reference to the Regime and vice versa.
- t. _____ Villa as used herein has the same connotation as the term "Apartment" as used in the Act and means a part of the Property intended for any independent residential use including one or more rooms or enclosed spaces located on one or two floors (or parts thereof) in a Building, and with a direct exit to a public street or highway, or to a common area or areas leading to such street or highway. (**Note:** In some of the project documentation the Villas may be referred to as "residences" or "units" or "apartments").
- u. _____ Utility services means and shall include, but shall not be limited to, electric power, hot and cold water, heating, refrigeration, air conditioning, telephone, cable or satellite television, gas, garbage and sewage disposal.

5. DESCRIPTION OF VILLAS; USE; REPAIRS, ALTERATIONS.

1. GENERAL DESCRIPTION OF VILLAS. The Property includes ten (10) Buildings (Buildings 33 through 42) with two (2) stories, each Building containing six (6) individual Villas for a total of sixty (60) Villas, all of which are to be used for residential purposes only. The Buildings contain composite shingle roofs and stucco exteriors. The Villas are capable of individual utilization on account of having their own exits to the Common Elements of the Property and a particular and exclusive property right thereto, and also an undivided interest in the General and Limited Common Elements of the Property, as hereinafter listed in this Master Deed, necessary for their adequate use and enjoyment all of the above in accordance with the Act.

1. INDIVIDUAL VILLA TYPES. There are six (6) basic types of Villas in **The Preserve at Indigo Run Horizontal Property Regime** all of which are on one (1) floor, said types described as follows:

<u>Floor Plan Type</u>	<u>Floor</u>	<u>No. of Bedrooms</u>	<u>No. of Bathrooms</u>	<u>Garage</u>	<u>Approx. Sq. Ft.*</u>	
Azalea (A1)	Second		1	1	None	936
Hawthorne (B1)	Second	2	2		Single car	1,281
Palmetto (B2 lower)	First		2	2	Single car (2)	1,513
Magnolia (B2 upper)	Second	2	2		Double car	1,665
Camellia (C1 lower)	First	3	2		Double car	1,683
Cypress (C1 upper)	Second		3	2	Double car	1,813

[* The approximate square footage is computed by net area to include the square footage from exterior face of all frame walls that enclose heated or air conditioned space. It does not include patios, porches, garages, or exterior storage closets/areas.]

1. **WALK THROUGH DESCRIPTION OF VILLAS**. The six (6) basic floor plans for the **Regime** are described as follows: (**Note:** all references to square footage are approximations).

a. **Azalea ("Unit A-1" on Plans)** - The Azalea is an upstairs one bedroom/one bathroom home with a living room and a separate dining area. The kitchen opens into the living room and dining room and has an adjacent washer/dryer room. A short hallway from the dining room provides access to the bedroom and bathroom. The bedroom includes a walk-in closet and French doors leading to a small balcony. Another balcony and exterior storage is located off of the living room. An interior stairway leads to the front door on the ground level.

b. **Hawthorne ("Unit B-1" on Plans)** - The Hawthorne is an upstairs two bedroom/two bathroom home with a living room and a separate dining area. The kitchen opens to the living room and dining room and has an adjacent washer/dryer room. The bedrooms are accessed off of separate sides of the living room (i.e., a roommate style floor plan). Both bedrooms include walk-in closets. Access to the balcony and exterior storage is provided from the living room and from the master bedroom. Access to the single car garage containing approximately 281 square feet is provided by an interior stairway.

c. **Palmetto ("Unit B-2 Lower" on Plans)** - The Palmetto is a downstairs two bedroom/two bathroom home with a living room and a separate dining area. Access to the kitchen is from the dining room. The kitchen includes a breakfast nook and a pantry. A short hallway from the dining room provides access to both bedrooms, both bathrooms and a laundry room. The master bedroom includes a walk-in closet as well as a bathroom with a separate shower and dual vanities. Access to the patio is provided from the kitchen and from the master bedroom. Access to the two (2) single car garages containing approximately 612 square feet is provided from the laundry room.

d. **Magnolia ("Unit B-2 Upper" on Plans)** - The Magnolia is an upstairs two bedroom/two bathroom home with a living room and a separate dining room. Access to the kitchen is from the dining room. The kitchen includes a breakfast nook and a double pantry. A short hallway from the dining room provides access to both bedrooms, both bathrooms and a laundry room. The master bedroom includes a walk-in closet as well as a bathroom with a separate shower and dual vanities. Access to the balcony is provided from the kitchen and from the master bedroom. Access to the double car garage containing approximately 390 square feet is provided by an internal stairway.

e. **Camellia ("Unit C-1 Lower" on Plans)** - The Camellia is a downstairs three bedroom/two bathroom home with a living room and a separate dining area. Access to the kitchen is from the dining room. The kitchen includes a breakfast nook and a pantry. A short hallway from the dining room provides access to the master bedroom and a laundry room. The master bedroom includes a bathroom with a separate shower and dual vanities. A second hallway provides access to the second and third bedrooms and the second bathroom. All three bedrooms offer walk-in closets. Access to the patio is provided from the kitchen and from the master bedroom. Access to the double car garage containing approximately 532 square feet is provided from the laundry room.

f. **The Cypress ("Unit C-1 Upper" on Plans)** - The Cypress is an upstairs three bedroom/two bathroom home with a living room and a separate dining room. Access to the kitchen is from the entry foyer. The kitchen includes a breakfast nook and a double

pantry. Access to the master bedroom and a laundry room is provided from the entry foyer. The master bedroom includes a bathroom and a separate shower and dual vanities. A short hallway provides access to the second and third bedrooms and the second bathroom. All three bedrooms offer walk-in closets. Access to the balcony is provided from the kitchen and from the master bedroom. Access to the double car garage containing approximately 402 square feet is provided by an internal stairway.

1. **VILLAS/NUMBERING SYSTEM/TYPE.** - The sixty (60) Villas contained in the Phase I Buildings are located and numbered as follows:

Building 33		Building 34		Building 35	
<u>Villa No.</u>	<u>Type</u>	<u>Villa No.</u>	<u>Type</u>	<u>Villa No.</u>	<u>Type</u>
3310	Hawthorne	3410	Hawthorne	3510	Azalea
3311	Azalea	3411	Azalea	3511	Hawthorne
3320	Magnolia	3420	Magnolia	3520	Cypress
3321	Palmetto	3421	Palmetto	3521	Camellia
3322	Camellia	3422	Camellia	3522	Palmetto
3323	Cypress	3423	Cypress	3523	Magnolia

Building 36		Building 37		Building 38	
<u>Villa No.</u>	<u>Type</u>	<u>Villa No.</u>	<u>Type</u>	<u>Villa No.</u>	<u>Type</u>
3610	Azalea	3710	Hawthorne	3810	Hawthorne
3611	Hawthorne	3711	Azalea	3811	Azalea
3620	Cypress	3720	Magnolia	3820	Magnolia
3621	Camellia	3721	Palmetto	3821	Palmetto
3622	Palmetto	3722	Camellia	3822	Camellia
3623	Magnolia	3723	Cypress	3823	Cypress

Building 39		Building 40		Building 41	
<u>Villa No.</u>	<u>Type</u>	<u>Villa No.</u>	<u>Type</u>	<u>Villa No.</u>	<u>Type</u>
3910	Azalea	4010	Hawthorne	4110	Hawthorne
3911	Hawthorne	4011	Azalea	4111	Azalea
3920	Cypress	4020	Magnolia	4120	Magnolia
3921	Camellia	4021	Palmetto	4121	Palmetto
3922	Palmetto	4022	Camellia	4122	Camellia
3923	Magnolia	4023	Cypress	4123	Cypress

Building 42	
<u>Villa No.</u>	<u>Type</u>
4210	Azalea
4211	Hawthorne
4220	Cypress
4221	Camellia
4222	Palmetto
4223	Magnolia

The mailing address for an individual Villa is 4 Indigo Run Drive, Villa No. ____, Hilton Head Island, South Carolina 29926."

As described below in Section 8, the Building and Villa types for the Future Phase Property, if applicable, of the Regime will be generally consistent with Villa types in Phase I as herein provided.

All of the aforementioned Villas are more particularly shown on the Plans thereof attached hereto on Exhibit "C-1" which Plans are incorporated herein in the same manner as if expressly set forth in this Section 5.4 and said plans, together with the Villa numbers and square footage of area in each Villa, and likewise together with the description of Villa boundaries as hereinafter set forth in Section 5.5, shall constitute a complete description of the Villas within the Regime.

1. BOUNDARIES; GENERAL RULE.

a. The upper and lower boundaries of each Villa are the interior unfinished surfaces of the floors and ceilings of each Villa. The perimetric boundaries of each Villa, extended to an intersection with the upper and lower boundaries are as follows:

i. As to all Villa exterior walls which physically divide the Villa from Common Elements of the Building, or from another Villa, it shall be the vertical plane

of the unfinished surface of the interior wallboard subject to such encroachments as now exist or may be caused or created by the construction, settlement or movement of the Building or by permissible repairs, construction or alterations. All insulated glass windows and all doors directly accessing the Villa are part of the Villa.

ii. All vertical planes of each Villa shall extend to intersections with each other.

b. All lath, wallboard, tiles, paint, finished flooring, carpet, and any other materials constituting any part of the finished surfaces of the walls, floors, and ceilings which are the boundaries of a Villa, together with all telephones, and all built-in light fixtures, wires, service outlets, vent outlets, heating and cooling equipment and duct work, electrical switches, thermostats, toilet and other bathroom fixtures and any and all other similar mechanical or physical fixtures which are within the perimetric walls or ceilings and serving a single Villa or within the space above the ceiling and below the floor of the Villa or, in the case of the heating, air conditioning and ventilation system, located outside the Villa, are a part of the Villa.

c. The garages, and in the case of the second floor Villas, the stairways leading to the garages are considered part of the Villa.

d. Any flue, duct, chase, conduit, bearing wall, bearing column, joists, rafters, and all other similar mechanical or physical fixtures except those designated in paragraph (b) above, whether or not it lies partially within and partially outside the designated boundaries of a Villa, is a Common Element.

e. Subject to the provisions of paragraph (d), all spaces, interior non-bearing partitions, and other fixtures and improvements within the boundaries of a Villa installed with the perimetric walls or ceilings whether, as a part of the original construction or as a part of subsequent construction, are a part of the Villa.

1. OWNER'S RESPONSIBILITIES FOR MAINTENANCE AND REPAIR

a. While generally an Owner is responsible for the maintenance and repair of the area described above in Section 5.5 as being included in a Villa, notwithstanding the generality of the foregoing description of Villa boundaries, each Villa Owner shall also be responsible for maintenance and repair of the following, whether it shall be defined as within a Villa or not:

i. the doorways, windows, vents, and other structural elements in the walls, floors, and ceilings of the Villa which are regarded as enclosures of space;

ii. the doors opening into the Villa and into any mechanical area integral to the Villa, including the frames, casings, hinges, handles, and other fixtures which are part of the doors;

iii. the window glasses, screens, frames, wells, and casings which are part of the windows opening from the Villa;

iv. the plumbing and mechanical vents which exclusively serve the Villa;

v. the appliances, air conditioning and heat pump units, (compressors, air handlers and condensers), water heaters, lavatories, bath tubs, toilets, carpeting, floor covering, flooring, trim, ceilings, walls, insulation, fireplace and other fixtures,

furnishings, and building materials which are part of the Villa at the time of initial closing from Declarant to the Villa Owner, and any subsequent replacements thereof;

vi. the screens, lattice work, partitions, railings, or balustrades bounding or enclosing any deck, walkways, porch or service area that is integral and exclusive to the Villa, and the concrete surface, and/or topping within any such area;

vii. all pipes, wires, ducts, and other plumbing, mechanical, and electrical appurtenances which are integral and exclusive to the Villa, including lamps attached to the exterior of the Villa;

viii. for the Hawthorne, Palmetto, Magnolia, Camellia, and Cypress Villa Type, the Owner's garage (single(s) or double) on the ground level which constitutes a part of the Villa; and

ix. any damage to the Villa itself or to a contiguous (i.e. either adjacent, upstairs or downstairs) Villa caused by a negligent action or inaction within the Owner's Villa, which directly or indirectly causes damage to the other Villa or to the Villa itself.

Notwithstanding the foregoing, by allocating responsibilities of maintenance and repair to Owners, it is not the intention of Declarant to affect the ultimate insurance obligations or the reconstruction obligations of the Regime.

b. Except in the event of an emergency situation, in the event that the Association determines that any Owner has failed or refused to discharge properly his obligations with respect to the maintenance, cleaning, repair, or replacement of items for which he is responsible under this Master Deed, then the Association shall give such Owner written notice of the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and setting forth with reasonable particularity the maintenance, cleaning, repair, or replacement deemed necessary. Except in the event of emergency situations, such Owner shall have fifteen (15) days in which to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15) day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete said maintenance, cleaning, repair, or replacement in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, the Association may provide any such maintenance, cleaning, repair, or replacement at such Owner's sole cost and expense, and said cost shall be added to and become a part of the Assessment to which such Owner and his Villa are subject and shall become a lien against such Villa as provided herein.

1. USES OF VILLAS.

a. Each Villa is restricted as to use by the Owner or Owners thereof, their lessees and invitees, it being the intent of the Declarant that the Building be used for residential purposes only which are consistent with and appropriate to the design of the Building.

b. The Declarant herein subjects the Regime to the further limitation and restriction that it shall be used and occupied for whole-time residential dwellings. Reference is made to Section 15 infra regarding prohibition of time-sharing plans and multiple ownership plans.

c. No Villa Owner shall do, suffer, or permit to be done, anything in his Villa which would impair the soundness or safety of the Regime, or which would be noxious or offensive or an interference with the peaceful possession and proper use of other Villas, or which would require any alteration of or addition to any of the Common Elements to be in compliance with any applicable law or regulation, or which would otherwise be in violation of law.

d. In case of any emergency originating in or threatening any Villa, regardless of whether the Owner or his tenant, if any, is present at the time of such emergency, the Association's Board of Directors and all managerial personnel shall have the right to enter such Villa for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Villa, if required by the Association, shall deposit under the control of the Association a key to such Villa.

e. Reference is made to By-Laws attached hereto as Exhibit "D" for specific rights and authority of the Board with respect to Common Elements.

f. Reference is made to the initial Rules and Regulations attached to the ByLaws as Appendix "A" enacted for the orderly use and enjoyment of the Villas and Common Elements.

g. Notwithstanding anything else to the contrary in this Section 5.7, the Declarant, and its designated agents, shall be permitted to use one or more Villas for purposes of a real estate sales models, leasing, management and/or operations offices.

h. Declarant further reserves the right, but not the obligation, to improve and/or to maintain the Common Elements of the Regime. In the event any of the improvements constituting common elements of the Regime herein are not being maintained by the Association in a manner in keeping with the overall image of The Preserve at Indigo Run for as long as Declarant is the owner of any villa in the Regime or any of the Future Phase Property, Declarant, in the Declarant's reasonable discretion, may provide notice to the Association of the deficiencies; and in the event that the Association does not take remedial action within thirty (30) days from the date of said notice, then Declarant may take necessary action to improve and/or maintain the Common Elements and shall be reimbursed by the Association for the reasonable costs expended.

i. The Declarant hereby declares and affirms that the use restrictions described herein shall be deemed restrictive covenants running with the land and are imposed as a limitation and burden upon each Villa and upon the Declarant and upon all future Owners of Villas.

1. **DEEDS TO VILLAS**. On the transfer of a Villa, a deed effecting that transfer conveys all the seller's interests in that Villa to the purchaser, including the seller's interest in the real and personal property of the Association, any reserve accounts applicable to that Villa, and in any cause of action or chose in action either of the Association or arising out of his ownership of that Villa, whether or not those interests are expressly described in the deed.

1. **ASSESSMENTS FOR COMMON EXPENSES; RESPONSIBILITIES FOR MAINTENANCE**. The obligations of all Villa Owners with regard to assessments for Common Expenses and the maintenance and repair of the individual Villas shall be as provided in the By-Laws of the Association which are attached hereto as Exhibit "D".

1. **RELOCATION OF BOUNDARIES BETWEEN VILLAS**.

a. Declarant intends to provide a flexible and certain method consistent with the Act in the best interest of the Association and all of its members by which boundaries between individual Villas may be relocated. Subject to the provisions of this Master Deed and other provisions of law, a Villa Owner(s) may apply to relocate boundaries of a Villa subject to the conditions and procedures described below in Section 5.10(b) et seq.

b. The Owner of a Villa or Owners of adjoining Villas may, at any time, deliver a letter to the President of the Association stating their intentions to subdivide or relocate the boundaries between their Villas, together with a plan of their Villas which conforms with Sections 27-31-100, 27-31-110 and 27-31-120 of the Act showing the proposed relocated boundaries of those Villas. In such case, with respect to every proposed Villa which will result from the proposed relocation:

i. each Villa to be created must contain at least 875 square feet of Villa space as herein defined;

ii. at least one boundary of each Villa to be created must be coterminous with a partition wall, extending in one plane for at least 6 feet, which divides the Villa from a hallway constituting a Common Element in the Building; and

iii. each Villa must comply with all applicable laws, rules, regulations, codes and/or ordinances, including, but not limited to, those relating to health, fire, safety and parking, and adequate provision must be made for any required fire and emergency exits, mechanical and support systems of the Buildings, utilities, as well as assurance that there is no impairment of the structural integrity of the Villa and/or Building or that there is no increase in any Owner's insurance costs.

iv. All expenses of the Association, including legal fees, architectural, surveying and consultant's fees, shall be borne by the requesting Villa Owner(s).

c. Within sixty (60) days after receipt of a letter from a Villa Owner pursuant to Section 5.10(b), the President shall:

i. cause an amendment to the Master Deed to be prepared which conforms to this Master Deed and the Act, together with a certified amendment to the plans which conforms to the requirements of the Act. The amendment to the Master Deed shall reallocate the assigned appurtenant interests among all the Villas resulting from the subdivision or relocation of boundaries in proportion to the relative sizes of those Villas but shall not affect in any manner the percentage of interest appertaining to the other Villas not otherwise redefined. The Amendment to Master Deed shall, to the extent necessitated by the subdivision, take into consideration potential redefinition of boundaries of the newly constituted Villa(s) as compared to the definition above in Section 5.5. In the event that the subdivision of a Villa results in the creation of what would normally be a Common Element within the Building so subdivided (e.g. the roof, foundation, structural elements, mechanical systems, exterior walls) such Common Element shall be a limited Common Element to those resulting Villas within said subdivided Villa; provided, in no event shall the Owner(s) of the other Villas be responsible for the costs of operation, maintenance, repair or replacement of any such limited Common Element appurtenant to such a subdivided Villa; and

ii. upon payment by the affected Villa owners of all permit, recording, legal, architectural and other fees incurred by the Association, the President of the

Association shall execute the Amendment to the Master Deed and record same including the plats and plans subdividing or relocating the Villa(s) and showing the altered boundaries of the Villas and their dimensions and identifying numbers.

d. The amendments to the Master Deed and plans to reallocate Villas are only effective when executed in the manner required by this Section 5.10 and recorded. The consents to the amendment by the mortgagees of the affected Villas shall also be recorded.

1. **ALTERATIONS IN VILLAS.**

a. A Villa Owner may make any improvements or alterations to his Villa that do not impair the structural integrity or mechanical systems, or lessen the support of, any portion of any other Villa.

b. Subsequent to a subdivision of a Villa pursuant to Section 5.10 or in the situation where a Villa Owner already owns adjoining Villas, after giving notice to the Association, a Villa Owner may alter a partition wall between such adjoining Villas owned by him to create an opening in that wall. Such an alteration does not constitute a relocation of boundaries between Villas as defined in Section 5.10 of this Article.

c. Any Villa Owner altering a Villa pursuant to this Section or Section 5.10 shall: (1) provide for waivers of all mechanics lien rights which may arise as a result of the alteration; (2) provide certificates of insurance insuring against all losses commonly insured against arising out of the work naming the Association as an additional insured; (3) indemnify and hold the Association and other Villa Owners harmless from the effect of the work and the acts or omissions of anyone under such Villa Owner's direction or control; (4) minimize the disturbance of other Villa Owners and their business activities during the work; (5) provide evidence to Association of all permits as may be required; and (6) reimburse the Association for any expenses incurred by the Association, including but not limited to legal and other consulting fees.

d. When any alterations approved by the Association are completed, the affected Villa Owners shall deliver to the Association a copy of the 'as built' plans and specifications certified to by an architect licensed to practice in South Carolina.

2. **AREAS COMPRISING PROPERTY.** The Property as originally constructed has a total of approximately 7.42 acres on which is situated ten (10) residential buildings occupying approximately 61,300 square feet, and the remaining approximately 262,039 square feet is made up of parking, sidewalks, outside landscape areas and other Common Elements. The Villas within the Buildings are located on two (2) floors.

3. **COMMON ELEMENTS:** The Common Elements of the Property are as follows:

1. **General Common Elements:** General Common Elements are as follows:

a. The Property, excluding the Limited Common Elements and the Villas, and including, but not limited to the land on which the Villas are constructed, the foundations, roofs, exterior portions of perimeter walls, including exterior wall surfaces, those portions of partitions and walls separating Villas not otherwise part of the Villa, gutters, load-bearing columns or walls, slabs, public utility lines; and pipes, wires or conduits located within slabs or elsewhere in the Buildings other than as described in Section 5.5. In each instance there shall also be included the space actually occupied by the above.

- b. Parking facilities located on the Property, which are shown on the plat of the Property referenced in Exhibit "B".
- c. All roads, walkways, paths, breezeway areas, wood decking and boardwalks, seating areas, trees, shrubs, yards, (except such as are designated as Limited Common Elements) gardens, planter areas, trellis', etc.
- d. The equipment rooms, trash areas, common maintenance storage rooms and closets, and sprinkler systems and area occupying same.
- e. All installations, and area occupying same, outside of the Villas for services such as power, light, gas (including underground storage tanks) telephone, television (including satellite dishes), water and other similar utilities.
- f. All sewer, drainage and irrigation pipes, excluding those which are the property of the utility district.
- g. Such easements through the Villas for pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility services to Villas, General Common Elements and Limited Common Elements and easements for access, maintenance, repair, reconstruction or replacement of structural members, equipment, installations and appurtenances, and for all other services necessary or convenient to the existence, maintenance, safety and use of the Property, whether or not such easements are erected during construction of the Property or during re-construction of all or any part thereof, except such easements as may be defined as Limited Common Elements.
- h. All areas not designated as a Limited Common Element and not described as lying within the boundary of a Villa as described in Section 5.5 hereof and all other elements of the Property constructed or to be constructed on the Property, rationally of common use or necessary to the existence, upkeep and safety of the Property and in general all other devices or installations existing for common use.

It is noted that the contemplated Future Phase Property to be made a part of the Regime will include additional Common Elements in the form of the mail kiosk, the entry gates, the recreational facilities as constructed which includes thereon a tennis court, swimming pool, trellis and deck, pool, cabana walking paths, cutting garden, fountain area, the clubhouse and on-site office facility all of which will be more particularly described in future amendments to this Master Deed.

1. **LIMITED COMMON ELEMENTS:** Limited Common Elements as defined in the Act are those Common Elements reserved for the use of certain Villa owners to the exclusion of other owners. In The Preserve at Indigo Run, the Limited Common Elements are as follows:

- a. All balconies, patios and decks immediately adjacent to each Villa or to which each Villa has direct access from the interior thereof as shown on the floor plans identified as Exhibit "C-1".
- b. The space lying between the upper boundary of each Villa as described in Section 5.5 and the floor or roof above such Villa subject to easements for utilizing service as previously described.
- c. In the case of the Azalea Villa, the uncovered parking spaces located in the parking area of varying dimensions, all of which are numbered consistent with the Villa

numbers and which are assigned specifically to each Azalea Villa for the sole and exclusive use of the Co-Owner. These Limited Common Elements are non-severable from the Villa and are deemed to be automatically conveyed with the Villa without any specific reference to same being required in the conveyance documents.

d. All other areas depicted as Limited Common Elements to the Villas on the floor plans attached as Exhibit "C-1".

2. GENERAL PLAN OF DEVELOPMENT.

8.1 **GENERAL.** The Declarant has constructed the Property described herein (which shall sometimes be referred to as The Phase I Property) and further intends to complete conversion of the Villa Buildings contiguous to the Property which is the subject of this Master Deed. The additional property shall be referred to as Phase II through Phase IV, if applicable, or as "Future Phase" Property. The Future Phase Property, as and if applicable, is described in Exhibit "A" attached hereto and made a part of and said Phase is shown on the plat attached hereto as Exhibit "B". The total number of Villas for all Phases shall be two hundred fifty-two (252).

8.2 **CONVERSION.** The improvements being submitted to the Regime were constructed by Declarant in the 2000/2001 time frame as a multi-family apartment complex. As such, the Villas referenced herein have previously been occupied. This Master Deed is intended to satisfy all of the requirements of the Act relating to conversion of existing rental, residential properties to the condominium form of ownership. As such, attached hereto as Exhibit "C-3" and incorporated herein is a report from an independent registered engineer licensed to practice in South Carolina containing a good faith estimate of the remaining useful life to be expected for each item reported on, together with a list of any notices of uncured violations of building codes or other County or municipal regulations, if any, together with an estimated cost of curing those violations. Exhibit "C-3" is intended to be a good faith estimate of useful life and shall not constitute a warranty of Declarant or of said engineer. The intention of the report is to provide a summary of the present condition of all general Common Elements as listed in said report.

8.3 **FUTURE PHASE PROPERTY.** With regard to the Future Phase Property herein referred to, Declarant reserves the right, in the manner more particularly hereinafter set forth, to cause the Future Phase Property to become an integral part of the Regime once an appropriate Amendment to this Master Deed has been filed as hereinafter provided. It is presently planned that each subsequent phase will consist of one or more buildings, of two (2) stories each, containing six (6) Villas. The Buildings will be numbered 1 through 32 consecutively. Said Future Phase Villas are of similar form, design and general valuation and have been constructed with similar basic materials as the Buildings constructed on the Phase I Property.

9. RESERVATION OF RIGHT OF DECLARANT FOR FUTURE PHASE PROPERTY.

Declarant, its successors and assigns, hereby expressly reserves the right, to be exercised in its sole discretion, to submit the Future Phase Property to the provisions of this Master Deed and thereby cause the Future Phase Property to become and forever be a part of the Regime in the same manner as if being a part thereof in every particular upon the initial execution and filing of this Master Deed. This right may be exercised by Declarant, its successors, grantees and assigns only upon the execution by it or them of an amendment to this Master Deed which Amendment shall be filed in the Register of Deeds Office for Beaufort County, South Carolina not later than December 31, 2015. Any such amendment shall conform to the various provisions and conditions precedent established in this Master Deed and shall expressly submit the Future Phase Property, as applicable to all of the provisions of this Master Deed and the ByLaws of the Regime, a copy of which ByLaws is attached hereto as Exhibit "D" and made a part hereof, as

either or both may be amended between the date of said Master Deed and ByLaws, and the filing of said Amendments to this Master Deed to include the Future Phase Property. While reference has been made to Future Phase Property as a whole, it is the Declarant's present intention that the property be developed in several phases, and it is possible that depending upon construction scheduling, the Declarant may bring in Villas within the Future Phase Property in one or more stages or sub-phases. If so, separate Amendments will be filed and in such event, such sub-phase would be referred to as, e.g. Phase II-A, Phase II-B, etc. Upon the exercise, if any, of this right to include the Future Phase Property as a part of this Regime, the provisions of this Master Deed and all Exhibits hereto shall then be understood and construed as embracing the Phase I (the basic "Property" herein defined) and the Future Phase Property, together with all improvements then constructed thereon. Should this right of inclusion or annexation not be exercised within the time herein prescribed and in the manner herein prescribed, such right shall in all respects expire and be of no further force or effect.

10. **REVOCATION AND AMENDMENT.** The dedication of the Property to the Horizontal Property Regime herein shall not be revoked, or the Property removed from the Regime, or any of the provisions herein amended unless all of the Co-owner and the mortgagees of all the mortgages covering the Villas unanimously agree to such revocation, or amendment, or removal of the Property from the Regime by duly recorded instrument; provided, however, that without the consent of the Villa Owners or Mortgagees, the Declarant, or its successors in title, and/or the Villa Owners may amend this Master Deed in the manner set forth in Section 5.10 as it relates to relocation and in Sections 8 and 9 so as to subject the Future Phase Property to the provisions of this Master Deed and the act so as to make the Future Phase Property an integral part of the Regime; and provided further, that notwithstanding any provision herein in this Section 10, the Association may amend the provisions of the By-Laws attached hereto as Exhibit "D" as provided for therein in Article XIII or elsewhere in said By-Laws, Any such amendment shall, when read in concert with this Master Deed, contain all of the particulars required by the said Act as the same is now constituted or may hereafter be amended. And after the recording of such Amendment the Regime shall include all of said applicable Future Phase Property. The Future Phase Villas are to be as described in Sections 8 and 9. The designation of each Villa in the Future Phases by Villa type and its proportionate interest in the common elements is set forth in Section 11.

If Declarant elects to make the Future Phase Property a part of this Regime as herein provided, Declarant shall cause to be prepared and made a part of the Amendment by which the Future Phase Property is incorporated into the Regime a schedule designating Villa types, reflecting each Villas proportionate interest in the common elements, which schedule shall be similar in content and format to the schedule set forth in Section 11, prepared using the requirements and guidelines set forth in Section 8 and 9 hereof. Upon the recordation of the Amendments to make the applicable Future Phase Property a part of the Regime, the provisions regarding Revocation and Amendment set forth in this Section 10 shall have equal application thereto.

11. **PERCENTAGE OF INTEREST OF VILLAS.**

11.1 **STATUTORY PERCENTAGE INTEREST.** The percentage of title and interest appurtenant to each Villa and the Villa owners title and interest in the Common Elements (both General and Limited) of the Property and the proportionate share in the profits and common monthly expenses as well as the proportionate representation for voting purposes in the meeting of the Association is based on the proportionate value of each Villa to the value of the total Property as set forth below.

For purposes of the Act and pursuant to the terms of the Master Deed, the percentage interest appurtenant to each Villa of the Regime shall be established in accordance with the following formula:

$$\frac{V}{A} = P$$

- "P" - Percentage Interest of each Villa.
- "V" - Valuation of the respect Villas as set forth in this Section 11 and in the Amendment to Master Deed for Future Phases.
- "A" - Aggregate Valuation of all Villas existing in the Regime and added to the Regime as provided in Sections 8 and 9 of the Master Deed.

11.2 **VILLA TYPES/STATUTORY VALUES**: The six (6) basic types of Villas have the following statutory value for purposes of the Act:

Azalea	=	\$ 140,400	Magnolia	=	\$ 249,750
Hawthorne	=	\$ 192,150	Camellia	=	\$ 252,450
Palmetto	=	\$ 226,950	Cypress	=	\$ 271,950

11.3 **STATUTORY PERCENTAGE INTEREST**: Based upon the above values, the percentage of undivided interest in the common elements appurtenant to each Villa in the Regime is set forth below in Chart A:

CHART A
PHASE I

<u>Villa/Type</u>	<u>Statutory Value</u>	<u>No. of Villas</u>	<u>Percentage Phase I Each Villa</u>
Azalea	140,400	10	1.05%
Hawthorne	192,150	10	1.44%
Palmetto	226,950	10	1.70%
Magnolia	249,750	10	1.87%
Camellia	252,450	10	1.90%
Cypress	271,950	10	2.04%

11.4 **OVERALL SUMMARY - COMPOSITE CHART B**: Subsequent to the filing of this Master Deed the total number of Villas by Type and Percentage Interest is as follows:

CHART B

<u>Villa Type</u>	<u>Individual % Interest</u>	<u>Total # of Villas</u>	<u>Total Percentage</u>
1. Azalea	1.05%	10	10.50%
2. Hawthorne	1.44%	10	14.40%
3. Palmetto	1.70%	10	17.00%
4. Magnolia	1.87%	10	18.70%
5. Camellia	1.90%	10	19.00%
6. Cypress	2.04%	<u>10</u>	<u>20.40%</u>
TOTAL		60	100.00%

11.5 **FUTURE PHASES**. In the event Declarant elects to expand the Regime as provided for herein, all Villas added to the Regime shall have the same statutory valuations as set forth

above; provided, however, that Declarant does reserve the right to modify floor plans for Future Phase Villas and, in such event, the statutory valuation may vary.

The following Chart C demonstrates the adjustment in the percentage interest assuming that Phases II - IV are added to the Regime comprising sixty (60) Villas in each of Phases II and III and then Phase IV with seventy-two (72) villas, and assuming the same average statutory valuation of Villas as Phase I. However, the exact adjustment of percentage interest is not subject to calculation until the exact number of Villas to be added to the Regime is established. There may be a fewer number of Villas. In the event that addition of Villas to the Regime results in a calculation of percentage interest in accordance with the above formula which does not total One Hundred (100%) Percent, the amount necessary to bring such total to One Hundred (100%) Percent shall be allocated by the Board of Directors or its designated Management Agent.

CHART C

ASSIGNED PERCENTAGE INTEREST ASSUMING FUTURE PHASE PROPERTY IS ADDED TO THE REGIME

<u>INDIVIDUAL STATUTORY PERCENTAGE</u>							
<u>CUMULATIVE TOTAL # OF Villas</u>	<u>Azalea</u>	<u>Hawthorne</u>	<u>Palmetto</u>	<u>Magnolia</u>	<u>Camellia</u>	<u>Cypress</u>	<u>CUMULATIVE STATUTORY VAL OF PROPERTY</u>
Phase I 60 Villas	1.05%	1.44%	1.70%	1.87%	1.90%	2.04%	\$13,336,500
Phase II 60 Villas (120)	.52%	.72%	.85%	.96%	.95%	1.02%	\$26,673,000
Phase III 60 Villas (180)	.35%	.48%	.57%	.62%	.63%	.68%	\$40,009,500
Phase IV 72 Villas (252)	.25%	.34%	.41%	.45%	.45%	.49%	\$56,013,300
TOTAL 252 Villas							\$56,013,300

Note: The number of phases, and the number of villas within each phase is projected and is subsequent to change at Declarant’s sole discretion. Declarant may also bring in phases in stages, to be known as sub-phases.

11.6 **TOTAL VALUE.** The total statutory value of the Property in Phase I is \$13,336,500. The total value projected for all Phases is \$56,013,300. Subject to the overall limitations described in Section 8 of the Master Deed, Declarant will not exceed these estimated numbers for the Future Phase.

NOTE: THESE VALUATIONS ARE FOR PURPOSES OF THE SOUTH CAROLINA HORIZONTAL PROPERTY ACT.

The proportionate representation for voting purpose and the percentage of the undivided interest in the Common Elements (both General and Limited) provided in this paragraph shall not be altered without the acquiescence of the Co-owner representing all of the Villas expressed in an amendment to this Master Deed duly recorded as required by Section 10 hereof or except as provided in Sections 5.10 with regard to the amendment of the Master Deed to allow reallocation of boundaries between Villas.

11.7 **NO ALTERATIONS.** The proportionate representation for voting purpose and the percentage of the undivided interest in the Common Elements (both General and Limited) provided in this Section 11 shall not be altered without the acquiescence of the Co-Owners

representing all of the Villas expressed in an amendment to this Master Deed duly recorded as required by Section 10 hereof, unless adjusted per Section 5.10, or except as provided in Sections 8, 9, and 10 with regard to the Amendment of the Master Deed to admit the Future Phase Villas.

12. **ADMINISTRATION AND BY-LAWS.**

12.1 **ASSOCIATION; BY-LAWS.** As noted in Section 2 hereof, Declarant has caused to be incorporated under the laws of the State of South Carolina a corporation known as The Preserve at Indigo Run Owners' Association, Inc., which shall be an incorporated Council of Co-Owners to serve as the body by which the Villa owners will manage the affairs of the Regime. Each Villa owner shall have voting rights in said Association in the same percentage as the percentage of interest his Villa has in the Common Elements. The administration of the Regime, and consequently of the Association, consisting as aforesaid of the Property described above, shall be in accordance with the provisions of the By-Laws which are incorporated herein, made a part hereof and are attached hereto as Exhibit "D".

12.2 **AUTOMATIC MEMBERSHIP IN ASSOCIATION.** Each Villa owner shall automatically become and be a member of the Association so long as he continues to be a Villa owner and shall exercise such percentage of vote in all matters as shown in Section 11. In the event that a Villa is owned by more than one person, the person entitled to cast the vote for the Villa shall be designated by a certificate signed by all the record owners of the said Villa and filed with the Secretary of the Association. Further, should such Villa owner be a corporation, the person entitled to cast the vote for the Villa shall be designated by a certificate signed by the President or Vice President of the corporation and attested to by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Association. Should such Villa Owner be a partnership, the person entitled to cast the vote for the Villa shall be designated by a certificate signed by the general partner (or if such general partner is a corporation, by the President or Vice President of such corporation) and filed with the Secretary of the Association. Should such Villa Owner be a limited liability company, the person entitled to vote for the Villa shall be designated by a certificate signed by an authorized member of the limited liability company and filed with the Secretary of the Association. All such certificates shall be valid until revoked, superseded by a subsequent certificate, or until there has been a change in ownership of the Villa concerned. All such certificates shall be valid until revoked, superseded by a subsequent certificate, or until there has been a change in ownership of the Villa concerned.

13. **HORIZONTAL PROPERTY REGIME CONSTITUTED.** As appears above, a Horizontal Property Regime is hereby constituted under and subject to the provisions of the Act, so that Villas may be conveyed and recorded as individual properties capable of independent use and each having its own exit to the Common Elements of the Property, and each Villa Co-owner having an exclusive and particular right over his respective Villa and in addition the specified undivided interest in the Common Elements of the Property.

14. **DECLARANT SUBJECT TO MASTER DEED; DECLARANT USE.**

14.1 **DECLARANT USE; GENERAL.** So long as the Declarant owns one or more of the Villas, the Declarant shall be subject to the provisions of this Master Deed and the Exhibits attached hereto and the Declarant covenants to take no action which will adversely affect the rights of the Regime with respect to the assurances against latent defects in the Property or other rights assigned to the Regime by reason of the establishment of said Regime; provided, however, that Declarant as in the case with any other Villa owner, shall have the absolute right and privilege of leasing any or all of the Villas owned by it for the uses permitted by this Master Deed, and that Declarant's lessees, invitees, guests, etc., shall be entitled to all of the privileges and rights, and be subject to the requirements hereunder, of a Co-owner with respect to the use of the Property excluding voting rights which shall remain with the Declarant.

14.2 **DECLARANT USE AS SALES MODEL.** Provided further, that Declarant, and its successors and assigns, shall be entitled to use one or more of the Villas as models for purposes of a sales model and/or office until the entire project as well as the contiguous properties to be

developed by Declarant has been sold, it being the intent of Declarant that said reserved rights do not conflict with the residential use restriction described hereinabove.

15. **TIME-SHARING/INTERVAL AND FRACTIONAL OWNERSHIP.** The Declarant herein subjects the Phase I Property of the Regime to the further limitation and restriction that it shall be used and occupied for whole-time residential dwelling Villas, and such dwelling Villas shall not be utilized for purposes of time-sharing or interval ownership, time-sharing or interval licenses, time-sharing or interval leases, fractional interest or similar plans as those items are currently generally utilized in the real estate industry or as those or similar terms are expressed or defined in Title 27, Chapter 32, Code of Laws of South Carolina, 1976, as amended i.e. the South Carolina Vacation Time Sharing Act and the South Carolina Multiple Ownership Act.

16. **PROVISIONS AND COVENANTS APPLICABLE TO VILLAS.** Each Co-owner shall comply with the provisions of this Master Deed and authorized amendments thereto; By-Laws, decisions and resolutions of Board or other representatives, as lawfully enacted from time to time, together with any lawfully adopted amendments thereto. The failure to comply with such provisions, decisions, or resolutions shall be grounds for an action to recover sums due for damages or for injunctive relief. The Villas shall also be conveyed subject to the recorded plat and plans of the Property and amendments thereto.

17. **GENERAL CONDITIONS/MISCELLANEOUS MATTERS.**

17.1 **COMMON ELEMENTS NOT PARTITIONED.** Except as provided, the Common Elements shall remain undivided and no Co-owner shall bring any action for partition and/or division.

17.2 **COMMON ELEMENTS NOT SEVERABLE FROM VILLAS.** The undivided interest in the Common Elements, including, but not limited to, those specific Limited Common Elements described above in Section 7.2 shall not be separated from the Villa to which it appertains and shall be deemed conveyed or encumbered with the Villa even though such interest is not expressly mentioned or described in the conveyance or other instrument.

17.3 **NONUSE NOT EXEMPTION OF LIABILITY FOR COMMON EXPENSES.** No Co-owner of a Villa may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Villa.

17.4 **ALL USERS OF PROPERTY SUBJECT TO MASTER DEED.** All present or future Co-owner, tenants, future tenants, or any other person that might use the facilities of the Property in any manner, including those who may lease from the Declarant, are subject to the provisions of this Master Deed and any authorized amendments thereto, and that the mere acquisition or rental of any of the Villas shall signify that the provisions of this Master Deed and any authorized amendment thereto are accepted and ratified.

17.5 **ASSESSMENTS SUBORDINATE TO MORTGAGEE TAKING TITLE.** Where a mortgagee or other purchaser of a Villa obtains title by reason of foreclosure or deed in lieu of foreclosure of a mortgage covering a Villa, such acquirer of title, his or its heirs, successors, assigns or grantees, shall not be liable for assessments by the Association which became due prior to the acquisition of title by such acquirer, it being understood, however, that the above shall not be construed to prevent the Association from filing and claiming liens for such assessments and enforcing same as provided by law, and that such assessment shall be subordinate to such mortgage.

17.6 **INSURANCE**. The Board of Directors of the Association shall be required to obtain and maintain those types and forms of insurance as are required by ARTICLE VIII of the By-Laws set forth in Exhibit "D" attached hereto and made a part hereof.

17.7 **RECONSTRUCTION AND REPAIR**. In the event of casualty loss or damage to the Property the provisions of Article IV of the By-Laws as set forth in Exhibit "D" shall govern all matters pertaining to reconstruction and repair.

17.8 **CONDEMNATION**. In the event of a condemnation of a portion of the Property which is subject to this Master Deed, no reallocation of interests in the common areas resulting from a partial condemnation of such a Project may be effected without the prior approval of the Villa Owners and the eligible holders holding mortgages on all remaining Villas, whether existing in whole or in part, and which have at least seventy-five (75%) percent of the votes of such remaining Villas subject to eligible mortgage holders.

The Association shall represent the Villa Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof. Each Villa Owner appoints the Association as attorney-in-fact for such purposes. In the event of a taking or acquisition of part or all of the Common Elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or the Insurance Trustee, for the use and benefit of the Villa Owners and their mortgagees as their interests may appear.

17.9 **EASEMENT FOR ENCROACHMENT**. If any portion of the Common Elements now encroaches upon any Villa or if any Villa now encroaches upon any other Villa or upon any portion of the Common Elements, or if any such encroachment shall occur hereafter as a result of: (a) settling of the building; (b) alteration or repair to the Common Elements made by or with consent of the Board or; (c) as a result of repair or restoration of the building or any Villa by damage by fire or other casualty; or (d) as a result of condemnation or eminent domain proceedings, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the building or buildings stand.

17.10 **OTHER REGIME EASEMENTS**. Each Villa Owner shall have an easement in common with the owners of all other Villas to use all pipes, wires, ducts, flues, cables, conduits, public utility lines and other Common Elements, if any, located in any of the other Villas and serving his Villa. Each Villa shall be subject to an easement in favor of the owners of all other Villas to use the pipes, wires, ducts, flues, cables, conduits, public utility lines and other Common Elements serving such other Villas and located in such Villa. The Board shall have the right of access to each Villa to inspect the same to remove violations therefrom and to maintain, repair or replace Common Elements contained therein or elsewhere in the building.

17.11 **SEVERABILITY**. The provisions hereof shall be deemed independent and severable and the invalidity in whole or in part of any section, sub-section, sentence, clause, phrase or word, or other provision of the Master Deed and the By-Laws or any authorized amendment hereto shall not impair or affect in any manner the validity or enforceability of the remaining portions hereof and, in such event, all of the other provisions of this Master Deed shall continue in full force and effect as if such invalid provision had never been included herein.

17.12 **NON-WAIVER**. No provision contained in this Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

17.13 **GENDER AND NUMBER.** The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine and neuter gender, and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

17.14 **APPLICABLE LAW/INTERPRETATION.** This Master Deed is set forth to comply with the requirements of the Act as presently constituted or as hereafter amended. In case any of the provisions stated above conflict with the provisions of said statute, the provisions of said statute shall control. In all cases, the provisions of this Master Deed shall be given that reasonable interpretation or construction which will best effect consummation of the general plan of land use restrictions and affirmative obligations of the Property, which will carry out the intent of the Declarant as expressed herein, and which will preserve the Property as a situs for an attractive, well maintained, retirement community.

Should any provision of this Master Deed or any section, paragraph, sentence, clause, phrase or term in this Master Deed be declared to be void, invalid, illegal, or unenforceable for any reason by the adjudication of the highest court or other tribunal which considers such matters and has jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way affect the other provisions hereof which are hereby declared to be severable.

Contrary to the restrictive common law rule of construction, this Master Deed shall by this covenant be interpreted broadly to touch and concern the Property with recognition of modern economic, land use planning and real estate finance and development principles, theories and practices. It is the Declarant's intent, and all Owners who take subject to the Master Deed, to covenant and agree, and are thereby estopped to deny, that any reserved right or function of the Declarant and/or Association, and any other covenant condition, restriction or obligation within these Covenants is intended to promote the use and enjoyment of the Property, is intended to foster the creation, preservation or enhancement or economic or intangible values associated with the Property, and does touch and concern, benefit and burden and run with the Property.

17.15 **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 provisions hereof.

17.16 **EXHIBITS.** All Exhibits to this Master Deed shall be an integral part of this instrument.

18. **LIMITED WARRANTIES.** The following Section is taken from the Purchase and Sales Agreement by and between Declarant and all initial purchasers for Villas within the Regime. The purpose of reproducing said Section relating to warranties herein in this Master Deed is to provide actual notice to successors-in-title to original purchasers:

“At Closing, Seller shall execute and deliver to Purchaser a limited warranty certificate providing a limited warranty against substantial defects in materials or construction of the villa for a period of ninety (90) days from the date of Closing. Purchaser acknowledges that this is a limited warranty. This warranty shall not apply to fixtures and appliances covered by a warranty of a manufacturer or dealer, for which defects the Purchaser shall have such rights as are defined in the applicable warranty documents. At Closing, Seller shall transfer to Purchaser all of Seller's right, title and interest in and to any manufacturer's warranty furnished to Seller covering any equipment or appliance installed in the Property, and Seller makes no warranty or agreement of any kind with respect to any such equipment or appliance. Seller shall not be responsible for any incidental or consequential damages arising from any defect. This limited warranty is personal to Purchaser, and shall automatically terminate and be of no further force or effect upon Purchaser's sale, transfer or conveyance of the Property.

Except as specifically provided above with the limited warranty, SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE FITNESS, DESIGN, OR CONDITION OF ITEMS OF TANGIBLE PERSONAL PROPERTY OR FIXTURES, THEIR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SELLER HEREBY SPECIFICALLY DISCLAIMS IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY, AND FITNESS FOR A PARTICULAR PURPOSE.

Except as specifically provided herein, the sale of the villa by Seller to Purchaser shall be “as is” and “where is”.

19. **JOINDER OF MORTGAGEE**. Attached as Exhibit "E" and incorporated herein is the Joinder of Mortgagee of the Declarant's lender.

IN WITNESS WHEREOF, Declarant has executed this Master Deed, and the appropriate corporate seal affixed hereto this _____ day of ____ in the year of Our Lord Two Thousand Three and in the Two Hundred and Twenty-_____ year of the Sovereignty and Independence of the United States of America.

**SIGNED, SEALED AND DELIVERED STERLING LAND VENTURES I, LTD.
IN THE PRESENCE OF:**

Georgia

By: **STERLING DEVELOPMENT CORP.**, a
Corporation, its sole General Partner

By: _____

Title:

STATE OF GEORGIA)
)
COUNTY OF FULTON) **ACKNOWLEDGMENT**

I, _____, do hereby certify that _____, as _____ of **STERLING LAND VENTURES I, LTD.**, on behalf of the corporation, personally appeared before me this day and acknowledged the due execution of the foregoing instrument and _____, its _____, attested the same.

Witness my hand and official seal this _____ day of November, 2003.

(SEAL)
Notary Public for Georgia
My Commission Expires:

INDEX OF EXHIBITS

THE PRESERVE AT INDIGO RUN HORIZONTAL PROPERTY REGIME

- | | | |
|---|---|--|
| Exhibit "A"
Phase
Permitted Exceptions; | - | Description of Land (Phase I Property); Description of Future Property; Description of Reserved Rights and |
| Exhibit "B" | - | As-Built Survey (Phase I Parcel) |
| Exhibit "C-1"
by | - | Elevations and Floor Plans of Building and Villas (prepared by Humphrey & Partners Architects) |
| Exhibit "C-2" | - | Architect's Certificate |
| Exhibit "C-3" | - | Conversion Disclosure |
| Exhibit "D" | - | By-Laws of The Preserve at Indigo Run Horizontal Property Regime and |
| Exhibit "E" | - | Joinder of Mortgagee |