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JOHN LANE
REGISTER OF DEEDS
LANCASTER COUNTY, SC
By: CANDICE PHILLIPS DEPUTY
BK: DEED 759
PG: 1-47

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

**THIS DOCUMENT IS SUBJECT TO MANDATORY ARBITRATION
THE UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ., CODE OF LAWS
OF SOUTH CAROLINA (1976) AS AMENDED, OR THE FEDERAL ARBITRATION
ACT AS APPLICABLE.**

**MASTER DEED FOR BAILES RIDGE II
HORIZONTAL PROPERTY REGIME**

THIS MASTER DEED is made, published and declared by BAILES RIDGE 2, LLC, a North Carolina limited liability company ("Declarant"), this 3rd day of October, 2013.

ARTICLE I

ESTABLISHMENT OF HORIZONTAL PROPERTY REGIME

The purpose of this Master Deed is to establish pursuant to the Horizontal Property Act of the State of South Carolina a horizontal property regime to be known as Bailes Ridge II Horizontal Property Regime (the "Regime"). The land and improvements to be submitted to the provisions of the Horizontal Property Act and to the terms of this Master Deed are described in their totality in Article II as the Condominium Property. Declarant by filing of record this Master Deed publishes and declares that the Condominium Property shall be owned, occupied, used, conveyed, encumbered, leased and improved in accordance with the provisions of the Horizontal Property Act of the State of South Carolina, and in accordance with the covenants, restrictions, encumbrances, and obligations set forth or incorporated by reference in this Master Deed, all of which shall be deemed to be covenants and obligations running with the land. The Condominium Property is a portion of that planned community located in Lancaster County, South Carolina and known as Bailes Ridge, established pursuant to the Declaration of Protective Covenants for Bailes Ridge, as defined in Article III.

ARTICLE II

THE CONDOMINIUM PROPERTY

Declarant owns in fee simple the tract of land located in Lancaster County, South Carolina as more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Land") upon which a one - story, metal frame building containing approximately 11,990 square feet, more or less, containing two (2) Units together with certain other improvements has been constructed (the "Building"). The location of the Building and other improvements on the Land is shown on the survey attached hereto as Exhibit C and

incorporated herein by this reference. The vertical location of the Building and other improvements is shown on Exhibit C attached hereto and incorporated herein by this reference. The horizontal location of the Building and other improvements is shown on Exhibit C attached hereto and incorporated herein by this reference.

ARTICLE III

DEFINITIONS

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

(1) "Assessments" means that portion of the Common Expenses which is to be paid by each Unit Owner in proportion to his percentage interest in Common Elements as shown in Exhibit D attached hereto and incorporated herein by this reference.

(2) "Association" means the entity responsible for operation and management of the Condominium Property. Bailes Ridge II Horizontal Property Regime Condominium Association, Inc., a South Carolina non-profit corporation composed of all Unit Owners, constitutes the entity referred to in the Horizontal Property Act as the council of co-owners.

(3) "Bylaws" means the rules and procedures prescribed for government of the Association which are attached to this Master Deed as Exhibit E and incorporated herein by this reference. All references to "Bylaws" shall be construed to include amendments to the Bylaws duly adopted from time to time.

(4) "Board of Directors" means the body of persons selected, authorized, and directed to manage and operate the Condominium Property and the affairs of the Association as provided by this Master Deed and the Bylaws.

(5) "Common Elements" means all those portions of the Condominium Property not included within the Units and as more particularly described in Section 1 of Article VII of this Master Deed.

(6) "Common Expenses" means the actual and estimated costs of operating and managing the Condominium Property, including reasonable reserves, as determined by the Board of Directors.

(7) "Common Surplus" means the excess of all receipts of the Association including, but not limited to, assessments, rents, profits, and revenues from the Common Elements, over the amounts of Common Expenses.

(8) "Condominium Documents" means the Master Deed, the Articles of Incorporation of the Association, the Bylaws, and the rules and regulations governing the use of the Condominium Property, as the foregoing may be amended and supplemented from time to time, and all attachments and exhibits thereto.

(9) "Condominium Property" means the Land described in Exhibit A, the Building, and all other improvements and structures constructed or to be constructed upon the Land and all easements, rights and appurtenances belonging or appertaining to the Land.

(10) "Declarant" means Bailes Ridge 2, LLC, a North Carolina limited liability company. Following recordation of a document transferring to another person or entity all or some of the Special Declarant Rights, pursuant to Section 2 of Article V of this Master Deed, the term "Declarant" also shall mean and refer to that transferee.

(11) "Declarant Control Period" shall mean and refer to the period commencing on the date hereof and continuing until the earlier of (i) one hundred twenty (120) days after conveyance of seventy-five percent (75%) of the Units to an Owner other than Declarant; (ii) two (2) years after Declarant ceases to offer Units for sale in the ordinary course of business; or (iii) the date upon which Declarant voluntarily surrender control to the Association.

(12) "Horizontal Property Act" means the Horizontal Property Act of the State of South Carolina, Code of Laws of South Carolina, 1976, as amended. All references to the Horizontal Property Act shall be construed to include any amendments to the Horizontal Property Act adopted and enacted from time to time.

(13) "Land" means the tract of land described by course and distances in Exhibit A.

(14) "Limited Common Elements" means those portions of the Common Elements allocated by this Master Deed for the exclusive use and benefit of one or more, but fewer than all, of the Units, to the exclusion of all other Units, as more fully described in Section 2 of Article VII of this Master Deed.

(15) Intentionally Deleted.

(16) "Mortgage" means a mortgage constituting a first lien on a Unit.

(17) "Mortgagee" means the owner and holder of a Mortgage that has notified the Association in writing of its name and address, and that it holds a Mortgage on a Unit. Such notice will be deemed to include a request that the Mortgagee be given the notices and other rights described in Article XV.

(18) "Person" means a natural person, a corporation, partnership, trustee, or other legal entity.

(19) "Bailes Ridge" means the community commonly known as Bailes Ridge located in Lancaster County, South Carolina, established pursuant to the Bailes Ridge Declaration.

(20) "Bailes Ridge Association" means the Bailes Ridge Property Owners Association, Inc., a South Carolina nonprofit corporation serving as the community association for Bailes Ridge pursuant to the Bailes Ridge Declaration.

(21) “Bailes Ridge Declaration” means the Declaration of Protective Covenants for Bailes Ridge recorded in Record Book 165, Page 1 in the Register of Deeds of Lancaster County, South Carolina, as it may be amended and supplemented.

(22) “Bailes Ridge Governing Documents” means the Bailes Ridge Declaration and the other governing documents for Bailes Ridge referenced in the Bailes Ridge Declaration.

(23) “Special Declarant Rights” means those rights reserved for the benefit of Declarant in the Condominium Documents, as more particularly described in Article V of this Master Deed.

(24) “Unit” means one of the units enclosed within the boundaries defined in Section 1 of Article VI, which is subject to separate ownership.

(25) “Unit Owner” or “Owner” means the person or persons owning one or more of the Units.

ARTICLE IV

BAILES RIDGE II HORIZONTAL PROPERTY REGIME CONDOMINIUM ASSOCIATION, INC.

Section 1. Formation. Every Unit Owner shall be a member of the council of co-owners of Bailes Ridge II Horizontal Property Regime which shall be a South Carolina nonprofit corporation known as Bailes Ridge II Horizontal Property Regime Condominium Association, Inc. (the “Association”). The council of co-owners, hereafter referred to as the Association, shall be managed by a Board of Directors elected by and from the Unit Owners except as otherwise set forth in Section 8 of this Article IV below and in the Bylaws. The Association is responsible for the administration of the Condominium Property and the Association shall administer the operation and maintenance of the Condominium Property and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation, the Bylaws and the Horizontal Property Act.

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

Section 3. Voting. On all matters relating to the Association or to the Condominium Property upon which a vote of the Unit Owners is taken, the Unit Owners shall vote in proportion to their respective interests in Common Elements. Any motion shall carry if it receives the affirmative vote of a simple majority of Unit Owners, unless a different majority is specified in this Master Deed or in the Bylaws. A simple majority of the Unit Owners shall consist of fifty-one (51%) percent or more of the total interest in Common Elements.

Section 4. Powers; Lien for Assessment. In the administration of the operation and management of the Condominium Property, the Association shall have and it is hereby granted

the authority and power to enforce the provisions of this Master Deed, to levy and collect assessments in the manner provided in Article VIII below and in Article V of the Bylaws, and adopt, promulgate and enforce such rules and regulations governing the use of the Units and Common Elements as the Association may deem to be in the best interest of the Owners in accordance with the Bylaws. Any sum assessed by the Association remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Unit with respect to which such sum was assessed and shall be enforceable by the Association in accordance with the Act, Section 6 of Article VIII below and Paragraph F of Article V of the Bylaws.

Section 5. Binding Effect. All agreements, decisions, and resolutions legally made by the Association in accordance with the provisions of this Master Deed and the Bylaws shall be binding upon all Unit Owners.

Section 6. Books and Records. The Association shall maintain current copies of (a) the Condominium Documents, as they may be amended from time to time, (b) any rules and regulations adopted under the Bylaws, Section 4 above and Section 9 of Article IX; and (c) all financial records of the Association, as required by the Act. These items shall be available for inspection, during normal business hours and upon reasonable advance notice, by any Owner, any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage.

Section 7. Management Agent. The responsibility for administration of the Condominium Property may be delegated by the Association to a professional management agent. By proper resolution of the Association, such a management agent may be authorized to assume any of the functions, duties and powers assigned to the Board of Directors in the Bylaws or in this Master Deed.

Section 8. Declarant Control Period. During the Declarant Control Period, Declarant reserves the right to appoint and remove any member of the Board of Directors at Declarant's discretion, which shall be exercised reasonably. A reasonable basis for removal shall include failure to carry out duties and powers assigned to the Board of Directors, bad faith and breach of fiduciary duty and, if such member is also an Owner, failure to pay dues in a timely manner.

ARTICLE V

SPECIAL DECLARANT RIGHTS

Section 1. Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of Declarant in the Condominium Documents exercisable during the Declarant Control Period, and shall include without limitation the following rights:

- (a) The right to maintain sales offices, model units and signs advertising the Condominium Property.
- (b) The right to appoint or remove officers of the Association or members of the Board of Directors.
- (c) The right to exercise any other rights granted to or reserved by Declarant in the Condominium Documents.

Section 2. Transfer of Special Declarant Rights. Declarant may transfer any Special Declarant Rights created or reserved under the Condominium Documents to any person or entity, by an instrument evidencing the transfer duly recorded in the Register of Deeds of Lancaster County, South Carolina. The instrument shall not be effective unless it is executed by the transferor and the transferee.

ARTICLE VI

UNITS – DESCRIPTION, OWNERSHIP AND MAINTENANCE

Section 1. Units. The Units are graphically depicted on the certified architect's plans which are compiled and annexed to this Master Deed as Exhibit B which is incorporated herein by this reference. Each Unit is composed of the interior cubic space, fixtures, appliances, furnishings and any materials constituting any part of the finished surfaces of the walls, floors, and ceiling enclosed within the following boundaries:

(a) The lower horizontal boundary of each Unit is the horizontal plane of the top surface of the finished upper surfaces of the floor facing the interior of each Unit extending to the intersection of the vertical or parametric boundaries.

(b) The upper horizontal boundary of each Unit is the horizontal plane of the lower face of the finished ceiling surface, extended to the intersection of the vertical or parametric boundaries.

(c) The vertical or parametric boundaries of each Unit shall extend to the vertical planes which include the front, finished surface of the wallboard of all walls bounding the Unit, extended to intersections with each other, and with the upper and lower boundaries.

(d) All lath, flooring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of the perimeter walls, floors, and ceilings are part of the Units. Further, all interior walls (except load bearing walls), partitions, fixtures, appliances, cabinets and other facilities or improvements lying completely within the boundaries of a Unit shall be part of such Unit. If any chute, flue, duct, wire, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit shall be a Limited Common Element allocated to that Unit, as provided in Section 2 of Article VII below, and any portion thereof serving more than one Unit, or any portion of the Common Elements, shall be a Common Element.

Section 2. Ownership of Units. Each Unit, together with its undivided interest in the Common Elements, shall constitute a separate parcel of real property; and each Unit 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, (ii) the Articles of Incorporation and Bylaws of the Association, as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board of Directors pursuant to the Bylaws; (iii) all restrictive covenants, easements and rights-of-way of record or apparent upon a reasonable inspection of the Condominium Property including, but not limited to the Bailes Ridge Declaration; (iv) matters of

survey; and (v) all governmental statutes, ordinances, rules and regulations, including, but not limited to, the Horizontal Property Act. If the Land is benefited by certain easements, then, to the extent allowed by the terms of such easements or applicable law, those easements will also benefit each of the Units. All present and future Owners, tenants, and occupants of the units shall be subject to and shall comply with the provisions of the Condominium Documents, as the same may be amended and supplemented from time to time. The acceptance of a deed of conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the Condominium Documents are accepted and ratified by such Owner, tenant or occupant, and an agreement that such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease. Each deed of conveyance from Declarant to an Owner shall be substantially in the form of the Indenture Deed attached hereto as Exhibit F and incorporated herein by this reference.

Section 3. 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 Bailes Ridge II Horizontal Property Regime as established by this Master Deed. The conveyance of any individual Unit shall be deemed to convey the undivided interest in Common Elements appurtenant to that Unit as set forth in the chart attached hereto as Exhibit D. The ownership of an undivided interest in the Common Elements appurtenant to Units shall be inseparable from the Unit, and no such undivided interest may be conveyed or encumbered except as an appurtenance to the Unit. Conveyances of the Units from Declarant shall be substantially in the form of the Indenture Deed attached hereto as Exhibit F and incorporated herein by this reference.

Section 4. Maintenance and Repair. Every Unit Owner shall be responsible at its own expense for maintaining and repairing all walls, ceilings, floors, and other elements of his Unit as defined in Section 1 of this Article VI as well as the Limited Common Elements appurtenant to the Unit (except parking spaces which shall remain a Common Expense). Each Owner shall keep his respective Unit and its appurtenant Limited Common Elements (other than parking spaces, which shall be the obligation of the Association) in a clean, neat and orderly condition and in a good state of maintenance and repair. However, no Unit Owner shall make structural modifications or alterations to his Unit nor shall any Unit Owner alter any door, window (including the use of any window coverings not specifically approved by Declarant or the Board of Directors), vent, flue or terrace without obtaining the prior written approval of the Board of Directors. Written notice of any intended modifications shall be given to the Board of Directors, setting forth details and requesting approval. The Board of Directors shall consider the request and decide whether approval shall be granted. If the Board does not respond to properly submitted request within one hundred twenty (120) days, the Unit Owner shall be deemed to have obtained approval. Nothing in this section shall relieve any Unit Owner from obtaining approval for alterations required by other applicable covenants or restrictions including, but not limited to, the Bailes Ridge Governing Documents. No Unit Owner shall undertake to modify any portion of the Common Elements.

Notwithstanding anything to the contrary contained in this Master Deed, and for the benefit of the Unit Owners as a group, the Association may, but is not required to, do anything

that a Unit Owner is required to do under this Section 4 of this Article VI in the discretion of any management agent engaged by the Association, in the discretion of the Board of Directors, in the case of convenience for the Association, and in the discretion of the Board of Directors in the case that the Owner fails to perform his duty. Action by the Association under this paragraph shall be at the cost and expense of the Unit Owner who will be assessed therefore by the Association.

Section 5. Subdivision of Units. Notwithstanding any other provision of this Master Deed to the contrary, Declarant reserves the unilateral right to subdivide or combine existing Units in the Building prior to Declarant's sale of such Units to a third party. Declarant shall execute and record an amendment to this Master Deed, along with the applicable revised floor plans and a revised Exhibit D, to effect any such subdivision or combination. Each Owner and its Mortgagee, by acceptance of a deed (or Mortgage, as applicable) to a Unit, hereby consents in advance to any such subdivision or combination, provided such subdivision or combination shall not alter the boundaries of or Common Elements interest in the Unit owned by such Owner (or in which Mortgagee holds a Mortgage). Furthermore, each Owner and its Mortgagee, by acceptance of a deed (or Mortgage, as applicable) to a Unit, hereby agrees to execute and deliver to Declarant, promptly upon Declarant's request, any documents requested by Declarant to effect such subdivision or combination, and each Owner and its Mortgagee hereby grants to Declarant an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Owner and its Mortgagee such instruments as may become necessary to effectuate the foregoing. Any such amendment to this Master Deed also may contain such additions or revisions to the provisions of this Master Deed as may be necessary to reflect the different character of the new Units created by Declarant, so long as such additions or revisions are not inconsistent with the overall scheme of the Master Deed, and provided that such additions shall not apply to any Unit created prior to recordation of the amendment to the Master Deed or to the Owner or Mortgagee of any such Unit.

No Owner other than Declarant may subdivide or combine Units in the Building without the prior written consent of the Association and, during the Declarant Control Period, Declarant. No such subdivision by an Owner other than Declarant shall be binding upon any Mortgagee holding a Mortgage on any Unit which is subdivided, unless consented to in writing by such Mortgagee. Any Owner other than Declarant desiring to subdivide or combine a Unit shall submit an application to the Association. Each such application shall be in such form and contain such information as may be reasonably required by the Association and shall be accompanied by a plat detailing the proposed subdivision of the Unit. Unless the Association determines within sixty (60) days after submission to it of the application that the proposed subdivision is unreasonable, the application shall be deemed approved. Upon approval of the application, the Association shall cause to be prepared and filed at the Owner's sole expense, and each Owner shall sign, an amendment to this Master Deed together with plans, which shall identify the Unit which is subdivided, assign an identifying number to each new Unit created, describe and depict the location, dimensions, area and boundaries of each new Unit created, and reallocate among the new Units the allocated interest in the Common Elements of the subdivided Unit in accordance with the Horizontal Property Act. Such amendment shall be filed as an amendment to the Master Deed.

Section 6. Relocation of Interior Walls Between Units. The boundaries between adjoining Units may be relocated upon application to the Association by the Owners of such adjoining Units (“Adjoining Owners”) and upon approval by the Association of such application; provided, however, that no such relocation of boundaries shall be binding upon any Mortgagee holding a Mortgage on any Unit whose boundaries are relocated, unless consented to in writing by such Mortgagee. Any such application to the Association must be in such form and contain such information as may be reasonably required by the Association, and shall be accompanied by a plat detailing the proposed relocation of boundaries. Unless the Association determines within sixty (60) days after submission to it of the application that the proposed relocation of boundaries is unreasonable, the application shall be deemed approved. Upon approval of the proposed relocation of boundaries, the Association shall cause to be prepared and filed, at the Adjoining Owners’ expense, and each Owner and each Owner’s Mortgagee shall sign, an amendment to this Master Deed and a plat which identifies the Units involved, describes and depicts the altered boundaries, gives the dimensions of the altered Units, and also reallocates the interests in the Common Elements allocated to each Unit. Such amendment shall also contain operative words of conveyance and be signed by the Adjoining Owners and consented to by their Mortgagees, if any, and shall be indexed by the Register of Deeds in the names of the Adjoining Owners.

ARTICLE VII

COMMON ELEMENTS: DESCRIPTION, OWNERSHIP AND USE

Section 1. Common Elements. The Common Elements shall consist of the entire Condominium Property exclusive of the Units as shown on the plans attached as Exhibit B and the survey attached as Exhibit C to this Master Deed. The Common Elements shall include without limitation the following:

(a) The land upon which the building enclosing the Units are situated including any paved areas, concrete walkways, landscaped areas, parking areas (except designated parking spaces which shall be Limited Common Elements), dumpster pads, common trash receptacles, detention ponds and facilities, utility ponds and facilities and all easements, rights, and hereditaments appurtenant to the Land described in Exhibit A.

(b) All improvements, exclusive of the Units, erected upon the Land described in Exhibit A, including without limitations: (i) the roofs covering the Units including shingles, roofing felt, sheathing, and flashing (ii) the exterior siding and bricks, fascia, sheathing, and building paper on the building enclosing the Units; (iii) the foundations, columns, girders, beams, supports, floors within and between Units, and all other structural elements of the Building, that are not part of a Unit; (iv) all portions of the Building located outside of the Units, including, without limitation, the hallways, stairways, elevators and restrooms; (v) any public connections and meters, vaults, and manholes for utility services that are not owned by the public utility or municipal agency providing such services; (vi) all tangible personal property required for the operation and maintenance of the Condominium Property that may be owned by the Association; and (vii) all other elements of the Condominium Property rationally of common use or necessary to its existence, maintenance and safety.

Section 2. Limited Common Elements. The Limited Common Elements shall be composed of the following:

(a) Those portions of any chute, flue, duct, wire, meter, pipe for water or sewer, conduit, bearing wall, bearing column, or any other fixture lying partially within and partially outside the designated boundaries of a Unit, but serving exclusively that Unit, which shall be Limited Common Elements allocated exclusively to that Unit.

(b) Any shutters, awnings, window boxes, porches, decks, balconies, patios, signage, and all exterior doors and windows, loading docks or other fixtures designed to serve a single Unit, but located outside that Unit's boundaries, which shall be Limited Common Elements allocated exclusively to that Unit.

(c) Any portions of the heating, ventilating, and air conditioning systems, including fans, compressors, return air grills and thermostats, whether located inside or located outside the designated boundaries of a Unit, which shall be Limited Common Elements allocated exclusively to the Unit or Units that they serve.

(d) Any areas indicated as Limited Common Elements on the floor plans attached hereto as Exhibit B, which shall be allocated to the Unit to which such Limited Common Elements are servicing, which include allocation of twelve (12) specific parking spaces for each Unit.

The cleanliness and orderliness of the Limited Common Elements shall be the responsibility of the individual Owner having the right to the use and enjoyment of such Limited Common Elements (except the parking spaces which shall be a Common Expense). Notwithstanding any other provisions of this Master Deed, or any provision of the Bylaws or the Horizontal Property Act, the obligation for maintenance, repair, or replacement of any portions of the heating, ventilating, and air conditioning systems that are Limited Common Elements shall be the sole responsibility of the Owners of the Units to which such Limited Common Elements are allocated. References in this Master Deed to "Common Elements" shall include Limited Common Elements unless the context clearly indicates otherwise. The allocation of use of Limited Common Elements to the Units as provided for in this Master Deed shall not be altered without the unanimous consent of the Owners whose Units are affected.

Section 3. Ownership of Common Elements. Each Unit Owner shall own as an appurtenance to his Unit the undivided interest in the Common Elements as set forth in Exhibit D attached hereto.

Section 4. Partition. So long as this Master Deed has not been terminated in accordance with the provisions of Article XIII and so long as two-thirds (2/3) of the Condominium Property has not been substantially destroyed within the meanings of Article XI, the Common Elements shall remain undivided and no Unit Owner shall have the right to bring any action for partition or division.

Section 5. Use of Common Elements. Each Unit Owner shall have the right to use the Common Elements for their intended purposes in common with all other Unit Owners. Each Unit Owner shall have also a non-exclusive easement appurtenant to his Unit for ingress and

gress over the Common Elements to and from his Unit, which shall extend to the family member, employees, agents, servants, invitees, and guests of the Unit Owner. All rights to use and enjoy the Common Elements shall be subject to (i) the provisions of this Master Deed and the easements, restrictions, covenants, and encumbrances set forth herein, (ii) the Articles of Incorporation and Bylaws of the Association, as they may be amended from time to time, together with the regulations and resolutions that may be adopted by the Association or its Board of Directors pursuant to the Bylaws; (iii) all restrictive covenants, easements and rights-of-way of record or apparent upon a reasonable inspection of the Condominium Property including, but not limited to, the Bailes Ridge Governing Documents and the restrictive covenants contained in the Master Deed; (iv) matters of survey; and (v) all governmental statutes, ordinances, rules and regulations, including, but not limited to, the Horizontal Property Act. The Common Elements (other than storage areas, if any, designated by the Association) shall not be used for storage of personal property of any kind. Stairs, entrances, lobbies, hallways, sidewalks, yards, driveways and parking areas shall not be obstructed in any way or used for other than their intended purposes. In general, no activity shall be carried on nor conditions maintained by any Owner either in his Unit or upon the Common Elements which detracts from the appearance of the Condominium Property.

Section 6. Operating and Maintenance. The Association shall be responsible for the maintenance, repair, replacement, management, operation, and use of the Common Elements (including the parking spaces), except for the Limited Common Elements (excluding the parking spaces), and except for maintenance or repairs caused by the negligence or intentional misconduct of any Owner, his agents, employees or invitees, which shall be the responsibility of that Owner. The expenses incurred by the Association in meeting these responsibilities shall be assessed as Common Expenses. The Association may delegate its responsibilities with regard to the Common Elements to a management agent. Pursuant to the provisions of the Mutual Easement Agreement recorded in Book 573, Page 339, in the Office of the Register of Deeds of Lancaster County (the "Mutual Easement Agreement"), the Bailes Ridge I Horizontal Property Regime Condominium Association, Inc. (the "Bailes I Association") is responsible for the maintenance and repair of the easements shown on the Plat as the "50' Access Easement" and the "Detention Easement", and, Declarant does hereby delegate to Declarant the obligation to reimburse the Bailes Ridge I Association for one-half of the cost of such maintenance and repair as set forth in the Mutual Easement Agreement.

ARTICLE VIII

COMMON EXPENSES

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

1.1 Expenses incurred in operating, maintaining, cleaning, improving, repairing, and replacing the Common Elements.

1.2 Expenses incurred in administering the affairs of the Association, including salaries, wages, and any compensation paid to a managing agent for such purpose.

1.3 Expenses incurred in providing property insurance and liability insurance adequate to cover the Condominium Property, exclusive of Unit contents and furnishings, and any other insurance purchased by the Association as provided in Article X of this Master Deed.

1.4 Contributions to provide sufficient working capital and general reserves to operate the Condominium Property and to administer the affairs of the Association.

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

1.6 Any real and personal property taxes and special assessments levied upon the Common Elements by the State of South Carolina, Lancaster County, or by other taxing authorities and any license taxes, franchise taxes, or other levies upon the operation of the Condominium Property; provided, however, that property taxes or assessments levied upon any Unit, together with its appurtenant interest in Common Elements, shall be the liability of the respective Unit Owner and excluded from Common Expenses.

1.7 Utility charges for any utility not separately metered to each Unit.

1.8 Assessments charged against the Condominium Property pursuant to the Bailes Ridge Governing Documents.

1.9 Any other costs related to the operations of the Condominium Property exclusive of the Units or administration of the affairs of the Association which are declared by this Master Deed to be Common Expenses, and any valid charge against the Condominium Property as a whole.

Common Expenses shall not include the following, which shall be the sole responsibility of the individual Unit Owners:

- (a) Casualty insurance of Unit Owners on their possessions within the Units, and liability insurance of such Unit Owners insuring themselves and their business activities;
- (b) Utility charges for any utilities separately metered to each Unit;
- (c) Taxes for each Unit, together with its allocated interest in the Common Elements, as the same shall be separately assessed and taxed by each assessing authority for all types of taxes authorized by law; and

Section 2. Assessments. All assessments of Common Expenses shall be fixed by the Board of Directors and may be payable at such time as the Board of Directors determines, but not less frequently than annually. Unit Owners shall also be liable for all assessments assessed by the Bailes Ridge Association pursuant to the terms of the Bailes Ridge Declaration which are included in the Common Expenses pursuant to Section 1.8 hereof. The Association shall pay the assessments assessed by the Bailes Ridge Association.

Section 3. Initial Assessment. Upon the purchase of a Unit from Declarant, such new Unit Owner shall deposit with Seller at the closing for transmittal to the Association an amount equal to (a) a portion of the monthly installment of the assessment for Common Expenses against the Unit, prorated to the date of closing and (b) an initial working capital contribution in an amount equal to twice the monthly installment of the assessment for Common Expenses against the Unit.

Section 4. Emergency/Special Assessment. The Board of Directors may call for an assessment for expenses of emergencies or for the purpose of defraying in whole or in part the cost of any construction or reconstruction, repair or replacement of a described capital improvement upon the Condominium Property and such call shall be made only after notice of the need therefore and the amount thereof to the Unit Owners. Ten (10) days after such notice, and failing disapproval in writing by Owners of a majority of the total vote of the Association, the assessment shall become effective, and it shall be due after thirty (30) days notice thereof in such manner as the Board of Directors may require.

Section 5. Liability of Unit Owner. No Unit Owners may exempt himself from liability for Common Expenses by waiving the use of enjoyment of the Common Elements or by abandoning his Unit.

Section 6. Lien Upon Unit. All assessments of the Association for the share of Common Expenses chargeable to any Unit which are unpaid for sixty (60) days or longer after becoming due shall thereupon 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 of Directors acting in behalf of the Association in the same manner as a mortgage upon real property. In the event of foreclosure, the Unit 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 of Directors on behalf of the Association may bring suit for judgment against the Unit Owner in the amount of delinquent assessments. In the event of foreclosure or suit for a money judgment, a reasonable amount may be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall cover rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

Section 7. Sale of Units. Upon the sale or conveyance of a Unit, all unpaid assessments against a Unit Owner for his pro rata share of Common Expenses shall first be paid out of the sales price or by the purchaser or grantee 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; and
- (b) Payments due under Mortgages upon the Unit which are duly recorded prior to such sale or conveyance.

Section 8. Foreclosure Purchaser. If the Mortgagee of a Unit acquires title by foreclosure of its Mortgage or by deed in lieu of foreclosure, or if a purchaser acquired title at a

foreclosure sale such purchaser shall not be liable for the share of Common Expenses assessed by the Association 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 Unit Owners, including such purchaser, his successors, heirs and assigns. The provisions of this Section however, shall not release any Unit Owner from personal liability for unpaid assessments.

Section 9. Records. The Board of Directors, or a managing agent which it employs, shall keep accurate and detailed records in chronological order, of receipts and disbursements connected with the Condominium Property. Such record, together with the vouchers authorizing payment, shall be available for examination by the Unit Owners at convenient hours on working days, with the appropriate hours being set and announced for general knowledge.

Section 10. Declarant's Liability for Assessments. Declarant and the Units it owns shall be exempt from all assessments assessed pursuant to this Master Deed provided, however, that during the Declarant Control Period, Declarant shall be responsible for the difference between the assessments paid by the Owners and the Common Expenses for the year.

ARTICLE IX

RESTRICTIONS, COVENANTS, EASEMENTS

Section 1. Covenant to Comply With Restrictions and Obligations. Each Unit Owner by acceptance of a deed to a Unit in this Regime ratifies and covenants to observe on behalf of himself, his heirs, successors, and assigns, the provisions of this Master Deed, the Articles of Incorporation of the Association, the Bylaws, the regulations and resolutions adopted by the Board of Directors or the Association pursuant to the Bylaws, the restrictions contained in the Master Deed and the Bailes Ridge Governing Documents. Failure to comply with any such restrictions, conditions, obligations, regulations, or resolutions shall be grounds for an action to recover damages or for injunctive relief or for other appropriate remedies.

Section 2. Unit Restrictions

The provisions of this Section are intended to restrict certain uses that may be harmful or affect the ambience or aesthetic appeal of the Condominium Property to be constructed by Declarant. The restrictions are not intended to prohibit Declarant from performing such work as may be necessary in the completion of the Property. The restrictions of this Section shall therefore not be binding upon Declarant in the performance of any work in the Condominium Property.

2.1 Permitted Uses. Units contemplated in the development shall be, and the same hereby are, restricted exclusively to the uses consistent with the Bailes Ridge Governing Documents, the Permitted Exceptions and as permitted under applicable law and regulations; provided however that the Declarant and any successor or assign holding title to a Unit shall have the right to maintain construction or sales offices, signs, specialty lighting and other displays, and to otherwise use any Unit for the purposes of construction and sales of Units, for so long as Declarant or its successors or assigns hold title to such Units.

2.2 Nuisance. No obnoxious, offensive or unlawful activity shall be conducted within any Unit, or on or about the Common Elements, nor shall anything be done thereon or therein which may be or which may become an annoyance or nuisance to the other Owners, or endanger the health or safety of any Owner. Nothing shall be done or kept in any Unit or in the Common Elements that will result in the termination of, or an increase in the premium for, the policy of property insurance for the Condominium Property.

2.3 Signs. No signs or other advertising devices shall be displayed on or about the exterior of any Unit (or placed in the window of any Unit), or in the Common Elements, except as may be approved by Declarant during the Declarant Control Period and thereafter, by the Association. Any such signage which is approved by the Declarant or Association, as applicable must also comply with the Bailes Ridge Governing Documents and shall be installed in such manner, and shall be subject to such rules and regulations as shall be adopted from time to time by the Declarant during the Declarant Control Period and thereafter, by the Association. Notwithstanding the foregoing, Declarant shall have the right to install and maintain signage for the Building, and to assign its rights and maintenance obligations for such signage to the Association, and to maintain upon the Condominium Property advertising signs during the Declarant Control Period, provided those signs comply with the Bailes Ridge Governing Documents and applicable governmental regulations. Furthermore, each Owner shall have the right to display temporary "For Sale" or "For Rent" signs in areas, and subject to such rules and regulations, as shall be adopted from time to time by the Declarant during the Declarant Control Period and thereafter, by the Association.

2.4 Leasing of Units. Units may be rented provided the occupancy is only by the lessees unless otherwise provided by the Association's Board of Directors. No less than all of a Unit may be rented and no transient tenants shall be accommodated. Notice of any lease, together with such additional information as may be required by the Board of Directors of the Association shall be given to such Board by the Unit Owner within ten (10) days of execution of the lease. The Unit Owner must make available to the lessee copies of the Condominium Documents and the Bailes Ridge Governing Documents. All leases must be in writing, have an initial term of at least six (6) months and must provide that the terms of the lease shall be subject in all respects to the Condominium Documents and the Bailes Ridge Governing Documents and that any failure by the lessee to comply with all of the terms of such Condominium Documents and Bailes Ridge Governing Documents shall constitute a default under the lease.

2.5 Timesharing. No Unit within the Regime shall be used for, or submitted to any type of timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

2.6 Windows. No curtains, blinds or draperies shall be installed or hung in any window of any Unit which are visible from the exterior of the Building unless otherwise approved by the Declarant during the Declarant Control Period or the Association.

2.7 Balconies/Terraces/Patios. Balconies, terraces, patios or the like which are Limited Common Elements appurtenant to their specific Unit shall not be used for storage of personal property of any kind.

Section 3. Parking. No Owner or any agent or invitee of any Owner shall park, store or keep any vehicle on the Condominium Property except wholly within those portions of the Common Elements designated as parking areas by the Association, and in particular shall not block any entrances, drive aisles or fire lanes. Owners must park within the parking spaces designated as Limited Common Elements appurtenant to their Unit and visitors must park in parking spaces designated as "Visitor" spaces. No boat, boat trailer, motor home, travel trailer, camper or other recreational vehicle may be stored on the Property at any time. No significant automobile repair shall be allowed in the parking areas on the Condominium Property. No Owner or any employee, agent or invitee of such Owner shall park in any other Owners' spaces which are designated as Limited Common Elements, if any, so long as such spaces are clearly labeled as non-public parking. The Association shall have the right to tow any vehicle in violation of this Section 3 at its owner's expense.

Section 4. Utilities. Total electrical usage in any Unit shall not exceed the capacity of the circuits for that Unit as labeled on the circuit breaker boxes, and no electrical device causing overloading of the standard circuits may be used in any Unit without permission of the Association.

Section 5. Garbage. Trash, garbage and other waste appropriate for common disposal shall be kept in sanitary containers within each Unit, and deposited only in the common trash receptacles located within the Common Elements. Any waste that requires a special form of disposal must be disposed of by the Owner in accordance with applicable governmental requirements.

Section 6. Animals. No animals, livestock, reptiles or poultry of any kind shall be raised, bred or kept in any Unit, except usual and ordinary domesticated dogs, cats, fish, birds may be kept in Units, provided that they are not kept, bred or maintained for commercial purposes or in unreasonable quantities. As used in this Declaration, "unreasonable quantities" shall mean more than two (2) dogs and/or cats per Unit unless otherwise approved in writing by the Board. The Declarant or the Association shall have the right to prohibit the keeping of any animal that constitutes, in the opinion of the Declarant or the Association, a nuisance to any other Owner. Animals belonging to Owners, occupants or their tenants or invitees within the Community Property must be confined within an Owner's Unit or be under the direct control of a person capable of controlling the animal and in no event shall a dog be permitted to roam free or be left unattended while outdoors. Any Owner shall be absolutely liable to each and all other Owners, their families, guests, tenants, and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Community by a Owner or by members of his family, his tenants or his guests; and it shall be the absolute duty and responsibility of each Owner to clean up after such animals which have used any portion of the Common Areas. No animal may be kept or housed on the patio, terrace or balcony of any Unit.

Section 7. Intentionally Deleted.

Section 8. Architectural Control. No building, landscaping, fence, wall or other structure shall be commenced, erected or maintained upon the Common Property, nor shall any exterior addition to, change or alteration to either the Unit or the Common Elements be made, until the plans and specifications showing the nature, kind, shape, height, materials and location

of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Association. Such matters must also be approved pursuant to the Bailes Ridge Governing Documents.

Section 9. Rules and Regulations. In addition to the restrictions set forth in the Condominium Documents and the Bailes Ridge Governing Documents, reasonable rules and regulations governing the use of the Condominium Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be posted prominently prior to their effective date, and shall be furnished by the Association to all Owners upon request.

Section 10. Hazardous Substances. No Unit may be used for the treatment, storage, use or disposal of toxic or hazardous wastes or substances or any other substance that is prohibited, limited or regulated by an quasi-governmental authority or that, even if not so regulated, could or does pose a hazard to health and safety of the occupants and patrons of the Units or of the surrounding property. Each Owner shall indemnify and save every other Owner harmless from and against any claims, liabilities, penalties, fines, cost, expenses or damages resulting from any violation of the provisions of this Section.

Section 11. Encroachments. There shall be an easement in favor of the Association to the extent any portion of the Common Elements encroaches upon any Unit, and there shall be an easement appurtenant to any Unit to the extent any portion of the Unit encroaches upon the Common Elements or upon another Unit, whether such encroachment presently exists or occurs hereafter as a result of (i) settling or shifting of any part of the Condominium Property (ii) repair, alteration, or reconstruction of the Common Elements made by the Association or with its consent, (iii) repair or reconstruction necessitated by condemnation of any part of the Condominium Property. Any such easements shall be permitted and maintained so long as this Master Deed remains in effect and the Condominium Property remains subject to the Horizontal Property Act.

Section 12. Right of Access. The Association, or any person authorized by it, shall have the irrevocable right of access to the Common Elements, the Limited Common Elements and to each Unit to the extent necessary for performance by the Association of its obligations of maintenance, repair, or replacement of the Condominium Property. The Association shall also have the irrevocable right of access to each Unit as may be necessary for the maintenance, repair and replacement of Common Elements or for making emergency repairs necessary to prevent damage to the Common Elements or other Units. In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner is present at the time of such emergency, the Association, or any other person authorized by it, shall have the right to enter any Units or its Limited Common Elements for the purpose of remedying or abating the cause of such emergency and making any other necessary repairs not performed by the Owners, and such right of entry shall be immediate.

Section 13. Utility Easements. The Condominium Property is subject to utility easements for installation, operation, and maintenance of various utilities including, but not limited to, electric and telephone distribution lines and water and sewer lines. The Board of Directors may grant easements for utility purposes for the benefit of the Condominium Property,

including, but not limited to, the right to install, lay, maintain, repair and replace water lines, pipes, ducts, sewer lines, gas mains, telephone and television or cable television wires, cables and equipment, electrical conduits, fiber optic lines, and other wires, lines, pipes, fixtures or equipment over, under, along and on any portion of the Common Elements.

Section 14. Television and Radio Towers, Antennae and Satellite Dishes. Except as hereafter provided, no radio, television or tower, pole, antenna or similar structure shall be erected on any part of any Unit, Common Element or Limited Common Element, including but not limited to radio or television mast antennas. If approved by the Board of Directors, the following types of devices shall be permitted in designated areas as approved by the Board of Directors: devices for over the air reception of direct broadcast satellite service (e.g. satellite dishes) of less than one meter in size; and television broadcast service antennas of three feet or less. The Board of Directors may adopt and enforce reasonable architectural guidelines with respect to these devices that seek to minimize the visual effect on the Property.

ARTICLE X

INSURANCE

Section 1. Property Insurance. The Board of Directors, acting on behalf of the Association, shall obtain and maintain in effect at all times, property insurance insuring all structures on the Condominium Property against loss or damage due to fire and lightning, with extended coverage, in an amount equal to the maximum insurable replacement value of the Condominium Property as determined at the time such insurance is purchased and at the time of each renewal thereof. The Board of Directors shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Condominium Property, exclusive only of the contents and furnishings of the individual Units.

1.1 All hazard insurance policies obtained by the Board of Directors shall designate the Association as the named insured as Insurance Trustee for the benefit of all the 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 Association as Insurance Trustee under the provisions of this Master Deed.

1.2 All hazard insurance policies obtained by the Board of Directors shall provide for the issuance of Certificate of Insurance to each Unit 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, as applicable. If a Unit is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement.

1.3 The policy shall contain an inflation guard endorsement, if available, a construction code endorsement, if available, as well as a special condominium endorsement providing as follows: (i) for the waiver of subrogation against the Association, its agents and employees and against any Owner and any Owner's employees or agents and any rights of the insurer for contribution from hazard insurance purchased by the Unit Owners upon the contents and furnishings of their Unit; (ii) that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and all insureds, including all

Owners and Mortgagees; (iii) that no act or omission by any Owner will preclude recovery upon such policy, and (iv) that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 2. Liability Insurance. The Board of Directors shall obtain and maintain a policy of commercial general liability insurance with limits and provisions as it deems desirable and may be obtainable covering each member of the Board of Directors, the managing agent, if any, the Association, and each Owner with respect to liability arising out of the use, ownership, maintenance, or repair of the Common Elements. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all insureds, including all Owners and Mortgagees. The Board of Directors shall review such limits annually.

Section 3. Workmen's Compensation Insurance. The Board of Directors shall obtain Workmen's Compensation insurance to meet the requirements of law or certify that its managing firm has in existence adequate coverage.

Section 4. Fidelity Coverage. The Board of Directors may obtain such fidelity coverage against dishonest acts on the part of all persons responsible for handling funds belonging to or administered by the Association as it may deem necessary. Any such fidelity insurance policy must name the Association as the named insured and shall be written in an amount as may be determined by the Board of Directors, but in no event less than one-half the annual budgeted amount of Common Expenses, or the amount required by any Mortgagee, whichever is greater.

Section 5. Other Insurance Policies. The Board of Directors shall be authorized to obtain such other insurance coverage as the Board of Directors shall determine from time to time desirable or necessary.

Section 6. Premiums. All premiums upon insurance policies purchased by the Board of Directors and any amounts paid as a result of a deductible shall be assessed as Common Expenses and paid by the Board of Directors.

Section 7. Insurance by Unit Owner. Each Unit Owner shall be responsible for obtaining at his sole expense, insurance covering the personal property, decorations, and furnishing within his own Unit, and the additions and improvements made by him to the Unit. Each Unit Owner shall also be responsible for obtaining at his own expense public liability insurance coverage and such other insurance coverage as the Owner may desire. All such insurance policies shall include, however, provisions waiving (i) any right of the insurer of subrogation to claim against the Association, against individual Unit Owners, as well as the agents, servants, employees, and guests, and (ii) any right of the insurer to contribution or prorations because of the Master Insurance Policy.

ARTICLE XI

RECONSTRUCTION AND REPAIR

Section 1. Reconstruction. In the event of casualty loss or damage to the Condominium Property, the Board of Directors shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Condominium Property in accordance with the provisions of this Article. Reconstruction or repair shall be mandatory unless two-thirds (2/3) or more of the Condominium Property is destroyed or substantially damaged or unless the Unit Owners unanimously agree not to reconstruct. In such cases, the insurance indemnity received by the Association shall be distributed pro rata to the Unit Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. The remaining portion of the Condominium Property shall be subject to an action for partition at the suit of any Unit 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 insurance policies, shall be considered one fund and distributed pro rata among all Unit Owners and their mortgagees jointly in proportion to their respective interests in the Common Elements. If less than two-thirds (2/3) of the Condominium Property is destroyed or substantially damaged, the Condominium Property shall be reconstructed or repaired in the following manner.

1.1 Any reconstruction or repair must follow substantially the original plans and specifications of the Condominium Property unless the Unit Owners holding seventy-five (75%) percent or more of the total interest in the Common Elements vote to adopt different plans and specifications and all Unit Owners whose Units are affected by the alterations unanimously consent. In addition, reconstruction in accordance with different plans and specifications shall be subject to prior approval pursuant to the Bailes Ridge Declaration.

1.2 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.

1.3 If the insurance proceeds paid to the Association are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Unit Owners whose units are directly affected by the damage in proportion to the damage done to their respective Units.

1.4 The insurance proceeds received by the Association and any special assessment collected to cover a deficiency in insurance shall be disbursed for payment of the costs of reconstruction and repair. It shall be presumed that the first disbursements from the construction fund are insurance proceeds; and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Association and shall be included as part of the Common Surplus.

Section 2. Insurance Trustee. In the event of casualty loss to the Condominium Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Association as Insurance Trustee. The Association, acting as Insurance Trustee, shall receive and hold all

insurance proceeds in trust for the purposes stated in this Article and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following shares:

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

2.2 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 Unit Owners of the damaged Units in proportion to the costs of repairing each damaged Unit.

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

2.4 In the event a Certificate of Insurance has been issued to a Unit Owner bearing a mortgagee endorsement, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit 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 the right to apply, or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds paid jointly to the Unit Owners and their respective mortgagees pursuant to the provisions of this Master Deed.

Section 3. Substitution of Insurance Trustee. The Association 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 Lancaster County, South Carolina. Any substitute Insurance Trustee appointed by the Association shall succeed to all of the powers and responsibilities vested in the Association as Insurance Trustee under the terms of this Master Deed.

Section 4. Adjustment. Each Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owner.

ARTICLE XII

EMINENT DOMAIN

Section 1. Awards Paid in Trust. The taking by eminent domain or threat of condemnation of any portion of a Unit or of any part of the Common Elements shall be regarded in the same manner as a casualty to the Condominium Property, and awards made for the taking shall be payable to the Association as Trustee for the Unit Owner and their respective mortgagees. If any compensation or award is paid directly to a Unit Owner, he shall entrust the funds to the Association, and in the event he fails to do so, a special assessment may be made against him in the amount of the award or the amount of the award may be set off against the sums payable to the Unit Owners as hereinafter provided.

Section 2. Reduced But Tenantable Units. If any taking by eminent domain reduces the size of a Unit and the remaining portion can be made tenantable, the award shall be used for the following purposes, in the order stated:

2.1 The Unit shall be made tenantable. If the costs of making the Unit tenantable exceed the amount of the award, the additional funds required shall be assessed against the Unit Owners.

2.2 The balance of the award, if any, shall be paid jointly to the Unit Owner and his mortgagee.

2.3 If the balance of the award paid to the Unit Owner and his mortgagee is material, the interest in the Common Elements appurtenant to that Unit shall be equitably reduced.

Section 3. Untenatable Units. If any taking destroys or so diminishes the size of a Unit that it cannot be made tenantable, the award paid for the taking shall be used for the following purposes in the order stated:

3.1 The marketable value of the Unit prior to the taking shall be paid jointly to the Unit Owner and his mortgagee. The mortgagee shall thereupon satisfy his mortgagee, and the Unit Owner shall convey all his remaining right, title and interest in the Unit to the Association.

3.2 The remaining portion of such Unit, if any, shall become part of the Common Elements and shall be placed in condition for use by all Unit Owners in the manner approved by the Board of Directors.

3.3 The percentage interests in Common Elements appurtenant to each Unit shall be equitably adjusted to apportion ownership among the reduced number of Owners who continue to be part of the Regime.

3.4 If the amount of the award paid for the taking is insufficient to pay the market value of the condemned Unit to the Unit Owner and to condition the remaining portion for use as part of the Common Elements, the additional funds required for such purposes shall be raised by assessments against all those who continue to be Unit Owners after the changes effected by the taking. Such assessments shall be made in proportion to the shares of such owners in the Common Elements after the changes effected by the taking.

Section 4. Arbitration. If the market value of a Unit prior to the taking cannot be agreed upon between the Unit Owner and his mortgagee and the Association within thirty (30) days, the value shall be determined by arbitration in accordance with the prevailing rules of the American Arbitration Association, provided that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the market value of the Unit and a judgment of specific performance upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The cost of arbitration proceeding shall be assessed against all Unit Owners in proportion to their respective interest in Common Elements prior to the change effected by the taking.

Section 5. Amendment to Master Deed. The changes in Units, in Common Elements, and in the percentage interest in the Common Elements caused by condemnation shall be evidenced by an Amendment to this Master Deed, executed and filed of record by Declarant, the Association and the Unit Owners.

ARTICLE XIII

TERMINATION

Section 1. Casualty or Condemnation. If two-thirds (2/3) or more of the Condominium Property is substantially destroyed or taken by Condemnation, the Condominium Property may be removed from the provisions of this Master Deed and the Horizontal Property Act in accordance with Article XI or Article XII as the case may be. In addition, any removal from the provisions of this Master Deed or the Horizontal Property Act shall be subject to the prior written approval of the Bailes Ridge Association if permitted by applicable law.

Section 2. Voluntary Termination. Subject to the prior written approval of the provisions of the Bailes Ridge Association's board of directors, this Regime may also be terminated, removing the Condominium Property from the provisions of this Master Deed and the Horizontal Property Act, if the record owners of title to the Units and the record owners of mortgages upon the Units agree in a written instrument to termination unanimously or in such percentage as may then be required for termination by the Horizontal Property Act. Termination shall become effective upon recordation of such written instrument, duly executed by the requisite number of Unit Owners and mortgagees and by the Bailes Ridge Association if permitted by applicable law.

Section 3. Ownership After Termination. After termination of this Regime, the Unit Owners shall own the Condominium 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 Unit Owners. The undivided share of each tenant in common shall be the same as his undivided interest in the Common Elements prior to termination. Any asset of the Association, any funds held by the Board of Directors, and any insurance proceeds shall also be the property of the former Unit Owners as tenants in common in the same undivided shares as their interests in the Common Elements prior to termination. The costs incurred by the Board of Directors in connection with termination shall be considered a Common Expense.

Section 4. Partition. After termination, the Condominium Property shall be subject to an action for partition by any Unit Owner or any lienor in which event the net proceeds from the judicial sale shall be divided among all Unit Owners in proportion to their respective interests in the Common Elements and paid to each Unit Owner and mortgagee.

ARTICLE XIV

AMENDMENT

Except as is otherwise specifically authorized herein, this Master Deed may be amended from time to time at a duly held meeting of the Association by the affirmative vote of the Unit

Owners holding two-thirds (2/3) or more of the total interest in the Common Elements; provided, however, that no amendment shall alter the dimensions of a Unit or its appurtenant interest in the Common Elements without the written consent of the Unit Owner affected by the proposed alteration. Duly adopted amendments shall become effective when an instrument setting forth the amendment has been executed and filed of record by the officers of the Association. No amendment to this Master Deed shall be adopted or passed which shall impair or prejudice the rights and priorities of any Mortgagee without the written consent of such Mortgagee. During the Declarant Control Period, no amendment to this Master Deed shall be effective without the written consent of Declarant. Furthermore, notwithstanding any provision of this Master Deed to the contrary, during the Declarant Control Period, Declarant reserves and shall have the unilateral right to amend this Master Deed on the advice of counsel, or to comply with the Horizontal Property Act or as may be required by law, or to correct any typographical error, or to effect Declarant's intent with respect to the creation of the Regime, provided any such amendment may not prejudice the rights of a Unit Owner by increasing its share of the Common Expenses, except as otherwise expressly permitted by this Master Deed.

ARTICLE XV

MORTGAGEE PROTECTION

Section 1. General Provisions. This Article establishes certain standards and covenants for the benefit of Mortgagees. This Article is supplemental to, and not in substitution for, any other provisions of the Condominium Documents, but in the event of any conflict between the provisions of the Condominium Documents and the provisions of this Article, the provisions of this Article shall control.

Section 2. Rights to Examine Books and Records. Any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage, shall have the right to examine, during normal business hours and upon reasonable notice, the books and records of the Association, including copies of the Condominium Documents, as amended, and the financial statements of the Association, and to be furnished, upon written request, at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year. If any Mortgagee requests, and agrees to pay the cost of the audit, the financial statement shall be audited by an independent certified public accountant.

Section 3. Mortgagee's Right to Notice. Any Mortgagee (including, for purposes of this Section 3, any insurer or guarantor of a loan secured by a Mortgage that has notified the Association in writing of its name and address, and that it insures or guarantees a Mortgage) shall have the right to receive from the Association prompt written notice of the following:

- (a) Default under any of the terms and provisions of the Condominium Documents by any owner owning a Unit encumbered by a Mortgage held, insured, or guaranteed by such Mortgagee, which default remains uncured for a period of thirty (30) days.

- (b) Any loss or damage to or condemnation or taking of the Common Elements or any loss or damage to or condemnation or taking of a Unit encumbered by a Mortgage held, insured or guaranteed by such Mortgagee.
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

ARTICLE XVI

RELATIONSHIP TO BAILES RIDGE

Section 1. Governing Documents. The Condominium Property is a component of the larger community known as Bailes Ridge. The Association, and all Owners, lessees, and occupants of Units are subject to the Bailes Ridge Governing Documents, all of which apply to the Condominium Property in addition to this Master Deed.

Section 2. Superiority. The Association and all committees thereof shall be subject to the superior rights and powers granted to the Bailes Ridge Association pursuant to the Bailes Ridge Governing Documents. The Association shall take no action inconsistent with, or in derogation of the rights of the Bailes Ridge Association or the "Declarant" under the Bailes Ridge Governing Documents.

Section 3. Conflict. In the event of conflict between or among the provisions of this the Condominium Documents and the Bailes Ridge Governing Documents or resolutions of the board of directors of the Bailes Ridge Association, the Bailes Ridge Governing Documents and resolutions of the Bailes Ridge Association's board of directors shall control, unless otherwise required by South Carolina law. The foregoing priorities shall not prevent enforcement by the Association of provisions or rules which are stricter than those contained in or adopted pursuant to the Bailes Ridge Declaration.

ARTICLE XVII

ENFORCEMENT; ARBITRATION

Section 1. Actions by the Association. The Association, or the Board of Directors acting on its behalf, shall have the right, in addition to any other remedies provided for in the Condominium Documents, to bring a civil action against any Owner to enforce any obligation, covenant or restrictions set forth in this Master Deed or the other Condominium Documents.

Section 2. Actions by Owners. Any Owner may also bring a civil action against any other Owner, or against the Association, or any one or more of them, to enforce any obligation, covenant or restrictions set forth in this Master Deed or the other Condominium Documents.

Section 3. Arbitration. Each Owner, by accepting a deed to a Unit, agrees that any Owner or the Association may require that any unresolved matter between the Owners or before the Board of Directors or before the Association be submitted to binding arbitration pursuant to the prevailing rules of the American Arbitration Association, as the same shall be amended from

time to time. The fees and expenses of arbitration shall be paid as set forth in the award and shall not be a Common Expense unless all Owners so agree in writing.

ARTICLE XVIII

MISCELLANEOUS PROVISIONS

Section 1. Controlling Law; Conflicts. This Master Deed and the Condominium Documents shall be construed and controlled by and under the laws of the State of South Carolina. To the extent that any of the terms or provisions of this Master Deed attempt to vary, modify or waive any provision of the Horizontal Property Act, such terms or provisions shall be so varied, modified or waived to the extent permitted by the Horizontal Property Act, it being the intention of the parties hereto that the terms and provision of this Master Deed shall govern over conflicting provisions in the Horizontal Property Act, to the extent permitted by the Horizontal Property Act.

Section 2. Invalidity. The invalidity of any provision of this Master Deed shall not impair the validity, enforceability, or effect of the remaining provisions and in such event, all other provisions shall continue in full force as if the invalid provisions had not been included.

Section 3. Liberal Construction. The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership as provided in the Horizontal Property Act. Throughout this Master Deed wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter as the context permits or requires.

Section 4. Exhibits. All exhibits to this Master Deed shall be an integral part of this instrument.

Section 5. Captions. Captions are inserted in this Master Deed for convenience only and are not to be used to interpret the provisions of this instrument.

Section 6. Covenants Running With the Land. All provisions of this Master Deed shall be construed as covenants running with the land, and with every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of the Master Deed shall bind and inure to the benefit of all Unit Owners and claimants of the land or any part thereof or interest therein, and their executors, administrators, successors and assigns.

Section 7. Enforcement. Each 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 this Master Deed or in the deed to the Unit and to the Bailes Ridge Governing Documents. Failure to comply with any of the same shall give rise to any cause of action at law or in equity, including injunctive relief, or both, maintainable by the Board of Directors on behalf of the Association or by an aggrieved Owner. None of the provisions contained in the Condominium Documents 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.

ARTICLE XIX

CONSENT AND SUBORDINATION OF MORTGAGEE

The Land and the Building are encumbered by the lien of a Mortgage dated June 6, 2008, recorded June 6, 2008 in Book 1936, Page 301 in the Register of Deeds of Lancaster County, South Carolina, executed and delivered by Declarant to First Charter Bank (the "Lender"). A Consent and Subordination of Mortgagee executed by the Lender, consenting to the execution and recordation of this Master Deed is recorded contemporaneously with this Master Deed.

IN WITNESS WHEREOF, Declarant has executed and delivered this Master Deed this 3rd day of Oct., 2013.

Signed, sealed and delivered in the presence of:

BAILES RIDGE 2, LLC

Kimberly Bygones
Paula Hinkle

By: Bailes Investment Associates, LLC,
Manager

By: Crosland-Bailes, LLC, its Manager

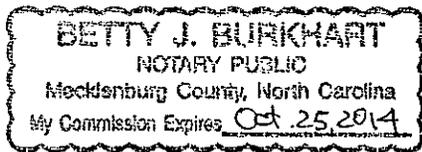
By: Crosland Manager, LLC, Manager

By: *James E. Merrifield*
James E. Merrifield, Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

The forgoing instrument was acknowledged before me this 3rd day of October, 2013 by James E. Merrifield, as Vice President of Crosland Manager, LLC, a North Carolina limited liability company, Manager of Crosland - Bailes, LLC, a North Carolina limited liability company, Manager of Bailes Investment Associates, LLC, a North Carolina limited liability company, on behalf of the company.



[NOTARIAL SEAL]

Betty J. Burkhart
Notary Public for ~~South~~ North Carolina
My commission expires: October 25, 2014

EXHIBIT A

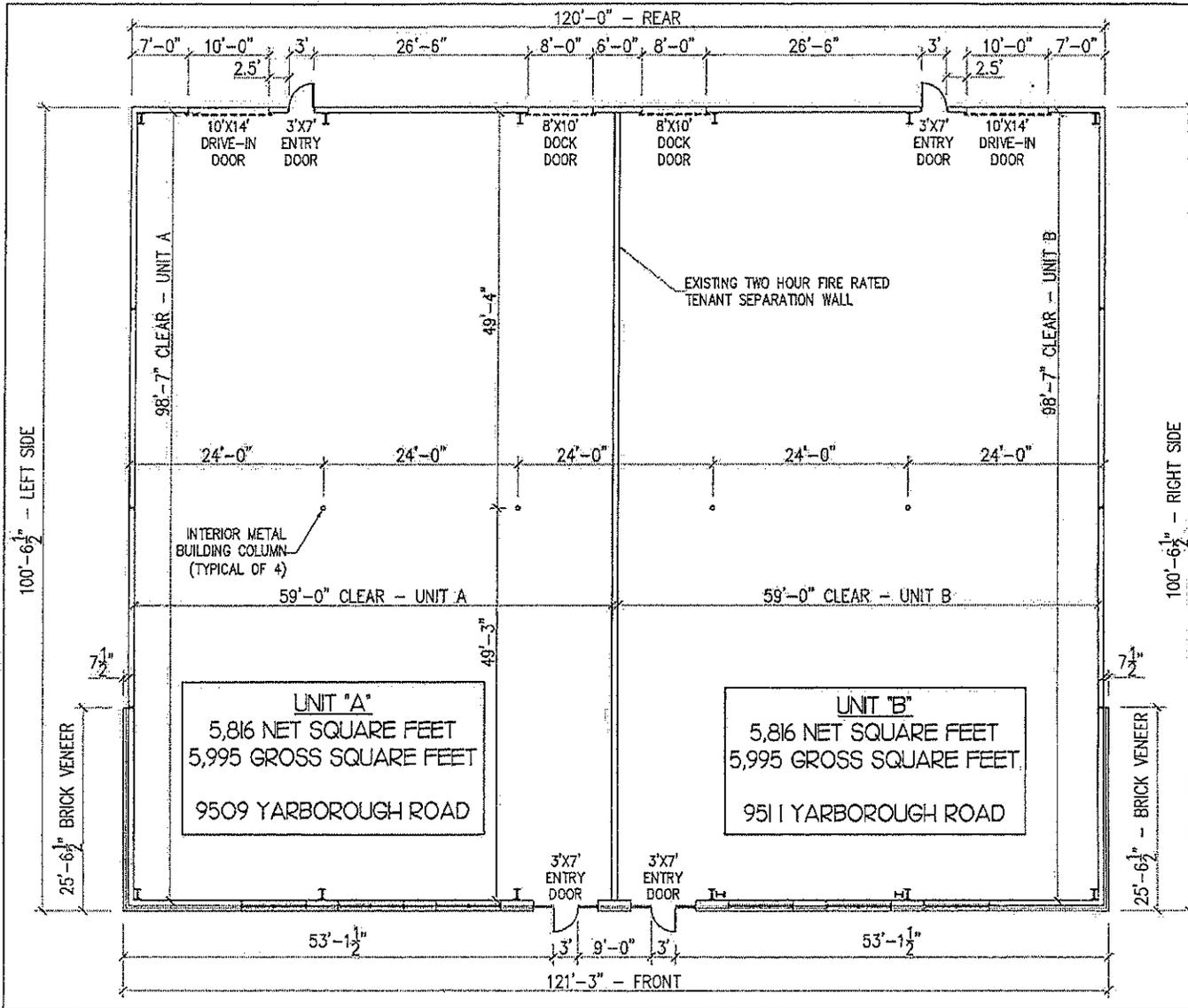
Tax Map Number: 0007-00-025.03

The 1.741 acre tract (Tract 14) as shown on plat dated May 16, 2008, signed and sealed June 3, 2008 entitled "Record Plat – 3.648 acres, Tract 13 & Tract 14 of Bailes Ridge Business Park" recorded in Book Plat 2008, Page 545 (the "Plat") of the Lancaster Register of Deeds' Office TOGETHER WITH easements described in the following: (1) easements shown on the Plat, including the 50' Ingress and Egress Easement and the Stormwater Detention Basin and (2) easements set forth in the Protective Covenants for Bailes Ridge, recorded in Record Book 165, Page 1 in the Register of Deeds of Lancaster County, South Carolina and all amendments and supplements thereto.

Derivation: Being a portion of the property conveyed from Bailes Investment Associates, LLC to Bailes Ridge 2, LLC, dated June 6, 2008 recorded on June 6, 2008 in Deed Book 468, Page 286 in the Office of the Register of Deeds of Lancaster County, South Carolina.

EXHIBIT B

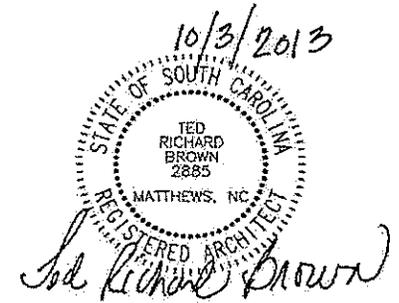
Floor Plans and Elevations



CERTIFICATION

CERTIFIED TO BE ACCURATE AS THE AS-BUILT FLOOR PLAN OF THE UNITS IN THE BUILDING AT TRACT 14 OF THE BAILES RIDGE BUSINESS PARK, THIS THIRD DAY OF OCTOBER, 2013

TED RICHARD BROWN, ARCHITECT



Ted Richard Brown

Architectural Services
 Post Office Box 2070
 Matthews, North Carolina 28106
 Telephone: (704) 330-1111

CONDO AS-BUILT PLAN FOR
Bailes Ridge Business Park Tract 14
 YARBOROUGH ROAD
 LANCASTER COUNTY, SOUTH CAROLINA

EXHIBIT C

Survey

EXHIBIT D

Two (2) Units comprise the Regime. The Unit Number, square footage, percentage of ownership and value of each Unit is shown as follows:

<u>Unit No.</u>	<u>Square Feet</u>	<u>% Interest</u>	<u>Value</u>
A	5,995	50	\$360,000.00
B	5,995	50	\$360,000.00

Total

The Unit values assigned above are fixed for the sole purpose of complying with the Horizontal Property Act and do not necessarily reflect the market value, appraised value or any other value of any Unit or the Condominium Property. These assigned values shall in no way restrict or inhibit any Owner of a Unit from fixing a different circumstantial value or sales price to a particular Unit in all types of acts or contracts.

EXHIBIT E

BYLAWS OF BAILES RIDGE II HORIZONTAL PROPERTY REGIME CONDOMINIUM ASSOCIATION, INC.

These are the Bylaws of Bailes Ridge II Horizontal Property Regime Condominium Association, Inc. (the "Association"), a non-profit corporation under the laws of the State of South Carolina. The Association has been organized for the purpose of administering a horizontal property regime pursuant to the South Carolina Horizontal Property Act upon the land described in the Master Deed of Bailes Ridge II Horizontal Property Regime (the "Master Deed") to which these Bylaws are annexed. All capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Master Deed.

I. GENERAL

A. Office of the Association. The office of the Association shall be at 521 East Morehead Street, Suite 400, Charlotte, North Carolina, 28202.

B. Fiscal Year. The fiscal year of the Association shall be the calendar year.

C. Purpose. The Association has been organized for the purpose of administering Bailes Ridge II Horizontal Property Regime, a condominium development under the Act of the General Assembly of the State of South Carolina, Title 27, Chapter 31 of the Code of Laws of South Carolina, 1976, as amended (the "Act").

D. Filing. These Bylaws are annexed to the Master Deed and made a part thereof, pursuant to the Act, which Master Deed has been duly recorded in the Register of Deeds of Lancaster County, South Carolina.

E. Application. These Bylaws are applicable to the Regime and to the use and occupancy thereof. All present and future Owners, mortgagees, lessees and occupants of the Regime and their employees, invitees and any other persons who may use the property within the Regime in any manner are subject to these Bylaws, the restrictions of the Master Deed and the rules and regulations pertaining to the use and operation of the property within the Regime. The acceptance of a deed of conveyance, or the entering into of a lease, or the act of occupying a Unit shall constitute an acceptance of the provisions of these instruments and an agreement to comply therewith.

II. MEMBERS

A. Membership. Membership of the Association shall be composed of all Owners of record of the fee title of Units (the "Members"). Membership in the Association shall automatically terminate upon the recording of a deed by which the owner disposes of his interest in the Unit but such termination shall not relieve any such former Unit Owner from any liability

or obligation incurred under or in any way connected with the Regime during the period of this ownership and membership, or impair any effective remedies which the Board of Directors or the Association or others may have against such former Unit Owner arising out of, or in any way connected with, such ownership and membership and the covenants and obligations incident thereto.

B. Vote of Members. On all matters upon which the Members are entitled to vote, each Member shall be entitled to cast a vote equal to such Member's percentage share of the Common Elements. If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation or other legal entity, the agent entitled to cast the vote for the Unit shall be designated by the appropriate officials in the certificate of appointment filed with the Secretary of the Association. Such certificate shall be valid until revoked or superseded or until a change in the ownership of the Unit occurs. Except as otherwise set forth in the Horizontal Property Act, the Master Deed or these Bylaws, a majority of at least fifty-one percent (51%) of the total vote of the Association is required to adopt decisions of the Association.

C. Initial Meeting. The Declarant or any Member may call the initial meeting of the Members by due notice. Such initial meeting shall be held at the office of the Association or any other designated place within Lancaster County for the purpose of transacting any business authorized to be transacted.

D. Annual Meeting. Annual meetings of the Members after the initial meeting shall be held at the office of the Association or any other designated place within Lancaster County at 8:00 o'clock P.M. on the second Monday in January of each year (beginning the year in which said meeting date is more than three months following the initial meeting) for the purpose of electing directors and transacting any other business authorized to be transacted by the Members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day.

E. Special Meetings. Special meetings of Members shall be held whenever called by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from Members entitled to cast at least five percent (5%) of the total vote of the Association.

F. Notice of Meetings. Notice of all meetings of Members stating the time and place and the objects for which the meeting is called shall be given by the President or Secretary unless waived in writing. Such notice shall be in writing to each Member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. The Secretary shall prepare or cause to be prepared, at least ten (10) days before every meeting of the Members, a complete list of Members entitled to vote at the meeting arranged in alphabetical order, showing the address and the percentage vote for each. Such list shall be open to the examination of any Member, during ordinary business hours for a

period of at least ten (10) days prior to the meeting, at the office of the Association. The list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member who is present. Unless otherwise provided in advance by resolution of the Board of Directors, the record date for the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Association shall be the close of business on the day next preceding the day on which the notice is mailed, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Notice of meeting may be waived in writing either before or after meetings, and attendance at any meeting by a Member shall be deemed a waiver of the notice requirements with respect thereto unless such Member delivers written objection of failure to comply with such notice requirements of the person presiding at the meeting.

G. Quorum. A quorum at meetings shall consist of persons entitled to cast a majority of the votes of the Association. The joinder of a Member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Member for the purpose of determining a quorum.

H. Proxies. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated therein and must be filed with the Secretary before the appointed time of the meeting.

I. Actions without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by the members holding at least eighty percent (80%) of the voting power and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

J. Presiding Officer. The presiding officer at all meetings of Members shall be the President, in whose absence the Vice President shall preside. If neither such officer is present, the Members shall elect a chairman to preside at the particular meeting.

K. Order of Business. The order of business at all annual meetings of the Members shall be as follows:

1. Call to Order.
2. Roll call and certifying of proxies.
3. Proof of notice of meeting or waiver of notice.
4. Reading of minutes of preceding meeting.
5. Reports of officers.
6. Report of committees.
7. Election of Directors.
8. Unfinished business.
9. New business.
10. Adjournment.

The order of business at all special meetings of the Members shall include items (1) through (6)

above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

III. DIRECTORS

A. Number and Election. The Board of Directors shall consist of three (3) Members who shall be elected by the Members of the Association (or if the Member is a corporation or other legal entity, an individual person shall be designated by the appropriate officials of such Member in a certificate of appointment filed with the Secretary of the Association as such Member's agent for purposes of being eligible to be elected to serve on the Board of Directors which person may, but need not be, the same agent designated to cast the vote for the Unit as set forth in Paragraph B of Article II above). Notwithstanding the foregoing, the initial Board (the "Initial Board") shall consist of three (3) individuals appointed by the Declarant who may or may not be Members of the Association. During the Declarant Control Period, the Board of Directors shall have three (3) directors who may or may not be Members, and Declarant may appoint and remove directors of the Board of Directors. Board members may succeed themselves in office.

B. Manner of Election and Removal. Other than those appointed by Declarant as set forth herein and in the Master Deed, the directors shall be chosen by ballot at appropriate annual meetings thereafter, or at any meeting held in place thereof. Each director when elected shall serve, unless removed as hereinafter set forth, until the annual meeting of Members at which his term expires and until his successor is elected. Any director or directors may be removed at any time, with or without cause, by vote of 75% of the total vote of the Association at any regular or special meeting thereof, and the removed director may be replaced by a majority of the total vote of the Association at any regular or special meeting thereof, each new director to serve the remainder of the term of the removed director. Any director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

C. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member of the Board by a vote of the Members shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so elected shall be a member of the Board until a successor is elected at the next meeting of the Members.

D. Organization Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board at the meeting at which such Board members were elected, and no further notice shall be necessary to take action at the organization meeting provided a quorum of the Board shall be present.

E. Regular Meetings. Regular meetings of the Board shall be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary, or other designated person, to each Board member, personally or by mail, telephone or facsimile, at least ten (10) days prior to the day named for such meeting.

F. Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President or by a majority of the Board of Directors, and must be called

by such officers upon receipt of a written request from any one of the Directors. Notice of the special meetings shall be given by the Secretary/Treasurer, or other designated person, at least three (3) days prior to the day named for such meeting unless notice is waived.

G. Waiver of Notice. Before any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him.

H. Vote of Directors. Each director shall have one whole vote, regardless of his percentage of undivided interest in the Common Elements, and regardless of the number of Units owned by him.

I. Action without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the Board. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

J. General Provisions. Any meeting of the Board at which all directors are present shall be as valid as if held pursuant to proper notice and if a meeting is held with notice, but if the absent directors sign the minutes of the meeting thereafter, the same shall be a valid meeting as though called upon due notice.

K. Board Quorum. At all meetings of the Board, any two (2) of the Board members shall constitute a quorum for the transaction of business. Board action shall require the approval of at least two (2) Directors.

L. Presiding Officer. Presiding officer of directors' meetings shall be the Chairman (designated by the Board) in whose absence a Vice-Chairman (also designated by the Board) shall preside.

M. Compensation. No director shall receive any compensation for acting as such.

N. Powers and Duties of the Board. The Board shall have the powers and duties necessary for the administration of the affairs of the Regime, except such powers and duties as by law or by the Master Deed and these Bylaws may not be delegated to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to the following:

1. Election of officers.
2. Operation, care, upkeep and maintenance of the Common Elements.
3. Determination of the amounts required for operation, maintenance and other affairs of the Regime.
4. Collection of assessments from the Unit Owners.
5. Employment, control and dismissal of personnel, as necessary for the efficient maintenance and operation of the Regime.

6. Adoption and amendment of rules and regulations covering the details of the operation and use of property contained in the Regime.
7. Opening of bank accounts on behalf of the Regime and designating the signatories required therefore.
8. Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of directors) or otherwise dealing with Units acquired by the Board or its designee, corporate or otherwise, on behalf of all Unit Owners.
9. Organizing corporations to act as designees of the Board in acquiring title to Units on behalf of all Unit Owners.
10. Obtaining insurance for the Regime property pursuant to the Master Deed.
11. Making repairs, additions and improvements to, or alterations of, Regime property, and repairs to and restoration of the property in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

O. Managing Agent. The Board may employ a managing agent and/or a manager at a compensation established by the Board, to perform such duties and services as the Board shall authorize.

P. Liability. The members of the Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each member of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or out of the indemnity in favor of the members of the Board shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board or by the managing agent, or the manager, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the interests of all Unit Owners in the Common Elements.

IV. OFFICERS

A. Elected Officers. The Board of Directors (except during the Declarant Control Period, when such election shall be made by the Declarant), by vote of a majority of the whole board, shall elect annually from the membership of the Association a President, Vice-President and Secretary/Treasurer, which officers or any of them may be removed, either with or without cause, at any meeting by vote of a majority of the whole board. There shall be no compensation paid to any officers.

B. President. The President shall be the chief executive officer of the Association and shall exercise all the powers and perform all the duties of the Association as provided in the

Act, the Master Deed and these Bylaws (including all powers necessary and proper for carrying out such powers and duties). The President shall preside at all meeting of the Unit Owners. He shall have all of the general powers and duties which are incident to the office of President of a corporation, including, but not limited to, the power to appoint from among the Unit Owners any committee which the President decides is appropriate, excepting only those powers and duties specifically and exclusively assigned by the Act, the Master Deed or these Bylaws, to be exercised by the other officers, the Board of Directors or the membership of the Association.

C. Vice-President. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the directors.

D. Secretary/Treasurer. The Secretary/Treasurer shall keep the minutes of all proceedings of the directors and Members. He shall attend to the giving and serving of all notices to the Members and directors and other notices required by law. He shall keep the records of the Association and shall perform such other duties incident to the office of secretary as may be required by the directors or the President. He shall also keep full and accurate accounts of all receipts and disbursements in books belonging to the Association and to deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board. The Secretary/Treasurer may be referred to herein as "Secretary", "Treasurer" or "Secretary/Treasurer".

E. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by any two (2) officers of the Association or by such other person or persons as may be designated by the Board.

V. ASSESSMENTS

A. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purposes set forth in the Master Deed including, but not limited to, the general purposes of promoting the recreation, health, safety and welfare of the Owners and in particular for the improvement and maintenance of the Property, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements, and of the Offices situated upon the Property.

B. Obligation. By the Master Deed, each Member (other than Declarant) is deemed to covenant and agree to pay to the Association various assessments or charges. These assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made. Each such assessment, together with such interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due and shall not pass to his successors in title unless expressly assumed by them. No Owner may exempt himself from contributing toward such expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit belonging to him.

C. Determination and Payment. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Regime to determine the amount required to meet the expenses of the Regime and allocate and assess such common charges against the Unit Owners according to their respective interests as shown in the Master Deed. The Board shall advise each Unit Owner in writing of the amount of Common Expenses payable by him and shall furnish copies of each budget on which such Common Expenses are based to all Unit Owners. Assessments shall be made on the basis of the budget on or before December 20 preceding the year for which the assessments are made. Such assessments shall be due annually on the fifteenth of January unless the Board shall by affirmative action establish more frequent times of payment (but not more frequently than monthly). In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Board.

D. Initial Assessment. Upon the purchase of a Unit from Declarant, such new Unit Owner shall deposit with Seller at the closing for transmittal to the Association an amount equal to (a) a portion of the monthly installment of the assessment for Common Expenses against the Unit, prorated to the date of closing and (b) an initial working capital contribution in an amount equal to twice the monthly installment of the assessment for Common Expenses against the Unit.

E. Emergency/Special Assessment. The Board of Directors may call for an assessment for expenses of emergencies or for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Condominium Property and such call shall be made only after notice of the need therefore and the amount thereof to the Unit Owners. Ten (10) days after such notice, and failing disapproval in writing by Owners of a majority of the total vote of the Association, the assessment shall become effective, and it shall be due after thirty (30) days notice thereof in such manner as the Board of Directors may require.

F. Lien Upon Unit. All assessments of the Association for the share of Common Expenses chargeable to any Unit which are unpaid for thirty (30) days or longer after becoming due shall thereupon 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 of Directors acting in behalf of the Association in the same manner as a mortgage upon real property. In the event of foreclosure, the Unit 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 of Directors on behalf of the Association may bring suit for judgment against the Unit Owner in the amount of delinquent assessments. In the event of foreclosure or suit for a money judgment, a reasonable amount may be added to the sum due for attorney's fees and other costs of collection. The lien created by this section shall cover rentals accruing during the pendency of the foreclosure action and any reasonable amount of attorney's fees and other costs of collection.

VI. RULES AND REGULATIONS

In addition to the restrictions set forth in the Condominium Documents and the Bailes Ridge Governing Documents, reasonable rules and regulations governing the use of the

Condominium Property may be made and amended from time to time by the Association. Copies of such regulations and amendments thereto shall be posted prominently prior to their effective date, and shall be furnished by the Association to all Owners upon request.

VII. BOOKS AND RECORDS

The Association shall maintain current copies of (a) the Condominium Documents, as they may be amended from time to time, (b) any rules and regulations adopted under the Bylaws, Section 4 above and Section 9 of Article IX; and (c) all financial records of the Association, as required by the Act. These items shall be available for inspection, during normal business hours and upon reasonable advance notice, by any Owner, any Mortgagee, and any insurer or guarantor of a loan secured by a Mortgage. The Board of Directors or managing agent shall also keep detailed records of the actions of the Board of Directors and the managing agent, minutes of the meeting of the Board of Directors, minutes of the meeting of the Unit Owners and financial records and books of account of the Regime, including a chronological listing of receipts and expenditures and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Expenses against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid.

VIII. NOTICES

All notices to the Board of Directors shall be sent by registered or certified mail or by hand delivery to the President of the Board of Directors or to such other address as the Board may hereafter designate from time to time. All notices to any Unit Owner shall be sent by registered or certified mail or by hand delivery to the Unit or to such other address as may have been designated by him from time to time, in writing, to the Board. All notices shall be deemed to have been given when mailed or delivered, except notices of change of address which shall be deemed to have been given when received.

IX. AMENDMENTS

Amendments to the Bylaws shall be proposed and adopted in the following manner:

A. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

B. Adoption. A resolution adopting an amendment to the Bylaws must receive approval of two-thirds (2/3) of the total vote of the Association. Directors and members not present at the meetings considering the amendment may express their approval in writing.

C. Amendments Restricted. No amendment shall change the share in the Common Elements appurtenant to any Unit, nor increase the Owners' share of the Common Expenses, nor change the voting rights of the Members, unless the record Owner of the Unit concerned and all record Owners of liens thereon shall join in the execution of the amendments.

D. Filing. A copy of each amendment shall be certified by the President and the

Secretary of the Association as having been duly adopted and shall be recorded with the Register of Deeds of Lancaster County, South Carolina in the same manner as these original Bylaws are recorded.

X. MORTGAGES

A. Notice to Board. A Member who mortgages his Unit shall notify the Board of the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgages of Units".

B. Notice of Unpaid Assessments. The Board shall, at the request of a mortgagee of a Unit, report any unpaid assessments due to the Association from the Owner of such Unit.

XI. MISCELLANEOUS

A. Conflicts. These Bylaws are intended to comply with the requirements of the Horizontal Property Act of South Carolina as presently amended. In case of any of these Bylaws conflict with the provisions of the Act, it is hereby agreed and accepted that the provisions of the Act will control. In case any of these Bylaws conflict with the provisions of the Master Deed or the Bailes Ridge Governing Documents, as amended, the Master Deed or Bailes Ridge Governing Document shall control.

B. Use of Pronouns. Wherever the masculine singular form of the pronoun is used in these Bylaws, it shall be construed to mean the masculine, feminine or neuter, singular or plural, wherever the context so requires, and vice versa.

C. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

D. Waiver. No restrictions, conditions, obligations or provisions contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce same.

E. Continuance. The Association and these Bylaws, as amended as provided herein, shall continue in existence for the life of Bailes Ridge II Horizontal Property Regime unless unanimously terminated by the Member of the Association or until the Regime is terminated by appropriate legal action or as provided in the Master Deed.

Register of Deeds of Lancaster County. The real estate upon which the building in which said Unit is situate is more fully described as that certain 1.741 acre tract (Tract 14) as shown on plat dated May 16, 2008, signed and scaled June 3, 2008 entitled "Record Plat - 3.648 acres, Tract 13 & Tract 14 of Bailes Ridge Business Park" recorded in Plat Book 2008, Page 545, Register of Deeds of Lancaster County, South Carolina (the "Plat").

A portion of Tax Map No. 0007-00-025.03

TOGETHER with all of the appurtenances thereto according to said Master Deed, including, without limitation, an undivided fifty percent (50%) interest in the Common Elements, and the Mutual Easement, and the GRANTEE assumes and agrees to observe and perform its obligations under said Master Deed including, but not limited to the payment of assessments for the maintenance and operation of the condominium, the Mutual Easement and the detention pond located on the property pursuant to the South Carolina Stormwater Management and Sediment Reduction Act of 1991 (48-14-10, et. seq.) and as shown on the Plat.

Derivation: Being a portion of the property conveyed from Bailes Investment Associates, LLC to Bailes Ridge 2, LLC, dated June 6, 2008 recorded on June 6, 2008 in Deed Book 468, Page 286 in the Office of the Register of Deeds of Lancaster County, South Carolina.

ACKNOWLEDGEMENT AND RATIFICATION BY GRANTEE. The GRANTEE, by the acceptance and execution of this Deed acknowledges for itself and its successors and assigns that this conveyance is subject to the Permitted Exceptions including, but not limited to, the provisions of the Master Deed of BAILES RIDGE II HORIZONTAL PROPERTY REGIME and the Bylaws of BAILES RIDGE II HORIZONTAL PROPERTY REGIME CONDOMINIUM ASSOCIATION, INC. as described above, including the provisions of all exhibits thereto. The GRANTEE for [himself/herself/themselves] and [his/her/their] heirs and assigns acknowledges and agrees that the Permitted Exceptions and all of the provisions contained therein are reasonable, fair and equitable and agrees that the Master Deed of BAILES RIDGE II HORIZONTAL PROPERTY REGIME, the Bylaws of BAILES RIDGE II HORIZONTAL PROPERTY REGIME CONDOMINIUM ASSOCIATION, INC., and all exhibits thereto contain all of the warranties, representations, and inducements concerning the purchase by GRANTEE of the Premises.

TOGETHER with, subject to the Permitted Exceptions, all and singular the rights, members, hereditaments, and appurtenances to said Premises belonging, or in anywise incident or appertaining.

2013015234
AFFIDAVIT
RECORDING FEES \$10.00
PRESENTED & RECORDED:
10-04-2013 02:24 PM
JOHN LANE
REGISTER OF DEEDS
LANCASTER COUNTY, SC
By: CANDICE PHILLIPS DEPUTY
BK: DEED 759
PG: 48-50

STATE OF SOUTH CAROLINA

COUNTY OF LANCASTER

**CONSENT OF LENDER
TO
BAILES RIDGE II
HORIZONTAL PROPERTY REGIME**

This Consent of Lender ("Consent") is made and entered into this 4TH day of October, 2013 by Fifth Third Bank, an Ohio banking corporation as successor by merger with Fifth Third Bank, N.A., a national banking association, successor by merger to First Charter Bank, a North Carolina banking corporation ("Lender") and may be recorded together with or separately from the Master Deed to establish pursuant to the Horizontal Property Act of the State of South Carolina a horizontal property regime to be known as Bailes Ridge II Horizontal Property Regime (the "Regime") by Bailes Ridge 2, LLC, a North Carolina limited liability company, as Declarant.

A. WHEREAS, Lender made a loan (the "Loan") to Declarant, which Loan is secured in part by the following Mortgage, Assignment of Rents and Leases and Security Agreement (the "Mortgage"):

Grantor/Mortgagor: Bailes Ridge 2, LLC
Lender/Mortgagee: First Charter Bank
Recorded: June 6, 2008 in Mortgage Book 1936 at
Page 301 in the Office of the Lancaster
County Register of Deeds

B. WHEREAS, Declarant has made and recorded the Regime as described herein, in Book 759, Page 1, Lancaster County Register of Deeds;

C. WHEREAS, Lender's Mortgage encumbers Tract 14; and

D. WHEREAS, Declarant has requested that Lender consent to the Regime and subordinate the lien of the Mortgage, the UCC-1 financing statement recorded June 6, 2008 in Mortgage Book 1936, Page 327 and any assignment of rents or other loan

documents executed or recorded in connection therewith (collectively, "Loan Documents") to the Regime as set forth below.

NOW, THEREFORE, for the sum of \$10.00 paid by Declarant to Lender, and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Lender does hereby consent to the recordation of the Regime and the terms and provisions thereof, and it does hereby further consent and agree that from and after this date, the provisions of the Regime shall be superior to the rights created in the Mortgage and other Loan Documents, such that in the event of a foreclosure of the Mortgage or acquisition by Lender of the Mortgaged Property, by deed in lieu of foreclosure or otherwise, such foreclosure or acquisition shall not result in a termination of the Regime, or the easements, rights and obligations created thereby and the foreclosure sale purchaser or grantee shall take title to the Mortgaged Property (or portion thereof) subject to the terms of the Regime. This instrument shall run with title to the Mortgaged Property and any assignment of the Mortgage and Loan Documents, shall bind Lender and its successors and assigns, and shall inure to the benefit of any holder of an interest (easement or otherwise) in all or any part of the Mortgaged Property, and their respective heirs, successors and/or assigns. Notwithstanding anything to the contrary set forth above, (i) this Consent and Subordination shall not render any liens or assessments created or arising under the Regime superior to Lender's lien created by the Mortgage, (ii) no violation of the Regime shall defeat or render invalid the lien of the Mortgage, and (iii) should Lender acquire title to the Mortgaged Property secured by the Mortgage, any liability Lender might have under the Regime shall be non-recourse except to the extent of its interest in such property, provided, the foregoing non-recourse provision shall be personal to Lender, and shall not apply to any successor-in-title or assignee of Lender. The execution of this Consent and Subordination of Lender by the Lender shall not be deemed or construed to have the effect of creating between the Lender and Declarant, or any other party relationship of partnership or of joint venture, nor shall anything contained in this Consent and Subordination of Lender be deemed to impose upon the Lender any of the liabilities, duties or obligations of Declarant, or any other party under the Regime, unless and until Lender acquires title to the Mortgaged Property (or portion thereof) by foreclosure, deed in lieu of foreclosure or otherwise and becomes an owner of such property. The Lender executes this Consent and Subordination of Lender solely for the purposes set forth herein.

{Signature on Following Pages}

IN WITNESS WHEREOF, the undersigned has caused this Consent and Subordination to be duly executed and delivered effective of the date indicated above.

LENDER:

FIFTH THIRD BANK, an Ohio banking corporation, as successor by merger with Fifth Third Bank, N.A., a national banking association, successor by merger to First Charter Bank, a North Carolina banking corporation

By: [Signature]
Print Name: STEPHEN LYON
Title: VICE PRES.

[Signature]
Witness #1

[Signature]
Witness #2

STATE OF North CAROLINA

COUNTY OF Mecklenburg

The foregoing instrument was acknowledged before me this 4 day of October, 2013 by Stephen Lyon, the Vice President of Fifth Third Bank, an Ohio banking corporation, on behalf of the bank.

Witness my hand and official stamp or seal this 4 day of October, 2013.

[Signature]
Notary Public

Print Name: Caren Bruton

[Note: Notary Public must sign exactly as on notary seal]

My Commission Expires: 6-18-18

[NOTARY SEAL] (MUST BE FULLY LEGIBLE)

