

MASTER DEED

for

OCEAN DUNES TOWER I

Horizontal Property Regime

MRYTLE BEACH, SOUTH CAROLINA

Ocean Dunes Realty, Inc., having its principal office at Myrtle Beach, County of Horry, State of South Carolina, hereinafter referred to as the GRANTOR, as the sole owner in fee-simple of the land and improvements hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the lands and buildings herein below described, together with all other improvements thereon, including all easements, rights and appurtenances thereto belonging, to a Horizontal Property Regime (sometimes termed "condominium" ownership to be known as Ocean Dunes Tower I) in the manner provided for by Sections 27-31-10 through 27-31-300 (both inclusive) of Chapter 31 entitled "Horizontal Property Act of the 1976 Code of Laws of South Carolina" as amended. In conformity with Sections 27-31-30 and 27-31-100 of said Act, the GRANTOR sets forth the following Particulars:

I.

The lands which are hereby submitted to the Horizontal Property Regime are described as follows:

See Exhibit A-1 attached hereto.

I-A.

GRANTOR expressly reserves unto itself, its successors and assigns a perpetual easement over the parking area located on the western side of the building. This easement is reserved for the purpose of constructing and maintaining a deck for recreational facilities to be owned by GRANTOR, its successors and assigns. All easements necessary and convenient for the construction and maintenance of the deck are reserved hereunder including, but not limited to easements for access, support, airspace, installation of utilities, and maintenance. The deck may be joined or combined with improvements to be located on property adjacent to the property submitted hereunder.

GRANTOR agrees to bind itself, its successors and assigns to construct the deck in a good and workmanlike manner and to properly maintain the deck in good repair. Ocean Towers I Homeowners Association, Inc. (Association) shall be named as an additional insured under GRANTOR'S liability insurance policy and copy provided to the Association.

GRANTOR may assign all easements and rights reserved hereunder.

II.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Annexed hereto and expressly made a part hereof, as Exhibit A, is a plot plan showing the location of the buildings and other improvements, a set of floor plans of the buildings which show graphically the dimensions, area and location of each UNIT therein and the dimensions, area, and location of COMMON ELEMENTS affording access to each UNIT. Each UNIT is identified by specific number on said Exhibit A, and no UNIT bears the same designation as any other UNIT. Exhibit A is also recorded as a separate condominium by the Clerk of Court.

III.

UNITS AND COMMON ELEMENTS

The CONDOMINIUM consists of UNITS and COMMON ELEMENTS, as said terms are hereinafter defined.

UNITS, as the term is used herein, shall mean and comprise the eighty (80) residential UNITS and one (1) commercial UNIT which are designated in Exhibit "A" to this Master Deed, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the ceilings of each UNIT, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of all interior loadbearing walls and/or unfinished bearing partitions, and further excluding all pipes, ducts, wires, conduits and other facilities running through any interior wall or partition for the furnishing of utility services to UNITS and COMMON ELEMENTS.

COMMON ELEMENTS, as the term is used herein, shall mean and comprise all of the real property, improvements and facilities of the CONDOMINIUM other than the UNITS, as same are hereinabove defined, and shall include easements through UNITS for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility service to UNITS and COMMON ELEMENTS and easements of support of the improvements, and shall further include all personal property held and maintained for the joint use and enjoyment of all of the owners of all such UNITS.

IV.

OWNERSHIP OF UNITS AND APPURTENANT  
INTEREST IN COMMON ELEMENTS

Each UNIT shall be conveyed and treated as an individual property capable of independent use and fee-simple ownership, and the owner or owners of each UNIT shall own, as an appurtenance to the ownership of each said UNIT, an undivided interest in the COMMON ELEMENTS, the undivided interest appurtenant to each said UNIT being that which is hereinafter specifically assigned thereto. The percentage of undivided interest in the COMMON ELEMENTS assigned to each UNIT shall not be changed except with the unanimous consent of all of the owners of all of the UNITS, and except as provided in Article XXVIII with regard to the amendments of this Master Deed.

V.

RESTRICTION AGAINST FURTHER SUBDIVIDING OF UNITS AND  
SEPARATE CONVEYANCE OF APPURTENANT COMMON ELEMENTS, ETC.

No UNIT may be divided or subdivided into a smaller UNIT or smaller UNITS than as shown on Exhibit "A" attached hereto, nor shall any UNIT or portion thereof, be added to or incorporated into any other UNIT. The undivided interest in the COMMON ELEMENTS declared to be an appurtenance to each UNIT shall not be conveyed, devised, encumbered or otherwise dealt with separately from said UNIT, and the undivided interest in COMMON ELEMENTS appurtenant to each UNIT shall be deemed conveyed, devised, encumbered, or otherwise included with the UNIT even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such UNIT. Any conveyance, mortgage, or other instrument which purports to affect the conveyance, devise or encumbrance, or which purports to grant any right, interest or lien in, to, or upon, a UNIT, shall be null, void and of no effect insofar as the same purports to affect any interest in a UNIT and its appurtenant undivided interest in COMMON ELEMENTS, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire UNIT. Any instrument conveying, devising,

encumbering or otherwise dealing with any UNIT which describes said UNIT by the UNIT Number assigned thereto in Exhibit A without limitation or exception, shall be deemed and construed to affect the entire UNIT and its appurtenant undivided interest in the COMMON ELEMENTS. Nothing herein contained shall be construed as limiting or preventing ownership of any UNIT and its appurtenant undivided interest in the COMMON ELEMENTS by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

VI.

CONDOMINIUM SUBJECT TO RESTRICTIONS, ETC.

The UNITS and COMMON ELEMENTS shall be, and the same are hereby, declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein, governing the use of said UNITS, LIMITED COMMON ELEMENTS and COMMON ELEMENTS, and setting forth the obligations and responsibilities incident to ownership of each UNIT and its appurtenant undivided interest in the COMMON ELEMENTS, and said UNITS, LIMITED COMMON ELEMENTS and COMMON ELEMENTS are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the CONDOMINIUM.

VII.

PERPETUAL NON-EXCLUSIVE EASEMENT  
IN COMMON ELEMENTS

Except for the LIMITED COMMON ELEMENTS which are reserved for the exclusive use of particular owners, the COMMON ELEMENTS shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the owners of UNITS in the CONDOMINIUM for their use and the use of their immediate families, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Article, Ocean Dunes Tower I Homeowners Association, Inc., hereinafter identified, shall have the right to establish the rules and regulations pursuant to which the owner or owners of any UNIT may be entitled to the exclusive use of any parking space or spaces and to exclusive use of any individual mailbox or receptacle. Provided further, that if the Board of Directors may hereafter grant easements for the benefit of the Regime Property and the Co-Owners, the Board of Directors may hereafter grant easements for the benefit of the Regime Property and the Co-owners. Each Co-owner, by the acceptance of the deed to his UNIT does hereby grant to the Board of Directors an irrevocable power of attorney to execute, deliver and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

VIII.

EASEMENT FOR UNITENTIONAL AND  
NON-NEGLIGENT ENCROACHMENTS

If any portion of the COMMON ELEMENTS now encroaches upon any CONDOMINIUM UNIT or if any CONDOMINIUM UNIT now encroaches upon any other CONDOMINIUM UNIT or upon any portion of the COMMON ELEMENTS as a result of the construction or repair of any building or if any such encroachment shall occur hereafter as a result of settlement or shifting of any building or otherwise, a valid easement for the encroachment and for the maintenance of the same, so long as the building stands, shall exist. In the event any building, any CONDOMINIUM UNIT, any adjoining CONDOMINIUM UNIT, or any adjoining COMMON ELEMENT shall be partially or totally destroyed as the result of condemnation or eminent domain proceedings and the reconstructed encroachments of parts of the COMMON

ELEMENTS upon any CONDOMINIUM UNIT or over any CONDOMINIUM UNIT, upon any other CONDOMINIUM UNIT or upon any portion of the COMMON ELEMENTS due to such reconstruction shall be permitted and valid easements for such encroachments and maintenance thereof shall exist so long as the building shall stand.

IX.

RESTRAINT UPON SEPARATION AND  
PARTITION OF COMMON ELEMENTS

Recognizing that the proper use of a UNIT by any owner or owners is dependent upon the use and enjoyment of the COMMON ELEMENTS in common with the owners of all other UNITS, and that it is in the interest of all owners of UNITS that the ownership of the COMMON ELEMENTS be retained in common by the owners of UNITS in the CONDOMINIUM, it is declared that the percentage of the undivided interest in the COMMON ELEMENTS appurtenant to each UNIT shall remain undivided and no owner of any UNIT shall bring or have any right to bring any action for partition or division.

X.

PERCENTAGE OF UNDIVIDED INTEREST IN COMMON ELEMENTS  
APPURTENANT TO EACH UNIT

The undivided interest in COMMON ELEMENTS appurtenant to each UNIT at each stage of development is that percentage of undivided interest which is set forth and assigned to each UNIT in that certain Schedule which is annexed hereto and expressly made a part hereof as Exhibit B.

XI.

EASEMENT FOR AIR SPACE

The owner of each UNIT shall have an exclusive easement for the use of the air space occupied by said UNIT as it exists at any particular time and as said UNIT may lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

XII.

ADMINISTRATION OF  
OCEAN DUNES TOWERS I  
(A CONDOMINIUM) BY

OCEAN DUNES TOWERS I HOMEOWNERS ASSOCIATION, INC.

To efficiently and effectively provide for the administration of the CONDOMINIUM by the owners of UNITS, a non-profit South Carolina corporation, non-profit South Carolina corporation, known and designated as Ocean Dunes Towers I Homeowners Association, Inc. has been organized, and said corporation shall administer the operation and management of the CONDOMINIUM and undertake and perform all acts and duties incident thereto in accordance with the terms, provisions and conditions of this Master Deed, and in accordance with the terms of the Articles of Incorporation of Ocean Dunes Towers I Homeowners Association, Inc., hereinafter referred to as the ASSOCIATION, and By-Laws of said

corporation. A true copy of the Articles of Incorporation and By-Laws of said ASSOCIATION are annexed hereto and expressly made a part hereof as Exhibits C and D respectively. The owner or owners of each UNIT shall automatically become members of the ASSOCIATION upon his, their or its acquisition of an ownership interest in title to any UNIT and its appurtenant undivided interest in the COMMON ELEMENTS, and the membership of such owner or owners shall terminate automatically upon each title to such UNIT, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrances upon any UNIT shall be entitled, to membership in the ASSOCIATION, or to any of the rights privileges of such membership. In the administration of the operation and management of the CONDOMINIUM, said ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this Master Deed, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the UNITS and COMMON ELEMENTS, as the Board of Directors of the ASSOCIATION may deem to be in the best interests of the CONDOMINIUM. Provided, however, that no action shall be permitted which would limit the owners of the Commercial UNIT from carrying on its permitted activities.

XIII.

RESIDENTIAL USE RESTRICTION  
APPLICABLE TO UNITS

Except for the Commercial UNIT, its LIMITED COMMON ELEMENTS and easements each UNIT is hereby restricted to residential use by the owner or owners thereof, their immediate families, guests, and invitees; provided, however that so long as GRANTOR shall retain any interest in CONDOMINIUM, it may utilize a UNIT or UNITS of its choice from time to time, for sales office, model, or other usage for the purpose of selling UNITS in said CONDOMINIUM. Further shall, GRANTOR may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all UNITS have been conveyed, this right of commercial usage shall immediately cease. The termination of commercial usage upon the sale of all UNITS shall not apply to the Commercial UNIT. The Commercial UNIT may be used for any lawful purpose including, but no limited to, offices and reception areas for the purpose of general rentals, management, sales of UNITS located in Ocean Dunes Tower I and other unrelated properties.

XIV.

USE OF COMMON ELEMENTS SUBJECT  
TO RULES OF ASSOCIATION

The use of COMMON ELEMENTS by the owner or owners of all UNITS, and all other parties authorized to use the same, shall be at all times subject to reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the ASSOCIATION.

XV.

CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES,  
RESTRICTION AGAINST NUISANCES, ETC.

No immoral, improper, offensive or unlawful use shall be made of any UNIT or of the COMMON ELEMENTS, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the CONDOMINIUM shall be observed. No owner of any UNIT shall permit or suffer anything to be done or kept in this UNIT, or on the COMMON ELEMENTS, which will increase the rate of insurance on the CONDOMINIUM, or which will obstruct or interfere with the rights

of other occupants of the building or annoy them by unreasonable noises, nor shall any such owner undertake any use or practice which shall create and constitute a nuisance to any other owner of a UNIT, or which interferes with the peaceful possession and proper use of any other UNIT or the COMMON ELEMENTS.

XVI.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any UNIT, regardless of whether the owner is present at the time of such emergency, the Board of Directors of ASSOCIATION or any other person authorized by it, or the building Superintendent or Managing Agent, shall have the right to enter such UNIT for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate, and to facilitate entry in the event of any such emergency, the owner of each UNIT, if required by the ASSOCIATION, shall deposit under the control of the ASSOCIATION a key to such UNIT.

XVII.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

Whenever it is necessary to enter any UNIT for the purpose of performing any maintenance, alteration or repair to any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, the owner of each UNIT shall permit other owners or their representatives, or the duly constituted and authorized Agent of ASSOCIATION, to enter such UNIT, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XVIII.

LIMITATION UPON RIGHT OF OWNERS  
TO ALTER AND MODIFY UNITS

No owner of a UNIT shall permit there to be made any structural modifications or alterations therein without first obtaining modifications or alterations therein without first obtaining the written consent of ASSOCIATION, which consent may be withheld in the event that a majority of the Board of Directors of said ASSOCIATION determine, in their sole discretion, that such structural modifications or alterations would affect or in any manner endanger the Building in part or in its entirety. If the modification or alteration desired by the owner of any UNIT involves the removal of any permanent interior partition, ASSOCIATION shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting COMMON ELEMENTS located therein. No owner shall cause the balcony abutting his UNIT to be enclosed, or cause any improvements or changes to be made on the exterior of the Building, including painting or other decoration, or the installation of electrical wiring, television antenna, machines or air conditioning units, which may protrude through the walls or roof of the Building, or in any manner change the appearance of any portion of the building not within the walls of such UNIT, nor shall storm panels or awnings be affixed, without the written consent of ASSOCIATION being first obtained. The owner of the Commercial UNIT may, without the consent of the Board of Directors of the ASSOCIATION, make such changes in the Commercial UNIT, including LIMITED COMMON ELEMENTS appurtenant thereto, as it deems advisable so long as such change does not affect the structural integrity of the building.

XIX.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE  
COMMON ELEMENTS AND ASSESSMENT THEREFOR

ASSOCIATION shall have the right to make or cause to be made such alterations or improvements to the COMMON ELEMENTS which do not prejudice the rights of the owner of any UNIT, unless such owner's written consent has been obtained, provided the making of such alterations and improvements are approved by the Board of Directors of said ASSOCIATION, and the cost of such alterations or improvements shall be assessed as common expense to be to the percentages set out in Exhibit B of the Master Deed. However, where an alterations and improvements are exclusively for the benefit of the owner or owners of a UNIT or UNITS requesting the same, then the cost of such alterations and improvements shall be assessed against and collected solely from the owner or owners of the UNIT or UNITS exclusively or substantially exclusively benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of ASSOCIATION.

XX.

MAINTENANCE AND REPAIR BY OWNERS OF UNITS

Every owner must perform promptly all maintenance and repair work within his UNIT which, if omitted, would affect the CONDOMINIUM in its entirety or in part belonging to other owners, being expressly responsible for the damages and liability which his failure to do so may engender. The owner of each UNIT shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his UNIT and which may now or hereafter be situated in his UNIT. Such owner shall further be responsible and liable for maintenance, repair and replacement of any and all window glass, wall, ceiling and floor exterior surfaces, painting, decorating and furnishings, and all other accessories which such owner may desire to place or maintain in his UNIT. Wherever the maintenance, repair and replacement of any items for which the owner of a UNIT is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by ASSOCIATION, the proceeds of the insurance received by ASSOCIATION, or the Insurance Trustee hereinafter designated, shall be used for the purpose of making such maintenance, repair or replacement, except that the owner of such UNIT shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. Further, each owner shall, at his expense, keep the balcony (LIMITED COMMON ELEMENT) adjacent to his UNIT and intended for his exclusive use in a clean and sanitary condition. ASSOCIATION shall not be liable for loss by theft of owners personal property kept on his balcony.

XXI.

MAINTENANCE AND REPAIR OF  
COMMON ELEMENTS BY ASSOCIATION

ASSOCIATION, at its expense, shall be responsible for the maintenance, repair and replacement of all of the COMMON ELEMENTS, and except as set out in Article XX, LIMITED COMMON ELEMENTS, including those portions thereof which contribute to the support of the building, and all conduits, ducts, plumbing, wiring and other facilities located in the COMMON ELEMENTS for the furnishings of utility services to the UNITS and said COMMON ELEMENTS, and should any incidental damage be caused to any UNIT by virtue of any work which may be done or caused to be done by ASSOCIATION in the maintenance, repair, or replacement of any COMMON ELEMENTS, the said ASSOCIATION shall, at its expense, repair such incidental damage.

XXII.

PERSONAL LIABILITY AND RISK OF LOSS OF  
OWNER OF UNIT AND SEPARATE  
INSURANCE COVERAGE, ETC.

The owner of each UNIT may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects and other personal property belonging to such owner and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or property of another while within such owner's UNIT or upon the COMMON ELEMENTS. All such insurance obtained by the owner of each UNIT shall, wherever such provision shall be available, provided that the insurer waives its right of subrogation as to any claims against other owners of UNITS, ASSOCIATION, and the respective servants, agents and guests of said other owners and ASSOCIATION, and such other insurance coverage should be obtained from the insurance company from which ASSOCIATION obtains coverage against the same risk, liability or peril, if said ASSOCIATION has such coverage. Risk of loss of or damage to any furniture, furnishings, personal effects and other personal property (other than such furniture, furnishings and personal property constituting a portion of the COMMON ELEMENTS) belonging to or carried on the person of the owner of each UNIT, or which may be stored in any UNIT, or in, to or upon COMMON ELEMENTS shall be borne by the owner of each such UNIT. All furniture, furnishings and personal property constituting a portion of the COMMON ELEMENTS and held for the joint use and benefit of all owners of all UNITS shall be covered by such insurance as shall be maintained in force and effect by ASSOCIATION as hereinafter provided. The owner of a UNIT shall have no personal liability for any damages caused by the ASSOCIATION or in connection with the use of the COMMON ELEMENTS. The owner of a UNIT shall be liable for injuries or damage resulting from an accident in his own UNIT, to the same extent and degree that the owner of a house would be liable for an accident occurring within the house.

XXIII.

INSURANCE COVERAGE TO BE MAINTAINED BY ASSOCIATION:  
INSURANCE TRUSTEE' APPOINTMENT AND DUTIES:  
APPROVAL OF INSURORS BY INSTITUTIONAL LENDER:  
USE AND DISTRIBUTION OF INSURANCE PROCEEDS, ETC.

The following insurance coverage shall be maintained in full force and effect by ASSOCIATION covering the operation and management of the CONDOMINIUM and the said CONDOMINIUM, meaning the UNITS and COMMON ELEMENTS, to-wit:

- A. Casualty insurance covering all of the UNITS, and COMMON ELEMENTS, in an amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carrier, such coverage to afford protection against (i) loss or damage by fire or other hazards covered by the standard extended coverage or other perils endorsements; and (ii) such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings similar in construction, location and use to the CONDOMINIUM, including but not limited to vandalism, malicious mischief, windstorm, water damage and war risk insurance, if available
- B. Public liability and property damage insurance in such amounts and in such form as shall be required by ASSOCIATION to protect said ASSOCIATION and the owners of all UNITS, including but not limited to, water damage, legal liability, hired automobile, non-owned automobile and off-premises employee coverage.
- C. Workmen's Compensation insurance to meet the requirements of law.

D. Such other insurance coverage, other than title insurance, as the Board of Directors of ASSOCIATION, in its sole discretion may determine from time to time to be in the best interests of ASSOCIATION and the owners of all of the DWELLINGS or as an institutional type lender may reasonably require so long as it is the owner of a mortgage on any UNIT owner.

All liability insurance maintained by ASSOCIATION shall contain cross liability endorsements to cover liability of all owners of UNITS as a group to each UNIT owner.

All insurance coverage authorized to be purchased shall be purchased shall be purchased by ASSOCIATION for itself and for the benefit of all of the owners of all UNITS. The cost of obtaining the insurance coverage authorized above is declared to be a common expense, as are any other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof.

All policies of casualty insurance covering the CONDOMINIUM shall provide for the insurance proceeds covering any loss to be payable to the Insurance Trustee named as hereinafter provided, or to its successor, and insurance proceeds from any casualty loss shall be held for the use and benefit of ASSOCIATION and all of the owners of all UNITS and their respective Mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. ASSOCIATION is hereby declared to be and appointed as Authorized Agent for all of the owners of all UNITS for the purpose of negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of casualty insurance, and is granted full right and authority to execute in favor of any insurer a release of liability arising out of any occurrence covered by any policy of policies of casualty insurance and resulting in loss of or damage to insured property.

Institutional first mortgagees owning and holding first mortgages encumbering UNITS shall have the right to approve all such insurance policies, the companies issuing same and the amounts of coverage.

The ASSOCIATION shall have the right to designate the Insurance Trustee and all parties beneficially interested in such insurance coverage shall be bound thereby.

The Insurance Trustee shall be a banking institution having trust powers and doing business in the State of South Carolina. The Insurance Trustee shall not be liable for the payment of premiums nor for the renewal of any policy or policies of casualty insurance, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds.

The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit of ASSOCIATION and the owners of all UNITS and their respective mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. ASSOCIATION, as a common expense, shall pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Wherever the Insurance Trustee may be required to make distribution of insurance proceeds to owners of UNITS and their Mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of ASSOCIATION, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to ASSOCIATION, such Certificate to certify unto said Insurance Trustee the name or names of the owners of each UNIT, the name or names of the Mortgagee or Mortgagees who may hold a mortgage or mortgages encumbering each UNIT, and the respective percentages of any distribution which may be required to be made to the owner or owners of any UNIT or UNITS, and the respective percentages of any distribution which may be required to be made to the owner or owners of any UNIT or UNITS, and his or their respective Mortgagee or Mortgagees, as their respective interests may appear. Where any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders of any mortgage or mortgages encumbering a

UNIT shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds represent a distribution to the owner or owners of any UNIT or UNITS, and their respective mortgagees, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss or damage, or unless such casualty insurance proceeds are authorized to be distributed to the owner or owners of any UNIT or UNITS, and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of COMMON ELEMENTS and as to which a determination is made not to repair, replace or restore such personal property. So long as Lenders shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, Lenders shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage only COMMON ELEMENTS, real or personal, which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such COMMON ELEMENTS, then such excess insurance proceeds shall be paid by the Insurance Trustee to the owners of all the UNITS and their respective Mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of ASSOCIATION, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to ASSOCIATION, such Certificate to certify unto said Insurance Trustee the name or names of the owners of each UNIT, the name or names of the Mortgagee or Mortgagees who may hold a mortgage or mortgages encumbering each UNIT, and the respective percentages of any distribution which may be required to be made to the owner or owners of any UNIT or UNITS, and his or their respective may appear. Where any insurance proceeds are paid to the Insurance trustee for any casualty loss, the holder or holders of any mortgage or mortgages encumbering a UNIT shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss or damage, or unless such casualty insurance proceeds are authorized to be distributed to the owner or owners of any UNIT or UNITS, and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of COMMON ELEMENTS and as to which a determination is made not to repair, replace or restore such personal property. So long as Lenders shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, Lenders shall also have the right to approve the company or companies with whom said casualty insurance coverage is placed, Lenders shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage only to COMMON ELEMENTS, real or personal, which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such COMMON ELEMENTS, then such excess insurance proceeds shall be paid by the Insurance Trustee to the owners of all of the UNITS and their respective Mortgagees, the distribution to be separately made to the owner of each UNIT and his respective mortgagee or mortgagees, as their interests may appear, in such proportion that the share of such excess insurance proceeds paid to the owner of each UNIT and his said mortgagee or mortgagees, if any, shall bear the same ratio to the total excess insurance proceeds to each UNIT bear to the total undivided interest in COMMON ELEMENTS appurtenant to each UNIT bear to the total undivided interests in COMMON ELEMENTS appurtenant to all UNITS. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then ASSOCIATION shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds received or to be received, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be.

The monies to be deposited by ASSOCIATION with the Insurance Trustee, in said latter event, may be paid by ASSOCIATION out of its Reserve for Replacements Fund, and if the amount in such Reserve for Replacements Fund is not sufficient, then ASSOCIATION shall levy and collect an assessment against the owners of all UNITS and said UNITS in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

In the event of the loss of or damage to COMMON ELEMENTS and any UNIT or UNITS which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be first applied to the repair, replacement or reconstruction, as the case may be, of COMMON ELEMENTS, real or personal, and then any remaining insurance proceeds shall be applied to the repair, replacement or reconstruction of any UNIT or UNITS which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of the COMMON ELEMENTS and the insurance proceeds shall be paid and distributed by the Insurance Trustee to the owners of all UNITS, and to their mortgagee or mortgagees, as their respective interests may appear, such distribution to be made in the manner and in the proportions as are provided hereinbefore. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Board of Directors of the ASSOCIATION shall, based upon reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement or reconstruction between the COMMON ELEMENTS and their UNIT or UNITS, sustaining any loss or damage. If the proceeds of said casualty insurance are sufficient to pay for the repair, replacement or reconstruction of any loss of or damage to COMMON ELEMENTS, but should the same not be sufficient to repair, replace or reconstruct any loss of or damage to any UNIT or UNITS, then ASSOCIATION shall levy and collect an assessment from the owner or owners of the UNIT or UNITS sustaining any loss or damage, and the assessment so collected from said owner or owners shall be deposited with said Insurance Trustee so that the sum on deposit with said Insurance Trustee shall be sufficient to completely pay for the repair, replacement or reconstruction of all COMMON ELEMENTS and UNIT or UNITS. In said latter event, the assessment to be levied and collected from the owner or owners of each UNIT or UNITS sustaining loss or damage shall be apportioned between such owner or owners in such manner that the assessment levied against each owner of a UNIT and his UNIT shall bear the same proportion to the total assessment levied against all of said owners of UNITS sustaining loss or damage as does the cost of repair, replacement or reconstruction of each owner's UNIT bear to the cost applicable to all of said UNITS sustaining loss or damage. If the casualty insurance proceeds payable to the Insurance Trustee in the event of the loss of or damage to the COMMON ELEMENTS and UNIT or UNITS is not in an amount which will pay for the complete repair, replacement or reconstruction of the COMMON ELEMENTS, it being recognized that such insurance proceeds are to be first applied to payment for repair, replacement or reconstruction of said COMMON ELEMENTS before being applied to payment for repair, replacement or reconstruction of a UNIT or UNITS, then the cost to repair, replace or reconstruct said COMMON ELEMENTS in excess of available casualty insurance proceeds shall be levied and collected as an assessment from all of the owners levied and collected had the loss or damage sustained been solely to COMMON ELEMENTS and the casualty insurance proceeds been not sufficient to cover the cost of repair, replacement or reconstruction, and the cost of repair, replacement or reconstruction of each UNIT or UNITS sustaining loss or damage shall then be levied and collected by assessment of the owner or owners of UNIT or UNITS sustaining the loss or damage in the same manner as in above provided for the apportionment of such assessment between the owner or owners of UNIT or UNITS sustaining such loss or damage.

In the event of loss of or damage to property covered by such casualty insurance, ASSOCIATION shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before such loss or damage, such estimates to contain and include the cost of any professional fees and premium for such Bond as the Board of Directors of ASSOCIATION may deem to be in the best interests of the membership of said ASSOCIATION.

Wherever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of the repair, replacement or reconstruction thereof, the additional monies required to completely pay for such repair, replacement or reconstruction of said loss or damage, or both, shall be deposited with said Insurance Trustee not later than thirty (30) days from the date on which said Insurance Trustee shall receive the monies payable under the policy or policies of casualty insurance.

In the event of the loss of or damage to personal property belonging to the ASSOCIATION, the insurance proceeds, when received by the Insurance Trustee, shall be paid to ASSOCIATION. In the event of the loss of or damage to personal property constituting a portion of the COMMON ELEMENTS, and should the Board of Directors of ASSOCIATION determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Insurance Trustee shall be paid to all of the owners of all UNITS and their respective mortgagee or mortgagees, as their interests may appear, in the manner and in the proportions hereinabove provided for the distribution of excess insurance proceeds.

#### XXIV.

#### APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE

In the event that any taxing authority having jurisdiction over the CONDOMINIUM shall levy or assess any Tax or Special Assessment against the CONDOMINIUM, as a whole, as opposed to levying or assessing such Tax or Special Assessment against each UNIT and its appurtenant undivided interest in COMMON ELEMENTS as now provided by law, then such Tax or Special Assessment so levied shall be paid as a common expense by ASSOCIATION, and any Taxes or Special Assessments which are to be so levied shall be included, wherever possible, in the estimated Annual Budget of ASSOCIATION, or shall be separately levied and collected as an assessment by ASSOCIATION against all of the owners of all UNITS and said UNITS if not included in said Annual Budget. The amount of any Tax or Special Assessment paid or to be paid by ASSOCIATION in the event that such Tax or Special Assessment is levied against the CONDOMINIUM, as a whole, instead of against each separate UNIT and its appurtenant undivided interest in COMMON ELEMENTS shall be apportioned among the owners of all UNITS so that the amount of such Tax or Special Assessment so paid or to be paid by ASSOCIATION and attributable to and to be paid by the owner or owners of each UNIT shall be that portion of such total Tax or Special Assessment which bears the same ratio to said total Tax or Special Assessment as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS. IN the event that any Tax or Special Assessment shall be levied against the CONDOMINIUM in its entirety, without apportionment by the taxing authority to the UNITS and appurtenant undivided interests in COMMON ELEMENTS, then the assessment by ASSOCIATION, which shall include the proportionate share of such Tax or Special Assessment attributable to each UNIT and its appurtenant undivided interest in COMMON ELEMENTS, shall separately specify and identify the amount of such assessment attributable to such Tax or Special Assessments, and the amount of such Tax or Special Assessment so designated shall be and constitute a lien prior to all mortgages and encumbrances upon any UNIT and its appurtenant undivided interest in COMMON ELEMENTS, regardless of the date of the attachment and/or recording of such mortgage or encumbrance, to the same extent as though such Tax or Special Assessment had been separately levied by the taxing authority upon each UNIT and its appurtenant undivided interest in COMMON ELEMENTS.

All personal property taxes levied or assessed against personal property owned by ASSOCIATION shall be paid by said ASSOCIATION and shall be included as a common expense in the Annual Budget of the ASSOCIATION.

XXV.

ASSOCIATION TO MAINTAIN REGISTRY  
OF OWNERS AND MORTGAGEES

ASSOCIATION shall at all times maintain a Register setting forth the names of the owners of all of the UNITS, and in the event of the sale or transfer of any UNIT to a third party, the purchaser or transfer of any UNIT to a third party, the purchaser or transferee shall notify ASSOCIATION in writing of his interest in such UNIT together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any UNIT. Further the owner of each UNIT shall at all times notify ASSOCIATION of the names of the parties holding any mortgage or mortgages on any UNIT, the amount of such mortgage or mortgages, and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any UNIT may, if he so desires, notify ASSOCIATION of the existence of any mortgage or mortgages held by such party on any UNIT, and upon receipt of such notice, ASSOCIATION shall register in its records all pertinent information pertaining to the same.

XXVI.

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

ASSOCIATION, as and for the Council of Co-owners, is given the authority to administer the operation and management of the CONDOMINIUM, it being recognized that the delegation of such duties to one entity is in the best interests of the owners of all UNITS. To properly administer the operation and management of the project, ASSOCIATION will incur, for the mutual benefit of all of the owners of UNITS, costs and expenses which will be continuing or non-recurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "common expense." To provide the funds necessary for such proper operation and management, the said ASSOCIATION has heretofore been granted the right to make, levy and collect assessments against the owners of all UNITS and said UNITS. In furtherance of said grant of authority to ASSOCIATION to make, levy and collect assessments to pay the costs and expenses for the operation and management of the CONDOMINIUM, the following provisions shall be operative and binding upon the owners of all UNITS, to-wit:

- A. All assessments levied against the owners of UNITS and said UNITS shall be uniform and, unless specifically otherwise provided for in this Master Deed, the assessments made by ASSOCIATION shall be in such proportion that the amount of assessment levied against each owner of a UNIT and his UNIT shall bear the same ratio to the total assessment made against all owners of UNITS and their UNITS as does the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bear to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS. Should ASSOCIATION be the owner of any UNIT or UNITS, the assessment which would otherwise be due and payable to ASSOCIATION by the owner of such UNIT or UNITS, reduced by and amount of income which may be deprived from the leasing such UNIT or UNITS by ASSOCIATION, shall be apportioned and assessment therefor levied ratably among the owners of all UNITS which are not owned by ASSOCIATION, based upon their proportionate interests in the COMMON ELEMENTS exclusive of the interests therein appurtenant to any UNIT or UNITS owned by ASSOCIATION.
- B. The assessment levied against the owner of each UNIT and his UNIT shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Board of Directors of ASSOCIATION.
- C. The Board of Directors of ASSOCIATION shall establish an Annual Budget in advance for each fiscal year which shall correspond to the calendar year, and such Budget shall project correspond to the calendar year, and such Budget shall project all expenses for the forthcoming year which may be

required for the proper operation, management and maintenance of the CONDOMINIUM, including a reasonable allowance for contingencies and reserves, such Budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. Upon adoption of such Annual Budget by the Board of Directors of ASSOCIATION, copies of said Budget shall be delivered to each owner of a UNIT and the assessment for said year shall be established based upon such Budget, although the delivery of a copy of said Budget to each owner shall not affect the liability of any owner for such assessment. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the insufficient to pay the costs of operation and management of the CONDOMINIUM, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

- D. The Board of Directors of ASSOCIATION, in establishing said Annual Budget for operation, management and maintenance of the Project shall include therein a sum to be collected and maintained as reserve fund for replacement of COMMON ELEMENTS, which reserve fund shall be for the purpose of enabling ASSOCIATION to replace structural elements and mechanical equipment constituting a part of the COMMON ELEMENTS as well as the replacement of personal property which may constitute a portion of the COMMON ELEMENTS held for the joint use and benefit of all of the owners of all UNITS. The amount to be allocated to such Reserve Fund for Replacements shall be established by said Board of Directors so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacements of said COMMON ELEMENTS. The amount collected and allocated to the Reserve Fund for Replacements from time to time shall be maintained in a separate account by ASSOCIATION, although nothing herein contained shall limit ASSOCIATION from applying any monies in such Reserve Fund for Replacements to meet other needs or requirements of ASSOCIATION in operating or managing the Project in the event of emergencies, or in the event that the sums collected from the owners of UNITS are insufficient to meet the then fiscal financial requirements of ASSOCIATION, but it shall not be a requirement that these monies be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Board of Directors of ASSOCIATION in the sole discretion of said Board of Directors.
- E. The Board of Directors of ASSOCIATION, in establishing said Annual Budget for operation, management and maintenance of the Project, shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by owners of UNITS, as a result of emergencies or for other reason placing financial stress upon the ASSOCIATION.
- F. All monies collected by ASSOCIATION shall be treated as the separate property of the said ASSOCIATION, and such monies may be applied by the said ASSOCIATION to the payment of any expense of operating and managing the CONDOMINIUM, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Master Deed and the Articles of Incorporation and By-Laws of said ASSOCIATION and as the monies for any assessment are paid unto ASSOCIATION by any owner of a UNIT the same may be co-mingled with the monies paid to the said ASSOCIATION by the other owner of UNITS. Although all funds and other assets of ASSOCIATION, and any increments thereto or profits derived therefrom, or from the leasing or use of COMMON ELEMENTS, shall be held for the benefit of the members of ASSOCIATION, who shall own any common surplus in the proportions of their percentage of undivided interest in the CONDOMINIUM, no member of said ASSOCIATION shall have the right to assign, hypothecate, pledge or in any manner transfer this membership interest therein, except as an appurtenance to his UNIT.
- G. The payment of any assessment or installment thereof due to ASSOCIATION shall be in default if such assessment, or any installment thereof, is not paid unto ASSOCIATION, on or before the due

date for such payment. When in default, the Board of Directors may accelerate the remaining installments of the annual assessment upon notice thereof to the UNIT owner, whereupon the entire unpaid balance of the annual assessment shall become due upon the date stated in notice, which shall not be less than ten (10) days after the date of the notice. In the event any assessment, installment, or accelerated assessments are not paid within twenty (20) days after their due date, the ASSOCIATION, through its Board of Directors, may proceed to enforce and collect the said assessments against the UNIT owner owing the same in any manner provided for by the Act, including the right of foreclosures and sale. When in default, the delinquent assessment or delinquent installment thereof due to ASSOCIATION shall bear interest at the then highest rate of interest permitted by law or if no such rate, at 10% per annum until such delinquent assessment or installment thereof, and all interest due thereon, has been paid to ASSOCIATION.

- H. The owner or owners of each UNIT shall be personally liable to ASSOCIATION for the payment of all assessments, regular or special, which may be levied by ASSOCIATION while such party or parties are owner or owners of a UNIT in the CONDOMINIUM. In the event that any owner or owners are in default in payment of any assessment or installment thereof owed to ASSOCIATION, such owner or owners of any UNIT shall be personally liable for interest on such delinquent assessment or installment thereof as above provided, and for all cost of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.
- I. No owner of a UNIT may exempt himself from liability for any assessment levied against such owner and his UNIT by waiver for the use or enjoyment of any of the COMMON ELEMENTS, or by abandonment of the UNIT, or in any other manner.
- J. Recognizing that the necessity for providing proper operation and management of the Project entails the continuing payment of costs and expenses therefor, which results in benefit to all of the owners of UNITS, and that the payment of such common expense represented by the assessments levied and collected by ASSOCIATION is necessary in order to preserve and protect the investment of the owner of each UNIT, ASSOCIATION is hereby granted a lien upon such UNIT and its appurtenant undivided interest in COMMON ELEMENTS, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner or each UNIT, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to ASSOCIATION, and which lien shall also secure all costs and expenses, including a reasonable attorneys fee, which may be incurred by ASSOCIATION in enforcing this lien upon said UNIT and its appurtenant undivided interest in the COMMON ELEMENTS. The lien granted to ASSOCIATION may be foreclosed in the State of South Carolina, and in any suit for the foreclosure of said lien, the ASSOCIATION shall be entitled to rental from the owner of any UNIT from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a Receiver for said UNIT. The rental required to be paid shall be equal to the rental charged on comparable types of UNITS in Myrtle Beach, South Carolina. The lien granted to the ASSOCIATION shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the ASSOCIATION in order to preserve and protect its liens, and the ASSOCIATION shall further be entitled to interest at the then highest rate or, if no such rate, at 10% per annum on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any UNIT, or who may be give or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to ASSOCIATION, and shall acquire such interest in any UNIT expressly subject to such lien.

- K. The lien herein granted unto ASSOCIATION shall be effective from and after the time of recording in the Public Records of Horry County, South Carolina, a claim of lien stating the description of the UNIT encumbered thereby, the name of the record owner, the amount due and the date when due, and the lien shall continue in effect until all sums secured by said lien, as herein provided, shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances interest thereon, all as above provided. Such claims of lien shall be signed, and verified by an officer or agent of the ASSOCIATION. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The claim of lien filed by the ASSOCIATION shall be subordinate to the lien of any mortgage or any other lien recorded prior to the time of recording of the ASSOCIATION'S Claim of Lien.

In the event that any person, firm or corporation shall acquire title to any UNIT and its appurtenant undivided interest in COMMON ELEMENTS by virtue of any foreclosure of judicial sale, such person, firm or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for said UNIT and its appurtenant undivided interest in COMMON ELEMENTS subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title subject to the lien of any assessment by ASSOCIATION representing an apportionment of Taxes of Special Assessment levied by taxing authorities against the CONDOMINIUM in its entirety. In the event of the acquisition of title to a UNIT by foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all UNITS as a part of the common expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

- L. Whenever any UNIT may be sold or mortgaged by the owner thereof, which sale shall be concluded only upon compliance with other provisions of this Master Deed, ASSOCIATION, upon written request of the owner of such UNIT, shall furnish to the proposed purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to ASSOCIATION by the owner of such UNIT. Such statement shall be executed by any Officer of the ASSOCIATION and any purchaser or mortgagee may rely upon such statement and any purchaser or mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, and ASSOCIATION shall be bound by such statement.

In the event that a UNIT is to be sold or mortgaged at the time when payment of any assessment against the owner of said UNIT and such UNIT due to ASSOCIATION shall be in default (whenever or not a claim of lien has been recorded by the ASSOCIATION) then the proceeds of such purchase or mortgage proceeds, shall be applied by the purchaser or mortgagee first to payment of any then delinquent assessment or installment thereof due to ASSOCIATION before the payment of any proceeds of purchase or mortgage proceeds to the owner of any UNIT who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a UNIT, the Grantee shall be jointly and severally liable with the GRANTOR for all unpaid assessments against GRANTOR made prior to the time of such voluntary conveyance, without prejudice to the rights of the Grantee to recover from the GRANTOR the amounts paid by the Grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by ASSOCIATION which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

Notwithstanding anything in this Master Deed to the contrary, it is declared that until January 1, 1986, each UNIT (condominium unit) shall be exempt from the assessment created herein until such time as the UNIT is conveyed by the GRANTOR to a Grantee (owner). Except as expressly provided herein, no UNIT and its appurtenant percentage interest shall be exempt from said assessment. Moreover, until such time as a UNIT is conveyed by the GRANTOR to a Grantee, the GRANTOR shall be assessed and pay the ASSOCIATION in lieu of an assessment thereof a sum equal to the actual amount of actual operating expenditures for the calendar year less an amount equal to the total assessments made by the ASSOCIATION against owners of UNITS other than those owned by GRANTOR. The actual operating expenditures for this purpose shall also include any reserve for replacements or operating reserves. Commencing January 1, 1986, the GRANTOR shall be subject to assessments as provided for in this Master Deed so that it will pay assessments on the same basis provided for under this Master Deed as the same are paid by UNIT owners.

XXVII.

#### TERMINATION

This Master Deed and said Plan of Condominium Ownership may only be terminated by the unanimous consent of all of the owners of all UNITS and all of the parties holding mortgages, liens or other encumbrances against any of said UNITS, in which event the termination of the CONDOMINIUM shall be by such plan as may be then adopted by said owners and parties holding any mortgages, liens or other encumbrances. Such election to terminate this Master Deed and the Plan of Condominium Ownership established herein shall be executed in writing by all of the aforementioned parties, and such instrument or instruments shall be recorded in the Public Records of Horry County, South Carolina.

XXVIII.

#### AMENDMENT OF MASTER DEED

Except for any alteration in the percentage of ownership in COMMON ELEMENTS appurtenant to each UNIT, or alteration of the basis for apportionment of assessments which may be levied by ASSOCIATION in accordance with the provisions hereof, in which said instances consent of all of the owners of all UNITS and their respective mortgagees shall be required, and except for any alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of GRANTOR, and the Lender which said rights and privileges granted and reserved unto the said GRANTOR and the Lender shall only be altered, amended or modified with the respective express written consent of the said GRANTOR or Lender, as the case may be, this Master Deed may be amended in the following manner:

An amendment to this Master Deed may be proposed by the Board of Directors of ASSOCIATION acting upon a vote of the majority of the Directors, or by the members of ASSOCIATION owning a majority of the UNITS in the CONDOMINIUM, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to the Master Deed being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of ASSOCIATION, or other Officer of ASSOCIATION in the absence of the President, who shall thereupon call a Special Meeting of the members of ASSOCIATION for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonable detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office address as it appears on the records of ASSOCIATION, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice and such waiver, when filed in the records of ASSOCIATION, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such meeting, the amendment or amendments proposed must be approved by an

affirmative vote of all the members owning a UNIT in the CONDOMINIUM and entitled to vote in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of this Master Deed shall be transcribed and certified by the President and secretary of ASSOCIATION as having been duly adopted, and the original or an executed copy of such amendment or amendments so certified and executed with the same formalities as a Deed shall be recorded in the Public Records of Horry County, South Carolina, within then (10) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording data identifying the Master Deed. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the Officers of ASSOCIATION shall be delivered to all of the owners of all UNITS and mailed to the mortgagees listed in the Registry required to be maintained by Article XXV hereof, but delivery and mailing of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of ASSOCIATION shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of ASSOCIATION at or prior to such meeting. Furthermore, no amendment to this Master Deed shall be adopted which would operate to affect the validity or priority of any Mortgage held by a Mortgagee or which would alter, amend or modify in any manner whatsoever the rights power and privileges granted and reserved herein in favor of any Mortgagee or in favor of Grantor without the consent of all such Mortgagees or Grantor as the case may be. The GRANTOR reserves the right to make changes in this Master Deed to correct typographical or similar errors, provided that such corrections shall not adversely affect the interest of any owner or owners, by recording an appropriate document in the Office of the Clerk of Court Horry County.

#### XXIX.

#### REMEDIES IN EVENT OF DEFAULT

The owner or owners of each UNIT shall be governed by and shall comply with the provisions of this Master Deed, and the Articles of Incorporation and the By-Laws of ASSOCIATION and its rules and regulations, shall be grounds for relief which may include without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof and which relief may be sought by ASSOCIATION, or, if appropriate, by an aggrieved owner of a UNIT.

- A. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the Articles of Incorporation, By-Laws of ASSOCIATION, or its rules and regulations, shall be grounds for relief which may include without intending to limit the same, an action to recover sums due to damages, injunctive relief, foreclosure of lien or any combination thereof and which relief may be sought by ASSOCIATION, or, if appropriate, by an aggrieved owner of a UNIT.
- B. The owner or owners of each UNIT shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by ASSOCIATION. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a UNIT or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.
- C. In any proceeding arising because of an alleged default by the owner of any UNIT, the ASSOCIATION, if successful, shall be entitled to recover the costs of the proceedings, and such reasonable attorney's fees as may be determined by the Court, but in no event shall the owner of any UNIT be entitled to such attorney's fees.
- D. The failure of ASSOCIATION or of the owner of a UNIT to enforce any right, provision, covenant, or condition which may be granted by this Master Deed or other above mentioned documents shall not constitute a waiver of the right of ASSOCIATION or of the owner of a UNIT to enforce such right, provision, covenant or condition in the future.

- E. All rights, remedies and privileges granted to ASSOCIATION or the owner or owners of a UNIT pursuant to any terms, provisions, covenants or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity.
- F. The failure of the GRANTOR or the Lender to enforce any right, privilege, covenant or condition which may be granted to them, or either of them, by this Master Deed or other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant or condition in the future.

XXX.

USE OR ACQUISITION OF INTEREST IN THE CONDOMINIUM  
TO RENDER USER OR ACQUIRER SUBJECT TO  
PROVISIONS OF MASTER DEED, RULES AND REGULATIONS

All present or future owners, tenants, or any other person who might use the facilities of the CONDOMINIUM in any manner, are subject to the provisions of this Master Deed and all documents appurtenant hereto and incorporated herewith, and the mere acquisition or rental of any UNIT, or the mere act of occupancy of any UNIT, shall signify that the provisions of this Master Deed are accepted and ratified in all respects.

XXXI.

RIGHT OF GRANTOR TO SELL OR LEASE UNIT  
OWNED BY IT AND RIGHT OF GRANTOR TO  
REPRESENTATION ON BOARD OF DIRECTORS OF ASSOCIATION

So long as the GRANTOR herein shall own any UNIT, the said GRANTOR shall have the absolute right to lease or sell any such UNIT to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interest. Further, so long as GRANTOR is the owner of five (5) or more UNITS, then the said GRANTOR shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the ASSOCIATION. Whenever GRANTOR shall be entitled to designate and select any person or persons to serve on any Board of Directors of ASSOCIATION the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of ASSOCIATION, and GRANTOR shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by GRANTOR need not be a resident in the CONDOMINIUM. The power of the owner to designate Directors as above referred to shall terminate on the 1<sup>st</sup> day of January, 1986.

Any representative of GRANTOR serving on the Board of Directors of ASSOCIATION shall not be required to disqualify himself upon any vote upon any management contract or other matter between GRANTOR and ASSOCIATION where the said GRANTOR may have a pecuniary or other interest. Similarly, GRANTOR as a member of ASSOCIATION, shall not be required to disqualify itself in any vote which may come before the membership of ASSOCIATION upon any management contract or other matter between GRANTOR and ASSOCIATION where GRANTOR may have a pecuniary or other interest.

XXXII.

ANNUAL REPORTS TO BE PROVIDED TO LENDER

So long as the Lender set out in Article XXIII is the owner or holder of a mortgage encumbering a UNIT in the CONDOMINIUM, ASSOCIATION shall furnish said Lender with at least one (1) copy of the Annual Financial Statement and Report of ASSOCIATION in form and content satisfactory to Lender and setting forth such details as the said Lender may reasonably require, including a detailed statement of annual carrying charges or income collected, and operating expenses, such Financial Statement and Report to be furnished within ninety (90) days following the end of each fiscal year.

XXXIII.

SEVERABILITY

In the event that any of the terms, provisions or covenants of this Master Deed are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

XXXV.

MASTER DEED BINDING UPON GRANTOR, ITS SUCCESSORS  
AND ASSIGNS, AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each UNIT and its appurtenant undivided interest in COMMON ELEMENTS and this Master Deed shall be binding upon its successors and assigns, and upon all parties who may subsequently become owners of UNITS in the CONDOMINIUM, and their respective heirs, legal representatives, successors and assigns.

XXXVI.

DEFINITIONS

- A. The term "UNIT" or "UNITS" shall be synonymous with the term "Apartment" "Apartments" as those terms are used under the Horizontal Property Act of the 1976 Code of Laws of South Carolina, as amended.
- B. "Building" means a structure or structures containing in the aggregate two or more apartments comprising a part of the property.
- C. "Co-owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof, who owns a UNIT within the building.
- D. "Assessment" means a UNIT owner's prorata share of the common expenses which from time to time is assessed against a UNIT owner by the ASSOCIATION.
- E. "ASSOCIATION" means council of Co-owners as defined by the Horizontal Property Act and also means the corporate form by which the council of Co-owners shall operate.
- F. "Common Expense" means the expenses for which the UNIT owners are liable to the ASSOCIATION and include:

1. Expenses of administration, expenses of maintenance, insurance, operation, repair or replacement of the COMMON ELEMENTS and of the portions of UNITS which are the responsibility of the ASSOCIATION;
  2. Expenses declared common expenses by provisions of this Master Deed;
  3. Any valid charges against the Regime as a whole.
- G. "Common Surplus" means the excess of or receipts of the ASSOCIATION, including, but not limited to assessments over the amount of common expenses.
- H. "CONDOMINIUM" means and includes the elements described in the Horizontal Property Act, and in this Master Deed (including Exhibits), as "general common elements" and also the following:
1. Easements through apartments for conduits, ducts, plumbing, chimneys, wiring, and other facilities for the furnishing of utility services to apartments and the general common elements; provided, however, such easements through an apartment shall be only according to the plans and specifications for the apartment owner.
  2. An easement of support in every portion of an apartment which contributes to the support of a building.
  3. Easements through the apartments and general common elements for maintenance, repair and replacement of the apartments and general common elements.
  4. Installations for the furnishing of utility services to more than one apartment or to the general common elements or to an apartment other than the one containing the installation, which installation shall include ducts, plumbing, wiring and other facilities for the rendering of such services.
  5. The tangible personal property required for the maintenance and operation of the Regime, even though owned by the ASSOCIATION.
- J. "LIMITED COMMON ELEMENTS" means and includes those COMMON ELEMENTS reserved for the exclusive use of certain UNITS.

EXHIBIT "A"

NARRATIVE PORTION

TO

MASTER DEED

NOTE: Exhibit A is a survey showing the location of the building and other improvements, a set of floor plans of the building which show graphically the dimensions, area and location of each unit therein, and the dimensions, area and location of the Common Elements affording access to each unit. Both plat and plans are recorded in the Condominium Plat Book 11, at Page 2, records of Horry County. Said Exhibit further includes the following:

There are eighty (80) residential units and one commercial unit located in a single building. The building is fifteen levels in height. The commercial unit is located on the first level. The area, dimensions and location of the commercial unit are delineated by broken lines outlining the commercial unit on Page A-2 of the Plans. Limited Common Elements appurtenant to the commercial unit are the maid rooms located on the upper levels and depicted on Page A-3 of the Plans.

Residential units begin on the second level and continue through the fifteenth level. There are six residential units located on each level on level 2 through 14. The typical layout of these residential units is shown on Page A-2 of the Plans. Penthouse 1 and Penthouse 2 are located on the fifteenth level and are shown on Page A-3 of the Plans.

Each unit has a separate numerical designation and may be located on the Plans as follows:

Beginning on the southern side of the building and running in a generally northern direction: Units 4010, 4011, 4012, 4013, 4014, 4015 are located on the second level; Units 4020, 4021, 4022, 4023, 4024, 4025 are located on the third level; Units 4030, 4031, 4032, 4033, 4034, 4035 are located on the fourth level; Units 4040, 4041, 4042, 4043, 4044, 4045 are located on the fifth level; Units 4050, 4051, 4052, 4053, 4054, 4055 are located on the sixth level; Units 4060, 4061, 4062, 4063, 4064, 4065 are located on the seventh level; 4070, 4071, 4072, 4073, 4074, 4075 are located on the eighth level; 4080, 4081, 4082, 4083, 4084, 4085 are located on the ninth level; 4090, 4091, 4092, 4093, 4094, 4095 are located on the tenth level; Units 4100, 4101, 4102, 4103, 4104, 4105 are located on the eleventh level; Units 4110, 4111, 4112, 4113, 4114, 4115 are located on the twelfth level; 4120, 4121, 4122, 4123, 4124, 4125 are located on the thirteenth level; Units 4130, 4131, 4132, 4133, 4134, 4135 are located on the fourteenth level; Penthouse 1 is located on the southern side of the building and Penthouse 2 is located on the northern side on the building on the fifteenth level.

Access to all units is by way of a walkway located on the western side of the building on each level. Access to each level is by way of stairs located on the northern and southern end on the west side of the building. Access to each level is also by way of two elevators located in the middle of the western side of the building. The walkway, stairs and elevators are more particularly shown on Page A-2 of the Plans.

As to each Unit, all built-in kitchen appliances, the refrigerator, air conditioning units and condenser, and hot water heaters located and are not Common Elements. Likewise, if any portion of the HVAC units servicing any unit or the commercial unit are located on the roof or on the ground level, they shall not be considered as Common Elements but shall be considered as a part of each unit, as the case may be. The balcony adjacent to each unit, including the railing thereof, is a limited Common Element and subject to restrictions set out elsewhere in this Master Deed.

#### EXHIBIT A-1

TO

#### MASTER DEED

ALL AND SINGULAR, All those certain pieces, parcels or lots of land, together with all improvements thereon, lying and being at Myrtle Beach, Horry County, State of South Carolina, and being Lots 14, 15, and 16 of Block 13, of the Long Bay Section of Myrtle Beach, as shown on a map of the Long Bay Section, made by T.M. Jordan, C.E., dated May, 1947, and recorded in the Office of the Clerk of Court of Horry County, in Plat Book 8, at Page 26-A, on April 8, 1949. This property is more recently shown on a plat by Robert L. Bellamy & Associates, Inc., dated February 27, 1985, and recorded in Condominium Plat Book 11, at Page 2, records of Horry County.

Subject to all restrictions and easements of record and easements actually existing on the ground.

#### EXHIBIT "A" CONTINUED

References to areas as to Common Elements or areas in this Exhibit shall be in addition to and read in conjunction with further designations of Common Elements or areas as set out in other portions of this Master Deed and the survey and floor plans making up the balance of this Exhibit "A". The survey by Robert L. Bellamy and Associates, dated February 27, 1985, which is recorded as a part of this Exhibit "A", shall control over said plans as to the actual ground location of the improvements.

All construction warranties are contained in purchase agreements, separate warranty instruments and/or individual deeds to original purchasers of units or interests therein and GRANTOR MAKES NO OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, nor are the benefits of any warranties, except those expressly granted to the original purchaser, extended to any subsequent title holders or other parties claiming any interest in any unit or common area.

OCEAN DUNES TOWER I

A CONDOMINIUM

EXHIBIT "B"

TO

MASTER DEED

SCHEDULE of percentage (%) of undivided interest in common elements appurtenant to dwellings in OCEAN DUNES TOWER I, a Condominium. Statutory value is for statutory purposes only and has no relationship to the actual value of each Dwelling

Dwelling Number	Value for Statutory Purpose	Percentage
4010	\$54,800.00	1.1733
4011	\$54,800.00	1.1733
4012	\$54,800.00	1.1733
4013	\$54,800.00	1.1733
4014	\$54,800.00	1.1733
4015	\$54,800.00	1.1733
4020	\$54,800.00	1.1733
4021	\$54,800.00	1.1733
4022	\$54,800.00	1.1733
4023	\$54,800.00	1.1733
4024	\$54,800.00	1.1733
4025	\$54,800.00	1.1733
4030	\$54,800.00	1.1733
4031	\$54,800.00	1.1733
4032	\$54,800.00	1.1733
4033	\$54,800.00	1.1733
4034	\$54,800.00	1.1733
4035	\$54,800.00	1.1733
4040	\$54,800.00	1.1733
4041	\$54,800.00	1.1733
4042	\$54,800.00	1.1733
4043	\$54,800.00	1.1733
4044	\$54,800.00	1.1733
4045	\$54,800.00	1.1733
4050	\$54,800.00	1.1733
4051	\$54,800.00	1.1733
4052	\$54,800.00	1.1733
4053	\$54,800.00	1.1733
4054	\$54,800.00	1.1733
4055	\$54,800.00	1.1733
4060	\$54,800.00	1.1733
4061	\$54,800.00	1.1733
4062	\$54,800.00	1.1733
4063	\$54,800.00	1.1733
4064	\$54,800.00	1.1733
4065	\$54,800.00	1.1733
4070	\$54,800.00	1.1733
4071	\$54,800.00	1.1733
4072	\$54,800.00	1.1733
4073	\$54,800.00	1.1733
4074	\$54,800.00	1.1733
4075	\$54,800.00	1.1733
4080	\$54,800.00	1.1733
4081	\$54,800.00	1.1733
4082	\$54,800.00	1.1733
4083	\$54,800.00	1.1733
4084	\$54,800.00	1.1733
4085	\$54,800.00	1.1733

Dwelling Number	Value for Statutory Purpose	Percentage
4090	\$54,800.00	1.1733
4091	\$54,800.00	1.1733
4092	\$54,800.00	1.1733
4093	\$54,800.00	1.1733
4094	\$54,800.00	1.1733
4095	\$54,800.00	1.1733
4100	\$54,800.00	1.1733
4101	\$54,800.00	1.1733
4102	\$54,800.00	1.1733
4103	\$54,800.00	1.1733
4104	\$54,800.00	1.1733
4105	\$54,800.00	1.1733
4110	\$54,800.00	1.1733
4111	\$54,800.00	1.1733
4112	\$54,800.00	1.1733
4113	\$54,800.00	1.1733
4114	\$54,800.00	1.1733
4115	\$54,800.00	1.1733
4120	\$54,800.00	1.1733
4121	\$54,800.00	1.1733
4122	\$54,800.00	1.1733
4123	\$54,800.00	1.1733
4124	\$54,800.00	1.1733
4125	\$54,800.00	1.1733
4130	\$54,800.00	1.1733
4131	\$54,800.00	1.1733
4132	\$54,800.00	1.1733
4133	\$54,800.00	1.1733
4134	\$54,800.00	1.1733
4135	\$54,800.00	1.1733
Penthouse 1	176,000.00	3.7684
Penthouse 2	176,000.00	3.7684
Commercial Unit	44,000.00	.9421
	\$4,670,400.00	100.00%**

Rounded from 99.991

EXHIBIT "D"

BY-LAWS

OF

OCEAN DUNES TOWER I HOMEOWNERS ASSOCIATION, INC.

**A corporation not for profit under  
the laws of the State of South Carolina**

1. IDENTITY

These are the By-Laws of Ocean Dunes Tower I Homeowners Association, Inc., a non-profit corporation existing under the laws of the State of South Carolina, which has been organized for the purpose of administering a condominium established as a Horizontal Property Regime pursuant to the Horizontal Property Act which is Chapter 31 of the 1976 Code of Laws of South Carolina. This Horizontal Property Regime is identified by the name Ocean Dunes Tower, and is located upon the following lands in Horry County, South Carolina:

For legal description see Exhibit "A" attached hereto.

- a) The provisions of these By-Laws are applicable to said CONDOMINIUM, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions, and authorizations contained in the Articles of Incorporation and which may be contained in the formal Master Deed which will be recorded in the Public Records of Horry County, South Carolina, at the time said property and the improvements now or hereafter situate thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Master Deed to be controlling wherever the same may be in conflict herewith.
- b) All present or future owner, tenants, future tenants, or their employees, or any other person that might use said CONDOMINIUM or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and Master Deed.
- c) The office of the ASSOCIATION shall be at 74-75<sup>th</sup> Avenue North, Myrtle Beach, South Carolina 29577 or such other place as the Board of Directors may deem from time to time.
- d) The fiscal year of the ASSOCIATION shall be the calendar year.
- e) The seal of the ASSOCIATION shall bear the name of the ASSOCIATION, and the word "South Carolina," the words "Corporation Not for Profit," and the year of incorporation, an impression of which seal is as follows:

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

- a) The qualifications of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth Article IV of the Articles of Incorporation of the ASSOCIATION, the provisions of which said Article IV of the Articles of Incorporation are incorporated herein by reference.
- b) A quorum at members' meetings shall consist of persons entitled to cast a majority (51% of the value of the property) of the vote of the entire membership. The joinder of a member in the action of a meeting signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

- c) The vote of the owners of a UNIT owned by more than one person or by a corporation or other entity shall be cast by the person named in a Certificate signed by all of the owners of the UNIT and filed with the Secretary of the ASSOCIATION, and such certificate shall be valid until revoked by subsequent certificate. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any other purpose.
- d) Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.
- e) Approval or disapproval of a UNIT owner upon any matters, whether or not the subject of an ASSOCIATION meeting, shall be by the same person who would cast the vote of such owner if in an ASSOCIATION meeting.
- f) Except where otherwise required under the provisions of the Articles of Incorporation of the ASSOCIATION, these By-Laws, the Master Deed, or where the same may otherwise be required by law, the affirmative vote of the owners of a majority of the UNITS represented at any duly called members' meeting at which a quorum is present shall be binding upon the members.

### 3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

- a) The Annual Members' Meeting shall be held at the office of the ASSOCIATION at 3:00 o'clock, P.M., Eastern Standard Time, on the second Saturday in March of each year of the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next succeeding Saturday.
- b) Special Members' Meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such Officers upon receipt of a written request from members of the ASSOCIATION owning a majority of the UNITS.
- c) Notice of all members' meetings, regular or special shall be given by the President, Vice President or Secretary of the ASSOCIATION, or other Officer of the ASSOCIATION in absence of said Officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member no less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally to each member within said time. If presented personally, receipt of such notice shall be signed by the member, indicating the date on which notice was received by him. If mailed, such notice shall be deemed to properly given when deposited in the United States mails addressed to the member at his post office address as it appears on the records of the ASSOCIATION, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the ASSOCIATION, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members' meeting cannot be organized because a quorum has not been attended, or because the greater percentage of the membership required to constitute a quorum for a particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Master Deed, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present.
- d) At meetings of membership, the President, shall preside, or in the absence of him, the membership shall select a chairman.

e) The order of business at Annual Members' Meetings, and, as far as practical, at any other members' meeting, shall be:

- i) Calling of the roll and certifying of proxies
- ii) Proof of notice of meeting or waiver of notice
- iii) Reading of minutes
- iv) Reports of Officers
- v) Reports of Committees
- vi) Appointment by Chairman of Inspectors of Election
- vii) Election of Directors
- viii) Unfinished business
- ix) New business
- x) Adjournment

#### 4. BOARD OF DIRECTORS

a) The first Board of Directors of the ASSOCIATION and succeeding Boards of Directors shall consist of five (5) persons. At least a majority of the Board of Directors shall be members of the ASSOCIATION, or shall be authorized representatives, officers, or employees of a corporate member of the ASSOCIATION. Provided that so long as Ocean Dunes Realty, Inc., hereinafter referred to as "OWNER", is the owner of five (5) or more UNITS, the OWNER, shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the ASSOCIATION. The power of the OWNER to designate Directors as above referred to shall terminate on the 31<sup>st</sup> day of December, 1986.

b) Election of Directors shall be conducted in the following manner:

- i) OWNER, Sponsor of the CONDOMINIUM, shall, at the beginning of the election of the Board of Directors, designate and select that number of the members of the Board of Directors which it should be entitled to designate and select in accordance with the provisions of these By-Laws, and upon such designation and selection by OWNER by written instrument presented to the meeting at which such election is held, said individuals so designated and selected by OWNER shall be deemed and considered for all purposes Directors of the ASSOCIATION, and shall thenceforth perform the offices and duties of such Directors until their successors shall have been selected or elected in accordance with the provisions of these By-Laws.
- ii) All members of the Board of Directors whom OWNER shall not be entitled to designate and select under the terms and provisions of these By-Laws, shall be elected by a plurality of the votes cast at the Annual Meeting of the members of the ASSOCIATION immediately following the designation and selection of the members of the Board of Directors who OWNER shall be entitled to designate and select.
- iii) Vacancies in the Board of Directors may be filled until the date of the next Annual Meeting by the remaining Directors, except that should any vacancy in the Board of Directors, except that should any vacancy in the Board of Directors be created in any Directorship previously filled by any person designated and selected by OWNER, such vacancy shall be filled by OWNER designating and selecting, by written instrument delivered to any Officer of the ASSOCIATION, the successor Director to fill the vacated Directorship for the unexpired term thereof.
- iv) At the first Annual Meeting of the members held after the Master Deed has been recorded in the Public Records of Horry County, South Carolina, the term of office of the two (2) Directors receiving the highest plurality of votes shall be established at two (2) years, and three (3) Directors

- selected by OWNER shall serve until OWNER no longer has the power, as provided herein, to select members of the Board of Directors. Thereafter, as many Directors of the ASSOCIATION shall be selected at the Annual Meeting as there are regular terms of office of Directors expiring at such time. The term of the Directors so selected at the Annual Meeting of members each year shall be for two (2) years expiring at the second Annual Meeting following their election, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provided by law for the removal of Directors of South Carolina corporations for the profit.
- v) In the election of Directors, there shall be appurtenant to each UNIT as many votes for Directors as there are Directors to be elected, provided, however, that no member or owner of any UNIT may cast more than one vote for any person nominated as a Director, it being the intent hereof that voting for Directors shall be non-cumulative.
  - vi) In the event that OWNER, in accordance with the privilege granted unto it, selects any person or persons to serve on any Board of Directors of the ASSOCIATION, the said OWNER shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or other persons to serve on said Board of Directors. Replacement of any person or persons designated by OWNER to serve on any Board of Directors of the ASSOCIATION shall be made by written instrument delivered to any officer of the ASSOCIATION, which instrument shall specify the name or names of the person or persons to be replaced and the name or names of the person or persons designated as successor or successors to the persons so removed from said Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by OWNER to any officer of the ASSOCIATION.
  - c) The organization meeting of a newly elected Board of Directors shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary provided a quorum shall be present.
  - d) Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.
  - e) Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director, personally, or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.
  - f) Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.
  - g) A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, these By-Laws or the Master Deed. If any Directors' meeting cannot be organized because a quorum has not attended, or because a quorum has

not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Master Deed, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance is greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

- h) The presiding Officer of Directors' meetings shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.
- i) Directors' fees, if any, shall be determined by the members.
- j) The Board of Directors shall manage and direct the affairs of the ASSOCIATION and subject to any restrictions imposed by law, by Master Deed, or these By-Laws, may exercise all of the powers of the ASSOCIATION subject only to approval by the co-owners when such is specifically required of these By-Laws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Master Deed or these By-Laws, if it may deem necessary or appropriate in the exercise of its powers and shall include, without limiting the generality of the foregoing, the following:
  - i) To make, levy and collect assessments against members and members' UNITS to defray the costs of the common areas and facilities of the Condominium, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the ASSOCIATION;
  - ii) The maintenance, repair, replacement, operation surveillance and the management of the common areas and facilities of the CONDOMINIUM wherever the same is required to be done and accomplished by the ASSOCIATION for the benefit of its members;
  - iii) The reconstruction of improvements after casualty and the further improvement of the property, real and personal;
  - iv) To make and amend regulations governing the use of the property, real and personal, in the CONDOMINIUM project so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Master Deed;
  - v) To approve or disapprove proposed purchasers of UNITS and to exercise or waive the ASSOCIATION'S right of first refusal of a proposed sale of a member's UNIT in the manner specified in the Master Deed, except that the President or the Vice President of the ASSOCIATION is hereby authorized to approve (but no disapprove) any proposed purchaser, or to waive (but not to exercise) the ASSOCIATION'S right of first refusal, and to execute appropriate documents to evidence same;
  - vi) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including UNITS in the CONDOMINIUM, as may be necessary or convenient in the operation and management of the CONDOMINIUM, and in accomplishing the purposes set forth in the Master Deed;
  - vii) To contract for the management of the common areas and facilities in the CONDOMINIUM project and to designate to such contractor all of the powers and duties of the ASSOCIATION, except those which may be required by the Master Deed to have approval of the Board of Directors or membership of the ASSOCIATION;

- viii) To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the ASSOCIATION, the Master Deed and the regulations hereinafter promulgated governing the use of the property in the CONDOMINIUM;
  - ix) To pay all taxes and assessment which are liens against any part of the CONDOMINIUM other than UNITS and the appurtenances thereto, and to assess the same against the members and their respective UNITS subject to such liens;
  - x) To carry insurance for the protection of the members and the ASSOCIATION against casualty and liability;
  - xi) To pay all costs of power, water, sewer and other utility services rendered to the condominium and not billed to the owners of the separate UNITS; and
  - xii) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the ASSOCIATION as well as the dismissal of said personnel.
- k) The first Board of Directors of the ASSOCIATION shall be comprised of the five (5) persons designated to act and serve as Directors in the Articles of Incorporation, which said persons shall serve until their successors are elected at the first Annual Meeting of the members of the ASSOCIATION called after the property identified herein has been submitted to the play of Condominium ownership and the Master Deed has been recorded in the Public Records of Horry County, South Carolina. Should any member of the said first Board of Directors be unable to serve for any reason, a majority of the remaining members of the Board of Directors shall have the right to select and designate a party to act and serve as a Director for the unexpired term of said Director who is unable to serve.
  - l) The undertakings and contracts authorized by said first Board of Directors shall be binding upon the ASSOCIATION in the same manner as though such undertakings and contracts had been authorized by the first Board of Directors duly elected by the membership after the property identified herein has been submitted to the plan of CONDOMINIUM ownership and said Master Deed has been recorded in the Horry County Public Records, so long as any undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the ASSOCIATION in accordance with all applicable Condominium documents.
  - m) Directors may be removed from office in the manner provided by law for the removal of directors of South Carolina corporations for profit.

#### 5. ADDITIONAL PROVISIONS ABOUT MEETINGS OF MEMBERS AND DIRECTORS

- a) Notwithstanding anything contained in these By-Laws to the contrary any meeting of members or Directors may be held at any place within or without the State of South Carolina of which notice is given in the notice of any such meeting or notice of which is waived by any person other wise entitled thereto at, during or after any such meeting.
- b) To the extent now or from time to time hereafter permitted by the law of South Carolina the Directors may take any action which they might take at a meeting of Directors without a meeting, a record of any such action so taken, signed by each Director, to be retained in the ASSOCIATION'S Minute Book and given equal dignity by all persons to the minutes of meetings duly called and held.

#### 6. OFFICERS

- a) The executive offices of the ASSOCIATION shall be a President, who shall be a Director, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors

and who may be peremptorily removed by vote of the Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the ASSOCIATION.

- b) The President shall be the chief executive officer of the ASSOCIATION. He shall have all of the powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the ASSOCIATION. He shall further have the power to approve (but not to disapprove) proposed purchasers of UNITS and to waive the ASSOCIATION'S right of first refusal in the manner specified in the Master Deed.
- c) 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) The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the ASSOCIATION and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the ASSOCIATION, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.
- e) The Treasurer shall have custody of all of the property of the ASSOCIATION, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the ASSOCIATION in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.
- f) The compensation of all officers and employees of the ASSOCIATION shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the ASSOCIATION, nor preclude the contracting with a Director for the management of the CONDOMINIUM.