

MASTER DEED
FOR
SAND DUNES NORTH TOWER
HORIZONTAL PROPERTY REGIME
Horry County, South Carolina

Sands Resorts Development, LLC, a South Carolina Limited Liability Company, 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 and of the easements all of which are hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the lands, buildings and easements hereinbelow 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 Sand Dunes North Tower, 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 (the "Act"). In conformity with Sections 27-31-30 and 27-31-100 of said Act, the GRANTOR sets forth the following Particulars:

I.

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

FOR PROPERTY DESCRIPTION SEE ATTACHED EXHIBIT "A", WHICH IS INCORPORATED HEREIN AND MADE A PART AND PARCEL HEREOF.

II.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Annexed hereto and expressly made a part hereof, as Exhibit "B", is a plot plan showing the location of the Building(s) and other improvements, and a set of floor plans of the Building(s) 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. Each UNIT is identified by specific number or letter (or a combination of letters and numbers) on said Exhibit "B", and no UNIT bears the same designation as any other UNIT. Exhibit "B" is also recorded as a separate condominium plat in the public records of Horry County, maintained by the Register of Deeds.

III.

ADDITIONAL PHASES AND EASEMENTS THEREFORE

In addition to the lands with improvements thereon in Phase I, the GRANTOR may construct additional UNITS or COMMON ELEMENTS on property contiguous or near the property described in Paragraph I herein or on any portion of the COMMON ELEMENTS now or hereafter existing and submit same to Sand Dunes North Tower Horizontal Property Regime in additional phases not to exceed three (3) total phases (including Phase I). Further, an easement is hereby reserved in favor of GRANTOR, its successors and assigns, over all COMMON ELEMENTS now or hereafter existing for purposes of constructing and submitting additional phases thereon. The additional property shall be referred to as "Phase II" through "Phase III". If constructed and submitted, Phase II shall consist of not more than 240 residential UNITS, and Phase III shall consist of not more than 260 residential UNITS. In addition, Phases II through III may contain up to five (5) COMMERCIAL UNITS for each of said additional phases. Also, a non-exclusive easement for parking maybe submitted as all or part of either Phases II and/or III, which would be a COMMON ELEMENT for all Unit Owners. Further the fee simple title to additional property maybe submitted as a COMMON ELEMENT for parking as all or a part of either Phases II and/or III regardless of whether or not such property is subject to an easement for parking which has previously been submitted as a COMMON ELEMENT. The residential UNITS in Phase II through III, if submitted, shall be comprised of any combination of one bedroom, two bedroom, or three bedroom UNITS in the GRANTOR'S discretion. The COMMERCIAL UNIT(S) in Phase II through III, if submitted may be used for any legal commercial purposes, including but not limited to, purposes of general rentals, management, shops, stores, sales, meeting rooms, restaurant, lounge, game room, health spa, night clubs or any combination of such uses whether or not related to any prior phase or subsequent phase. Such COMMERCIAL UNITS, if constructed and submitted may have as LIMITED COMMON ELEMENTS appurtenant thereto, storage areas, maid and other support rooms, laundry rooms, dumb waiters, service elevators, laundry chutes, mail chutes, trash chutes, vending areas and convenient or proper easements for access to and maintenance of said areas. Furthermore, in GRANTOR'S sole discretion, any such areas, rooms or easements may be designated as all or a part of a COMMERCIAL UNIT instead of a LIMITED COMMON ELEMENT appurtenant to a COMMERCIAL UNIT. Provided however the foregoing shall in no way obligate the GRANTOR to designate any of such areas or rooms as either a COMMERCIAL UNIT or LIMITED COMMON ELEMENT; the GRANTOR being free to designate such areas or rooms as COMMON ELEMENTS. In the event the GRANTOR exercises its right and option to add Phases II through III (or any one or more of them), the property of said phase(s) will become an integral part of Sand Dunes North Tower Horizontal Property Regime once the appropriate amendments to this Master Deed have been filed as hereinafter provided. Further, there is reserved by the GRANTOR, for itself, its successors or assigns, in, over, across, under and upon the properties now or hereafter shown as Phases I through III all easements and rights of ingress and egress necessary and convenient for the construction of the said Phases II through III, or any one or more of them, as the case may be; which such easements shall remain in full force and effect for such time as the GRANTOR retains the option of submitting the said Phases II through III, or any one or more of them, to the Horizontal Property Regime.

The GRANTOR hereby reserves unto itself, its successors or assigns, the right and option, to be

exercised at its sole discretion, to submit Phase II through III, or any of said phases, to the provisions of this Master Deed, thereby causing such Phase or Phases, to become and be a part of Sand Dunes North Tower Horizontal Property Regime. The GRANTOR may elect to exercise this right or option as to Phases II through III, or any one or more of them, no later than September 1, 2026. The said Phases II through III (or any one of them) shall be added only upon execution by the GRANTOR, its successors or assigns, within the time specified herein, of an amendment or amendments to this Master Deed which shall be filed of record in the Office of the Register of Deeds for Horry County, South Carolina. Any such amendment shall expressly submit such Phase or Phases to all of the provisions of this Master Deed and By-Laws of Sand Dunes North Tower Horizontal Property Regime made a part hereof as either or both may be amended. Upon the exercise, if any, of this right or option, the provisions of this Master Deed and all exhibits hereto shall then be construed and understood as embracing Phase I (the basic "property" herein defined) and any future Phases so submitted, as appropriate, together with all improvements then or thereafter constructed. Should the GRANTOR fail to exercise its right or option within the time specified herein, then in that event, said option shall expire and be of no further force or effect.

Although the site plan or other plans for Sand Dunes North Tower Horizontal Property Regime may show or depict certain amenities to be constructed as part of Sand Dunes North Tower Horizontal Property Regime, such as pools, water parks, workout rooms, game rooms, snack rooms or meeting rooms, the GRANTOR shall have no obligation to construct any such amenities until such time, if at all, that the GRANTOR exercises its option to submit the phase(s) of Sand Dunes North Tower Horizontal Property Regime containing such amenities. In the event that the GRANTOR does not construct and submit any phase to the terms and provisions of this Master Deed thereby making it a part of Sand Dunes North Tower Horizontal Property Regime, the GRANTOR shall have no obligation whatsoever to construct any amenity associated with that phase of the Horizontal Property Regime as provided for in this paragraph. Future phases by GRANTOR may contain COMMON ELEMENTS which may include swimming pools, workout rooms, game rooms, snack rooms, water park, meeting rooms, parking decks or parking garages. To the extent the proportionate amount of Common Expenses is deemed to be substantially increased by the submission of an easement for or the fee simple title to a parking garage, a swimming pool, water park, workout rooms, game rooms, snack rooms, meeting rooms and/or related facilities, it is hereby disclosed that expenses normally associated with the use of such facilities may be expected if the same are constructed and submitted. The right to submit additional Phases to the Horizontal Property Regime is assignable by the GRANTOR, its successors and assigns. If GRANTOR elects to assign such right, the assignee shall be solely responsible therefor including, but not limited to, the quality of construction and compliance with this Master Deed.

The GRANTOR shall be under no obligation to construct or submit Phase II, or any subsequent Phase. Should Phase II or any other Phase be constructed and submitted, the GRANTOR shall not be required to construct any additional Phase or Phases. The construction and submission of each Phase shall be at the sole option of the GRANTOR.

Each Phase shall be depicted on a map or plat showing the boundaries of the Phase and the location thereon of all improvements, amenities, parking, etc. Phase I and each additional Phase, as constructed and submitted, shall constitute the entirety of the Regime, and the Regime, the ASSOCIATION (as hereinafter defined) and the OWNERS of UNITS shall not acquire any rights as to any properties not depicted thereon and specifically submitted to the provisions of this Master Deed. The "site plan", "floor plans", and all other Exhibits attached hereto, incorporated herein and/or associated herewith which depict or refer to any Phase which has not been specifically made a part hereof by amendment as herein provided shall be of no force or effect until such Phase has been incorporated herein by amendment. No such "site plan", etc. shall constitute a warranty or representation that any additional Phase will be constructed or submitted or that any amenity is or will be constructed or submitted. Until such time as an additional Phase is added by amendment as herein required, all real estate upon which additional Phases may be added may be used for any lawful purpose by the OWNER thereof.

All of the rights, easements and reservations set forth above or elsewhere in this Master Deed relative to submission of additional Phase(s), shall inure to the benefit of the GRANTOR, and the successors and assigns of the GRANTOR.

IV.

UNIT AND COMMON ELEMENTS

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

UNITS, as the term is used herein, shall mean and comprise the one hundred thirty (130) residential and three (3) COMMERCIAL separate and numbered UNITS which are designated in Exhibit "B" to this Master Deed, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above 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, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

COMMON ELEMENTS, as the term is used herein, shall mean and comprise all of the real property, easements, improvements and facilities of the Condominium including but not limited to stairways, elevators, and hallways, other than the UNITS, as same are hereinabove defined or as described elsewhere in this Master Deed and/or on the plans, and shall include easements through UNITS for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing

of utility service to UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS and easements of support in every portion of a UNIT which contributes to the 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.

LIMITED COMMON ELEMENTS, as the term is used herein, shall be those COMMON ELEMENTS which are reserved for the exclusive use of a particular UNIT as same are or may be described in this Master Deed and/or as set forth on Exhibit "B" attached hereto. Further, except for the exclusive use reserved in favor of a particular UNIT, LIMITED COMMON ELEMENTS shall be treated and comprise a portion of the COMMON ELEMENTS.

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 "B" 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 "B" 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, or joint tenants with right of survivorship. Further, nothing contained herein shall be construed as limiting or preventing the GRANTOR, its successors or assigns, from adding Phases II through III, or any one or more of them, as provided herein.

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 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 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 as may be specifically set forth herein with regard to LIMITED COMMON ELEMENTS, 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, licensees 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 OWNERS of UNITS. Without limiting the generality of the foregoing the OWNER of any COMMERCIAL UNIT, its families, guests, licensees, invitees, employees and agents shall have the right and easement to use the COMMON ELEMENTS in conjunction with the providing of its products and services, including, but not limited to, waiter or room service, laundry service, maid service and general condominium management services.

VIII.

EASEMENTS FOR UTILITIES

GRANTOR hereby reserves, for the benefit of itself, its successors and assigns, the alienable, transferable and perpetual right and easement, as well as the power and authority to grant and accept easements to and from any private or public authority, agency, public service district, public or private utility or other person or company upon, over, under and across all or any portion of the COMMON ELEMENTS for constructing, installing, replacing, repairing, operating, maintaining and using all necessary or convenient utilities including but not limited to easements for master television antenna, television cable systems, electricity, water, antennas, sewer, telephone systems, computer systems, computer network systems, internet systems and/or other communication systems which may exist now or in the future. Such easements may be granted or accepted by GRANTOR with respect to the COMMON ELEMENTS without notice to or consent by the ASSOCIATION or UNIT OWNERS. Telephone, master television antennas and/or cable system services may be provided to the project pursuant to the terms of agreements between the ASSOCIATION or individual UNIT OWNERS and GRANTOR, its affiliates, its successors or assigns, or third parties, however, nothing herein shall be construed to create an obligation on the part of the GRANTOR to provide any such services.

IX.

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

If any portion of the COMMON ELEMENTS now encroaches upon any UNIT or if any UNIT now encroaches upon any other UNIT or upon any portion of the COMMON ELEMENTS 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 UNIT, any adjoining UNIT, or any adjoining COMMON ELEMENT shall be partially or totally destroyed as the result of fire or other casualty or as the result of condemnation or eminent domain proceedings and the reconstructed building, UNIT or part of the COMMON ELEMENTS encroaches upon any UNIT or over any UNIT, or upon any portion of the COMMON ELEMENTS due to such reconstruction, the reconstruction shall be permitted and valid easements for such encroachments and maintenance thereof shall exist so long as the building shall stand.

X.

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. Provided, however, the CO-OWNER'S interest in the COMMON ELEMENTS may be diminished by the addition of Phases II through III, or any of them, as set forth in Article III herein.

XI.

PERCENTAGE OF UNDIVIDED INTEREST IN

COMMON ELEMENTS APPURTENANT TO EACH UNIT

The undivided interest in the COMMON ELEMENTS appurtenant to each UNIT in Phase I 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 "C" or, following submission of additional Phases which contains additional UNITS, calculated in accordance with the schedule set forth in Exhibit "C".

XII.

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.

XIII.

ADMINISTRATION OF

SAND DUNES NORTH TOWER (A CONDOMINIUM)

BY SAND DUNES NORTH TOWER

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 known and designated as Sand Dunes North Tower 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 Sand Dunes North Tower 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 the ASSOCIATION are annexed hereto and expressly made a part hereof as Exhibit "D" and Exhibit "E", 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 any UNIT and its appurtenant undivided interest in COMMON ELEMENTS, and the membership of such OWNER or OWNERS shall terminate automatically upon each OWNER or OWNERS being divested of such ownership interest in such UNIT, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any UNIT shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the ASSOCIATION, or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this Master Deed, levy and collect assessments (including late fees and attorney's fees) 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 interest of the Condominium.

XIV.

RESIDENTIAL USE RESTRICTION APPLICABLE TO UNITS

With the exception of the COMMERCIAL UNIT(S), each UNIT is hereby restricted to residential use by the OWNER or OWNERS thereof, their immediate families, guests, licenses and invitees; provided, however, that so long as GRANTOR shall retain any interest in any UNIT or have the right to add any additional phases to the Condominium, it may utilize a UNIT or UNITS of its choice, from time to time, for sales offices, models, reception rooms, hospitality rooms and/or other usages for the purpose of selling and marketing UNITS in the Condominium. Further still, GRANTOR may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all UNITS in all phases have been conveyed, this right of commercial usage shall immediately cease.

GRANTOR for itself, its successors and assigns, hereby reserves the right to submit UNITS in any future phases to a plan of interval ownership, and excepting such right of GRANTOR, no UNIT or any portion thereof may be submitted to a plan of Interval Ownership or any form of timesharing. In the event the GRANTOR does decide to commit UNITS in additional phases to a plan of interval ownership, the particulars of such plan shall be set forth in the amendment to the Master Deed submitting an additional phase to the Horizontal Property Regime or will be by separate recorded instrument. Provided however, nothing herein shall be construed as limiting the right of any OWNER of any UNIT from renting or leasing his, her, their or its UNIT.

Except for the COMMERCIAL UNIT(S) and the LIMITED COMMON ELEMENTS which are for the exclusive use and benefit of any COMMERCIAL UNIT(S), and except for the use of UNITS for sales and marketing of UNITS reserved in favor of the GRANTOR hereinabove, and except for the easement for related services and employees, no commercial activities shall be conducted within any UNIT, COMMON ELEMENT or LIMITED COMMON ELEMENT, nor shall the same be modified or altered to accommodate any such commercial use. The foregoing restriction on commercial activities may not be amended without the consent of the GRANTOR, its successors and assigns and unanimous vote of all UNIT OWNERS. Nothing herein shall be construed to limit the commercial or business activities which may be conducted on, through or about the COMMERCIAL UNIT(S) or the LIMITED COMMON ELEMENTS appurtenant thereto; the same may be used for all legal commercial purposes.

XV.

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 such reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the ASSOCIATION. Provided, however, any such rules or regulations which purport to diminish, abrogate or in any way affect the COMMERCIAL UNITS, including the LIMITED COMMON ELEMENTS and easements appurtenant thereto or other rights reserved herein in favor of the GRANTOR, its successors and assigns relative to the UNITS, COMMERCIAL UNITS, COMMON ELEMENTS, LIMITED COMMON ELEMENTS or any other portion of the Condominium shall not be binding upon the GRANTOR, the OWNERS of COMMERCIAL UNITS, their successors and assigns, unless and until the GRANTOR consents in writing to the same.

XVI.

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, or 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 his 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, and no OWNER shall undertake any use or practice which shall create and constitute a nuisance to any other OWNER of a UNIT, or which shall interfere with the peaceful possession and proper use of any other UNIT or the COMMON ELEMENTS. Further no pets of any kind are permitted on any portion of the condominium including UNITS, COMMON ELEMENTS or LIMITED COMMON ELEMENTS. Nothing herein shall be construed to limit the rights of the OWNER of the COMMERCIAL UNIT to make any commercial or business use of such UNIT.

XVII.

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 the ASSOCIATION or any other person authorized by it or any other person or entity authorized by the UNIT

OWNER (including rental managers and their agents), 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. 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.

XVIII.

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, the OWNER of each UNIT shall permit the duly constituted and authorized Agent of the ASSOCIATION, to enter such UNIT, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XIX.

LIMITATION UPON RIGHT OF OWNERS

TO ALTER AND MODIFY UNITS

No OWNER of a UNIT shall permit any structural modifications or alterations without first obtaining the written consent of the GRANTOR (so long as GRANTOR has right to submit additional phases and/or owns one or more UNITS) and the ASSOCIATION, which consent may be withheld by the ASSOCIATION in the event that a majority of the Board of Directors of the ASSOCIATION determines, in its sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety or adversely affect the aesthetics of the building. If the modification or alteration desired by the

OWNER of any UNIT involves the removal of any permanent interior partition, the 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 any balcony, porch, deck or patio 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, or affix storm panels or awnings, without the written consent of the ASSOCIATION being first obtained. Notwithstanding the foregoing, the COMMERCIAL UNIT OWNER(s) shall have the right, without the consent or permission of the Board of Directors of the ASSOCIATION, to make such changes and alterations to non-structural components of the COMMERCIAL UNIT(S) as it or they may unilaterally desire and neither the ASSOCIATION, the Board of Directors or any other UNIT OWNER shall have the right to object thereto.

XX.

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

The ASSOCIATION shall not make or cause to be made alterations or improvements to the COMMON ELEMENTS which prejudice the rights of the OWNER of any UNIT, unless such OWNER'S written consent has been obtained; provided however, the making of such alterations and improvements must first be approved by the Board of Directors of the ASSOCIATION, and, except as hereinafter provided, the cost of the alterations or improvements shall be assessed as a Common Expense to be collected from all of the OWNERS of UNITS according to the percentages set out in Exhibit "C" of the Master Deed. Where any alterations and improvements are exclusively or substantially 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 benefitted, the assessment to be levied in such proportion as may be determined by the Board of Directors of the ASSOCIATION.

XXI.

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 any part belonging to other OWNERS, and shall be 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, 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, including the glass of any sliding glass doors (but not frames, etc. of windows which shall be maintained and repaired by the ASSOCIATION), exterior surfaces of all interior ceilings, floors and walls, interior surface of the entry doors, interior 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 the ASSOCIATION, the proceeds of the insurance received by the 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. The entry door and lock system, porch, deck, patio or balcony floor, the walls facing the porch, deck, patio or balcony, and any porch, deck, patio or balcony railings attached thereto shall be maintained by the ASSOCIATION, and are hereby designated as LIMITED COMMON ELEMENTS for the exclusive use and benefit of the UNIT to which they are attached. No OWNER shall take any action which will alter the exterior appearance of the building, including but not limited to the entry doors. Should the OWNER fail to provide the maintenance and/or repairs as required, the ASSOCIATION shall have the right to enter the UNIT to accomplish same at the sole cost and expense of the OWNER and said cost and expense shall be charged against the OWNER, including the expense of making a key should OWNER place a lock on the entry door in violation of the requirements of Article XVII. Any such costs and expenses shall become a lien on the UNIT in like manner as an assessment.

XXII.

MAINTENANCE AND REPAIR OF COMMON ELEMENTS

BY ASSOCIATION

The ASSOCIATION, at its expense, shall be responsible for the maintenance, repair and replacement of all of the COMMON ELEMENTS (including all LIMITED COMMON ELEMENTS except certain LIMITED COMMON ELEMENTS which may be designated the responsibility of certain OWNERS), including those portions thereof which contribute to the support of the building, and all conduits, plumbing, wiring and other facilities located in the COMMON ELEMENTS for the furnishing 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 the ASSOCIATION in the maintenance, repair, or replacement of any COMMON ELEMENTS, the ASSOCIATION shall, at its expense, repair such incidental damage. All maintenance, replacement and repairs to the COMMON ELEMENTS shall meet or exceed the quality of the original construction including all components thereof.

XXIII.

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, provide that the insurer waives its right of subrogation as to any claims against other OWNERS of UNITS, the ASSOCIATION, and the respective servants, agents and guests of said other OWNERS and the ASSOCIATION, and such other insurance coverage shall be obtained from the insurance company from which the ASSOCIATION obtains coverage against the same risk, liability or peril, if the 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 the ASSOCIATION as hereinafter provided. The OWNER of a UNIT shall have no personal liability for any damages caused by the ASSOCIATION, any OWNER or otherwise 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.

XXIV.

INSURANCE COVERAGE TO BE MAINTAINED BY THE ASSOCIATION;

INSURANCE TRUSTEE, APPOINTMENT AND DUTIES;

USE AND DISTRIBUTION OF INSURANCE PROCEEDS, ETC.

The following insurance coverage shall be maintained in full force and effect by the 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, wind driven rain damage, water damage, flood 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 the ASSOCIATION to protect the 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. Worker's Compensation insurance to meet the requirements of law.

D. Such other insurance coverage, other than title insurance, as the Board of Directors of the ASSOCIATION, in its sole discretion may determine from time to time to be in the best interest of the ASSOCIATION and the OWNERS of all of the UNITS.

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

All insurance coverage authorized to be purchased shall be purchased by the 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 all 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 the insurance proceeds from any casualty loss shall be held for the use and benefit of the 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. The Board of Directors of the ASSOCIATION is hereby declared to be "Insurance Trustee" and is 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 or policies of casualty insurance and resulting in loss of or damage to insured property.

The ASSOCIATION shall have the right to delegate the duties of the Insurance Trustee to some other party and all parties beneficially interested in such insurance coverage shall be bound by said delegation.

The Insurance Trustee shall not be liable for the payment of premiums, for the renewal of any policy or policies of casualty insurance, for the sufficiency of coverage, for the form or content of the policies or 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 the 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. The ASSOCIATION, as a Common Expense, may pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. 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 the ASSOCIATION, executed under oath, and which Certificate will be provided to said Insurance

Trustee upon request of said Insurance Trustee made to the 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 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.

In the event of the loss of or damage to COMMON ELEMENTS and/or UNITS, whether the same may be real or personal property, 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 UNITS and their respective mortgagees, the distribution to be separately made to the OWNER of each UNIT and his said mortgagee or mortgagees, if any, and shall bear the same ratio to the total excess insurance proceeds as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears 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 the 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 the ASSOCIATION with the Insurance Trustee, in said latter event, may be paid by the ASSOCIATION out of its Reserve Fund for Replacements, and if the amount in such Reserve Fund for Replacements is not sufficient, then the ASSOCIATION shall levy and collect an assessment against all OWNERS and their UNITS in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

In the event of loss of or damage to property covered by such casualty insurance, the ASSOCIATION shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before

such loss or damage, such estimates to contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors of the ASSOCIATION may deem to be in the best interest of the membership of the 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, 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 the 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 the 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 hereinbefore provided for the distribution of excess insurance proceeds.

XXV

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 and 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 the ASSOCIATION, and any taxes or special assessments which are to be so levied shall be included, wherever possible, in the estimated annual budget of the ASSOCIATION, or shall be separately levied and collected as an assessment by the 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 the 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 the 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 the 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 the ASSOCIATION shall be paid by the ASSOCIATION and shall be included as a Common Expense in the Annual Budget of the ASSOCIATION.

XXVI

THE ASSOCIATION TO MAINTAIN REGISTRY OF OWNERS AND MORTGAGEES

The 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 transferee shall notify the 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 the 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 the ASSOCIATION of the existence of any mortgage or mortgages held by such party on any UNIT, and upon receipt of such notice, the ASSOCIATION shall register in its records all pertinent information pertaining to the same.

ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT

The ASSOCIATION 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 interest of the OWNERS of all UNITS. To properly administer the operation and management of the Condominium, the ASSOCIATION will incur, for the mutual benefit of all of the OWNERS of UNITS, costs and expenses which will be continuing or nonrecurring costs (including without limitation, charges for utilities which are commonly metered), 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 ASSOCIATION heretofore has 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 the 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, including the ASSOCIATION should it own any UNIT, shall be uniform and, unless specifically otherwise provided for in this Master Deed, the assessments made by the ASSOCIATION shall be in such proportion so 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.

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 the ASSOCIATION.

C. The Board of Directors of the ASSOCIATION shall establish an annual budget in advance for each fiscal year which shall 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 the 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 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 the ASSOCIATION, in establishing said annual budget for the operation, management and maintenance of the Condominium shall include therein a sum to be collected and maintained as a reserve fund for replacement (sometimes referred to herein as the "Reserve for Replacements Fund or Reserve Fund for Replacements") of COMMON ELEMENTS, which reserve fund shall be for the purpose of enabling the 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 for replacement 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 the ASSOCIATION, although nothing herein contained shall limit the ASSOCIATION from applying any monies in such Reserve Fund for Replacements to meet other needs or requirements of the ASSOCIATION in operating or managing the Condominium 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 the ASSOCIATION, but it shall not be a requirement that those 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 the ASSOCIATION in the sole discretion of said Board of Directors.

E. The Board of Directors of the ASSOCIATION, in establishing said annual budget for operation, management and maintenance of the Condominium, 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 the ASSOCIATION shall be treated as the separate property of the ASSOCIATION, and such monies may be applied by the 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 the ASSOCIATION and as the monies for any assessment are paid to the ASSOCIATION by any OWNER of a UNIT the same may be commingled with the monies paid to the ASSOCIATION by the other OWNERS of UNITS. Although all funds and other assets of the ASSOCIATION, and any increments thereto or profits derived therefrom shall be held for the benefit of the MEMBERS of the ASSOCIATION, no MEMBER of the ASSOCIATION

shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his UNIT.

G. The payment of any assessment or installment thereof due to the ASSOCIATION shall be in default if such assessment, or any installment thereof, is not paid to the 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 the notice, which shall not be less than ten (10) days after the date of the notice. In the event any assessment, installment, or accelerated installment is not paid within twenty (20) days after its due date, the ASSOCIATION, through its Board of Directors, may proceed to enforce and collect the assessment against the UNIT OWNER owing the same in any manner provided for by the Act, including the rights of foreclosure and sale. When in default, the delinquent assessment or delinquent installment thereof due to the ASSOCIATION shall bear interest at the then prevailing legal rate of interest charged by courts of law in South Carolina until such delinquent assessment or installment thereof, and all interest due thereon, have been paid to the ASSOCIATION.

H. The OWNER or OWNERS of each UNIT shall be personally liable to the ASSOCIATION for the payment of all assessments, regular or special, which may be levied by the ASSOCIATION while such person or persons is or 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 the 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 costs 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 of 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 Condominium 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 the ASSOCIATION is necessary in order to preserve and protect the investment of the OWNER of each UNIT, the 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 of each UNIT, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the ASSOCIATION, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee,

which may be incurred by the ASSOCIATION in enforcing the lien upon said UNIT and its appurtenant undivided interest in the COMMON ELEMENTS. The lien granted to the ASSOCIATION may be foreclosed in the same manner as mortgages 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 UNIT along the Grand Strand of 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 lien, and the ASSOCIATION shall further be entitled to interest at the legal rate as set out hereinbefore 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 given or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to the ASSOCIATION, and shall acquire such interest in any UNIT expressly subject to such lien.

Recognizing that a portion of the common expenses represented by the assessments levied and collected by the ASSOCIATION is attributable to commonly metered electrical utilities used and consumed by each UNIT OWNER, instead of each UNIT having a separate electrical meter for each UNIT, and recognizing that to allow a UNIT OWNER to continue using such electrical utilities during the time such UNIT OWNER is in default of such assessments is patently unfair to all other UNIT OWNERS who are paying for the delinquent UNIT OWNER'S electricity, the ASSOCIATION is hereby granted the right, at any time any assessment, installment or accelerated installment is not paid within twenty (20) days after its due date, to terminate electrical utility service to the delinquent OWNER'S UNIT. The ASSOCIATION shall have the right to continue to deny such UNIT and the OWNER thereof electrical utilities until such times as the delinquent OWNER has paid all assessments which are due and payable, plus interest, cost and attorney's fees.

K. The lien herein granted to the 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 and 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 or 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 the ASSOCIATION representing an apportionment of taxes or special assessments 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. Upon the initial sale of each UNIT by the GRANTOR, each Owner purchasing such UNIT from the GRANTOR shall pay over to the ASSOCIATION an amount equal to two (2) months worth of regular assessments for the UNIT being sold which shall not be a prepaid assessment, but shall constitute a separate initial capital contribution to provide initial operating funds.

M. 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, the 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 the 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 in concluding the proposed purchase or mortgage transaction, and the 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 by the OWNER of said UNIT and such UNIT due to the ASSOCIATION shall be in default (whether 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 the 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 the ASSOCIATION which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure and proceeding by foreclosure to attempt to effect such collection shall not 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 one (1) year after the date of recordation of this Master Deed, each UNIT in Phase I shall be exempt from the assessment created herein until such time as the UNIT is conveyed by the GRANTOR to a grantee and that the GRANTOR shall be assessed and pay to the ASSOCIATION in lieu of such assessment a sum equal to the amount of actual operating expenses for the period of such assessment less an amount equal to the total assessments made by the ASSOCIATION against OWNERS of UNITS other than those owned by GRANTOR for such period. Commencing on the second annual anniversary of the recordation of this Master Deed, 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 other UNIT OWNERS. GRANTOR reserves the right in future Phases for a period not to exceed one (1) year after recordation of the amendment adding each such Phase, to contribute in lieu of normal assessments the actual operation expenses attributable to the UNITS in each Phase less the amount of total assessments made by ASSOCIATION against OWNERS of UNITS other than those owned by GRANTOR. Notwithstanding the foregoing, GRANTOR may elect to pay assessments on unsold UNITS in the same manner as other OWNERS in lieu of paying the operating deficit as provided above.

XXVIII

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 persons 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 persons, and such instrument or instruments shall be recorded in the Public Records of Horry County, South Carolina.

XXIX

AMENDMENT OF MASTER DEED

Except for: i) 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 the 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, ii) any alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of GRANTOR, which said rights and privileges granted and reserved unto the said GRANTOR shall only be altered, amended or modified with the express written consent of the said GRANTOR, and iii) any alteration to the rights or privileges granted or reserved hereunder in favor of the COMMERCIAL UNIT(S) (now or hereafter existing) and the OWNER(S) thereof or the granting of rights to any of the residential UNITS or the OWNER(S) thereof which are reserved herein exclusively for the benefit of the COMMERCIAL UNIT(S) (now or hereafter existing) and the OWNER(S) thereof, which said rights and privileges granted and reserved exclusively unto the said Commercial UNIT(S) and the OWNER(S) thereof shall only be altered, amended, modified or further granted only with the express written consent of the GRANTOR and all OWNERS of all existing COMMERCIAL UNITS, this Master Deed may be amended in the following manner:

An amendment or amendments to this Master Deed may be proposed by the Board of Directors of the ASSOCIATION acting upon a vote of the majority of the Directors, or by the MEMBERS of the 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 or Secretary of the ASSOCIATION, in the absence of the President, who shall thereupon call a Special Meeting of the MEMBERS of the 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 reasonably 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 postal address as it appears on the records of the 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 the 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 sixty-seven (67%) percent of the MEMBERS owning a UNIT in the Condominium 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 the 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 thirty (30) 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 the 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 XXVI 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 the 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 the 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, powers and privileges granted and reserved herein in favor of any mortgagee or in favor of GRANTOR without the written consent of all such mortgagees or GRANTOR as the case may be.

Notwithstanding anything contained herein, the GRANTOR, its successors or assigns, may, without the consent of the UNIT OWNERS or mortgagees, at any time prior to September 1, 2026, amend this Master Deed in the manner set forth in Article III so as to subject Phases II through III, or any one or more of them to the provisions of this Master Deed and the Horizontal Property Act of South Carolina so as to make the Phases II through III, or any of them, an integral part of Sand Dunes North Tower Horizontal Property Regime. Any such amendment shall, together with this Master Deed, contain all of the particulars required by the said Horizontal Property Regime Act of South Carolina and from and after the recording of any such amendment, Sand Dunes North Tower Horizontal Property Regime shall include the Phase then being submitted as well as all Phases previously submitted. The designation of each UNIT number and its proportionate interest in the COMMON ELEMENTS is set forth in Exhibit "C", which is attached hereto and made a part and parcel hereof.

The GRANTOR further reserves the right to make changes or amendments in this Master Deed, without the consent of any UNIT OWNERS or their mortgagees, to correct typographical, scrivener's or similar errors or to make a change required by an institutional lender, provided that any such correction or amendment shall not adversely affect the proportionate interest of any OWNER or OWNERS in the COMMON ELEMENTS. Such change or amendment may be made by the recording of an appropriate document in the Office of the Register of Deeds for Horry County executed by the GRANTOR.

Furthermore, so long as the GRANTOR has the right to submit one or more additional phases pursuant to the terms hereof, the GRANTOR reserves the right, in its sole discretion, to approve any amendment to this Master Deed. GRANTOR's approval of all amendments to the Master

Deed prior to the expiration of the right to submit additional Phases shall be evidenced by GRANTOR'S execution of such amendment(s).

XXX

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 the ASSOCIATION and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the OWNER or OWNERS of any UNIT shall entitle the ASSOCIATION or the OWNER or OWNERS of other UNIT or UNITS to the following relief:

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 the 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 for damages, injunctive relief, foreclosure of lien or any combination thereof and which relief may be sought by the 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 or their act, neglect or carelessness, or by that of any MEMBER of his or their 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 the 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.

D. The failure of the 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 the 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 the 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 or to preclude the person thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such person at law or in equity.

F. The failure of the GRANTOR, to enforce any right, privilege, covenant or condition which may be granted it by this Master Deed or other above mentioned documents shall not constitute waiver of the right to thereafter enforce such right, provision, covenant or condition in the future.

XXXI

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 other persons who 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.

XXXII

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

So long as GRANTOR 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, provided that GRANTOR has not terminated "Class II" membership in the ASSOCIATION in accordance with the Articles of Incorporation and ByLaws of the ASSOCIATION, or so long as any phase or phases of the Condominium project have not been submitted to the Condominium or so long as the GRANTOR, its successors or assigns, is the OWNER of one or more UNITS, then GRANTOR, its successors and assigns, 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 the 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 the 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 other 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 an OWNER of a UNIT. The power of the GRANTOR to designate Directors as above referred to shall terminate no later than the 1st day of September, 2026.

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

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.

XXXIV

LIBERAL CONSTRUCTION AND ADOPTION
OF PROVISIONS OF CONDOMINIUM ACT

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. The South Carolina Horizontal Property Act, 1976 Code of Laws, as the same may be amended from time to time thereafter, is hereby adopted and expressly made a part hereof. In the event of any conflict between the provisions of this Master Deed and the said South Carolina Horizontal Property Act of South Carolina, as the same may be amended, the provisions of the Act shall take the place of any provisions in conflict with the Master Deed.

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 GRANTOR, 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" or "Apartments" as those terms are used under the Horizontal Property Act of the 1976 Code of Laws of South Carolina, as amended.

B. "COMMERCIAL UNIT" or "COMMERCIAL UNITS" means the three separately designated UNITS within Phase I and up to five additional UNITS within each additional phase on which and through which commercial activities may be conducted as set forth in this Master Deed. Without limiting the commercial activities reserved in favor of the COMMERCIAL UNITS as set forth in this Master Deed, the COMMERCIAL UNITS may be used for all legal commercial or business purposes including, but not limited to, purposes of general rentals, management, offices, shops, stores, sales, meeting rooms, restaurant, lounge, game room, health spa, night clubs or any combination of such uses whether or not related to any prior phase or subsequent phase.

C. "Building" means a structure or structures containing in the aggregate two or more apartments or UNITS comprising a part of the Condominium.

D. "CO-OWNER" or "OWNER" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof, who owns a UNIT within the Condominium.

E. "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.

F. "ASSOCIATION" means council of CO-OWNERS as defined by the Horizontal Property Act and also means Sand Dunes North Tower Homeowners' Association, Inc., the corporate form by which the council of CO-OWNERS shall operate Sand Dunes North Tower Horizontal Property Regime.

G. "Common Expense" means the expenses for which the UNIT OWNERS are liable to the ASSOCIATION and include:

1. Expenses of administration, management, 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 Condominium as a whole, including but not limited to any utilities for the Condominium as a whole.

H. "Common Surplus" means the excess of or receipts of the ASSOCIATION, including, but not limited to assessments, over the amount of common expenses.

I. "Condominium" means the form of individual ownership of a particular UNIT and the common right to a share with other CO-OWNERS in the general COMMON ELEMENTS.

J. "COMMON ELEMENTS" or "COMMON AREAS" means and includes the elements described in the Horizontal Property Regime Act, and in this Master Deed (including Exhibits), as "COMMON ELEMENTS" and also the following:

1. Easements through UNITS for conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services to UNITS and the general COMMON ELEMENTS; provided, however, such easements through a UNIT shall be only according to the plans and specifications for the building, or as the building is constructed unless otherwise approved in writing by the UNIT OWNER.

2. An easement of support in every portion of an UNIT which contributes to the support of a building.

3. Easements through the UNITS and general COMMON ELEMENTS for maintenance, repair and replacement of the UNITS and general COMMON ELEMENTS.

4. Installations for the furnishing of utility services to more than one UNIT or to the general COMMON ELEMENTS or to a UNIT 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 Condominium, even though owned by the ASSOCIATION.

6. LIMITED COMMON ELEMENTS means and includes those certain COMMON ELEMENTS which are designated for the exclusive use and benefit of a particular UNIT as set forth in this Master Deed and as set forth in any Amendment to this Master Deed adding any additional phase(s).

7. That certain easement for ingress/egress and parking over Commercial Unit C-3 for the benefit of all units and their owners as more particularly described in Exhibit "B" attached hereto.

IN WITNESS WHEREOF, Sands Resorts Development, LLC, a South Carolina Limited Liability Company, by its Member, has caused these presents to be executed this ____ day of August, 2001.

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a South Carolina Limited Liability Company

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SAND DUNES NORTH TOWER
HORIZONTAL PROPERTY REGIME

EXHIBIT "A"
TO
MASTER DEED

LEGAL DESCRIPTION

ALL AND SINGULAR, that certain piece, parcel, or lot of land situate, lying, and being in the State of South Carolina, County of Horry, City of Myrtle Beach, and being more particularly shown and delineated as Parcel C, Block 7, 0.86 Acres[±], upon a Subdivision/Combination Survey of Sands Dunes Resort prepared by Powell Associates of North Myrtle Beach, Inc. dated April 28, 2000, revised May 12, 2000, and recorded in Plat Book 171 at Page 14, records of Horry County ("Plat").

TOGETHER WITH and subject to all rights, easements and obligations set out in (a) that certain Reciprocal Easement Agreement for Parking recorded in Deed Book 2283 at Page 180, records of Horry County, and (b) that certain deed from Sands Resorts Holding, LLC recorded in Deed Book 2283 at Page 176 and re-recorded in Deed Book 2398 at Page 118, records of Horry County.

RESERVING, however, unto the GRANTOR, its successors and assigns, an easement over, under, through and across the Common Elements being herewith submitted as a part of this Phase(s) for the purpose of the location and construction of building(s), units and Common Elements and other improvements which may be constructed by the GRANTOR, its successors and assigns and submitted as an additional phase or phases of Sand Dunes North Tower Horizontal Property Regime, together with any and all easements incidental for the foregoing.

THIS BEING property conveyed to Grantor herein by Quit-Claim Deed recorded July 21, 2000, in Deed Book 2283, at Page 176, and Deed Book 2283, at Page 176, and re-recorded in Deed Book 2398, at Page 118, records of Horry County.

SAND DUNES NORTH TOWER

HORIZONTAL PROPERTY REGIME

EXHIBIT "B"

TO

MASTER DEED

NOTE: Exhibit "B" is a survey prepared by Powell Associates of North Myrtle Beach, Inc. dated August 3, 2001, revised August 10, 2001 (said survey is hereinafter referred to as the "Survey"), which shows the location of the buildings and other improvements and a set of floor plans prepared by Pegram Associates Architects/Planners dated August 15, 2001, (with the exception of sheets 11, 12 and 14, which are dated March 29, 2000) consisting of 19 sheets numbered as sheets 1 through 19 (the "Plans"), which shows graphically the dimensions, area and location of each UNIT therein, and the dimensions, area and location of COMMON ELEMENTS affording access to each UNIT. Both the Survey and Plans are recorded in Condominium Plat Book _____ at Page _____, records of Horry County, South Carolina and are incorporated herein by this reference. Said Exhibit further includes the following:

The Condominium consists of one hundred thirty (130) residential UNITS and three (3) Commercial UNITS designated as UNITS C-1, C-2 and C-3. The UNITS are located within a building containing thirteen (13) levels of residential UNITS, together with five levels of parking underneath, all as shown on the Plans. All residential UNITS are located on floors six (6) through nineteen (19) (there being no 13th floor) of the building with ten (10) such residential UNITS being located on each such level. Further the nineteenth (19th) level is known as the PH level or PH floor. Access to the UNITS is by way of stairs and elevators which are accessed from the ground level as shown on the Plans. The elevators and stairs, which are COMMON ELEMENTS, exit onto corridors or passageways on each level which provide access to each UNIT.

All residential UNIT designations, other than the PH floor, consist of a three (3) or four (4) digit number, depending upon the level upon which the UNIT is located. The first digit, in the case of UNITS located on floors six (6) through nine (9) and the first and second digits, in the case of UNITS located on floors ten (10) through eighteen (18) shall indicate the level on which the UNIT is located. Provided however, there is no thirteenth (13th) level and consequently there are no UNIT number designations with a 13 as the first and second digits of their UNIT number designations. The UNIT designations for the PH floor shall consist of the letters PH followed by the number one (1) through ten (10). The last two digits of each UNIT number designation for floors six (6) through eighteen (18), and the number (whether one or two digits) following the

PH for UNITS located on the PH floor, indicate where that UNIT is located on each floor. There are ten (10) residential UNITS on each of the levels six (6) through PH. All residential UNITS in Phase I are three bedrooms. The location of each UNIT and its UNIT number designation, its approximate square footage and approximate dimensions are as shown on the Plans. Further, each residential UNIT is accessed through a door opening onto a passageway which is a COMMON ELEMENT.

All built-in kitchen appliances, counters, cabinets, refrigerators, heating, ventilation and air-conditioning systems serving each of the UNITS are a part of the UNIT that they serve and are not COMMON ELEMENTS. The balcony (if any) adjacent to a UNIT, including the railing thereof, which is accessible from that UNIT, is a LIMITED COMMON ELEMENT for the exclusive use of that UNIT.

The Survey shall control over the Plans as to the actual location of the building upon the ground.

Commercial UNIT C-1 consists of all of the areas or rooms designated as "COMMERCIAL 1" on the garage basement through the PH level on the Plans. Furthermore, a perpetual, appurtenant easement for advertising is hereby reserved over the corridors, passageways, elevators, building exterior, parking garage and other COMMON ELEMENTS, which easement is a LIMITED COMMON ELEMENT for the exclusive use and benefit of Commercial UNIT C-1 and the Owner thereof. Finally, an exclusive, perpetual, appurtenant easement is hereby reserved for the benefit of C-1 and the Owner thereof on the roof of the building containing the UNITS for the installation, maintenance and repair of antennas, satellite dishes and other receiving, transmitting and communication devices.

Commercial UNIT C-2 consists of all of the areas or rooms designated as "COMMERCIAL 2" on the ground level on the Plans.

Commercial UNIT C-3 consists of all of the areas or rooms designated as "COMMERCIAL 3" on the ground level through level five (5) on the Plans. Provided however, notwithstanding the fact that such areas are designated as Commercial UNIT C-3 all other Owners of UNITS, their guests and family members shall have a nonexclusive appurtenant, perpetual easement over Commercial UNIT C-3 for the parking of motorized passenger vehicles and for pedestrian and vehicular ingress and egress, which easement will be a COMMON ELEMENT. Further, given the fact that the primary use of Commercial Unit C-3 is co-extensive with the above described easement for parking, ingress and egress and given the fact that such easement is a COMMON ELEMENT, it shall be the responsibility of the Association to maintain all aspects of the areas designated as Commercial Unit C-3 as a common expense including but not limited to mirrors, light fixtures, concrete surfaces, signage entrance control equipment and exit doors.

References to areas as COMMON ELEMENTS and LIMITED COMMON ELEMENTS in this Exhibit shall be in addition to and read in conjunction with the further designations of COMMON ELEMENTS and LIMITED COMMON ELEMENTS as set out in other portions of this Master Deed and the Survey and Plans making up the balance of this Exhibit "B".

All construction warranties are contained in the Purchase Agreement, separate warranty instruments and/or other individual deeds to original purchasers of UNITS and GRANTOR MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, nor are the benefits of any warranties, except those expressly granted to original purchasers, extended to any subsequent title holders or other parties claiming any interest in any UNIT.

This Exhibit "B" shall be amended if Phase II through Phase III, or any one or more of them, becomes a part of the Horizontal Property Regime in accordance with the terms of the Master Deed.

Furthermore, the GRANTOR, its successors and assigns, hereby reserves an easement over, under, through and across the COMMON ELEMENTS being herewith submitted as a part of this Phase(s) for the purpose of the location and construction building(s), UNITS and other improvements which may be constructed by the GRANTOR, its successors and assigns, and submitted as an additional phase or phases of Sand Dunes North Tower Horizontal Property Regime, together with any and all easements incidental for the foregoing.

SAND DUNES NORTH TOWER

HORIZONTAL PROPERTY REGIME

EXHIBIT "C"

TO

MASTER DEED

Schedule of percentage (%) of undivided interest in the COMMON ELEMENTS appurtenant to UNITS in Sand Dunes North Tower Horizontal Property Regime, including Phase I, and if developed, Phases II through III, inclusive. Statutory Value is for statutory purposes only and has

no relationship to the actual value of each UNIT.

UNIT Number Phase I	Statutory Value (\$)	Percentage Interest
601	100	.7519
602	100	.7519
603	100	.7519
604	100	.7519
605	100	.7519
606	100	.7519
607	100	.7519
608	100	.7519
609	100	.7519
610	100	.7519
701	100	.7519
702	100	.7519
703	100	.7519
704	100	.7519
705	100	.7519
706	100	.7519
707	100	.7519
708	100	.7519
709	100	.7519

710	100	.7519
801	100	.7519
802	100	.7519
803	100	.7519
804	100	.7519
805	100	.7519
806	100	.7519
807	100	.7519
808	100	.7519
809	100	.7519
810	100	.7519
901	100	.7519
902	100	.7519
903	100	.7519
904	100	.7519
905	100	.7519
906	100	.7519
907	100	.7519
908	100	.7519
909	100	.7519
910	100	.7519
1001	100	.7519
1002	100	.7519
1003	100	.7519

1004	100	.7519
1005	100	.7519
1006	100	.7519
1007	100	.7519
1008	100	.7519
1009	100	.7519
1010	100	.7519
1101	100	.7519
1102	100	.7519
1103	100	.7519
1104	100	.7519
1105	100	.7519
1106	100	.7519
1107	100	.7519
1108	100	.7519
1109	100	.7519
1110	100	.7519
1201	100	.7519
1202	100	.7519
1203	100	.7519
1204	100	.7519
1205	100	.7519
1206	100	.7519
1207	100	.7519

1208	100	.7519
1209	100	.7519
1210	100	.7519
1401	100	.7519
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1710	100	.7519
1801	100	.7519
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1804	100	.7519
1805	100	.7519

1806	100	.7519
1807	100	.7519
1808	100	.7519
1809	100	.7519
1810	100	.7519
PH-1	100	.7519
PH-2	100	.7519
PH-3	100	.7519
PH-4	100	.7519
PH-5	100	.7519
PH-6	100	.7519
PH-7	100	.7519
PH-8	100	.7519
PH-9	100	.7519
PH-10	100	.7519
C-1	200	1.503
C-2	50	.3759
C-3	50	.3759
Total Statutory Value for Phase I	\$13,300.00	100.000% (rounded)

In addition, up to two (2) additional phases may be added as Phases II through III, or any of them. As each Phase is added, the total statutory value of all phases submitted and constituting Sand Dunes North Tower Horizontal Property Regime at that time and the percentage interest of each UNIT may be determined. To determine the percentage interest of each UNIT, utilize a

formula with the statutory value of each UNIT set forth in the chart below as the numerator with the total statutory value of Sand Dunes North Tower Horizontal Property Regime at that time (including the Phase being submitted and any Phases previously submitted) as the denominator. The resulting fraction shall then be expressed as a percentage rounded to the nearest .0001.

The percentage as determined above shall be the percentage of undivided interest appurtenant to each UNIT in Phase I through Phase III in the event the GRANTOR elects, in accordance with the provisions of the Master Deed to which this Exhibit is attached, to proceed with the development of Phase II through Phase III or so many of said phases as it might elect, within the time provided in the Master Deed, then, in that event, as of the date of recording the amendment incorporating each additional Phase, the percentage interest appurtenant to each UNIT in Phase I, Phase II and any additional phases in the COMMON ELEMENTS will automatically be the percentage to be set forth in a chart which GRANTOR must record as part of its election to construct Phase II and/or Phase II through Phase III, or so many of them as GRANTOR might elect, to be determined by the ratio of the statutory value of the individual UNIT as the same bears to the statutory value of the whole property. Provided, however, the assigned values to be reflected in the chart for UNITS in additional phases must be the values provided in the following chart depending on the type of UNIT involved as follows:

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The GRANTOR may construct in Phase II and any subsequent phases through Phase III any combination of One Bedroom, Two Bedroom, Three Bedroom, Commercial Unit Type I, Commercial Unit Type II, or Commercial Unit Type III UNITS, provided that GRANTOR at the time of recording its election specifies in the chart amending this Exhibit "C" the percentage of interest of each UNIT in Phase I and so many additional phases as might have at that time be incorporated hereunder using the values of the different type UNITS assigned above.

Each additional phase shall be a minimum total statutory value based on the sum of all statutory values of all UNITS within that phase of \$50 and a maximum total statutory value of all UNITS within that phase of \$3,600. The minimum statutory value for additional phases set forth above assumes that one UNIT is submitted as an additional phase and that such UNIT has a statutory value of \$50. The maximum statutory value for additional phases set forth above assumes that the maximum number of UNITS, two hundred sixty (260) units with a statutory value of \$100 each, plus five COMMERCIAL UNIT TYPE IIIs with a statutory value of \$200 each, is being submitted. Therefore, the minimum and maximum percentage interest of each UNIT within Phase I, at any time during the development and submission of additional phase(s) to Sand Dunes North Tower Horizontal Property Regime, may be determined by use of the formula hereinafter provided.

The actual percentage interest of each UNIT may be computed in accordance with the following formula with the result obtained from such formula being then expressed as a percentage:

Statutory Value of the UNIT Percentage Interest

Total Statutory Value of all = of the UNIT (Expressed
UNITS submitted to the as a Percentage)
Horizontal Property Regime

EXHIBIT "D"

ARTICLES OF INCORPORATION

OF

SAND DUNES NORTH TOWER HOMEOWNERS' ASSOCIATION, INC.

The undersigned subscribers, desiring to form a nonprofit corporation under South Carolina statutes, as amended, hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of the corporation shall be Sand Dunes North Tower Homeowners' Association, Inc. which is hereinafter referred to as the "ASSOCIATION".

ARTICLE II

PURPOSES AND POWERS

The purpose of the ASSOCIATION is to manage the affairs of Sand Dunes North Tower Horizontal Property Regime.

The ASSOCIATION is not organized for profit and no part of the net earnings, if any, shall inure to the benefit of any MEMBER or individual person, firm or corporation.

The ASSOCIATION shall have all of the common law and statutory powers of a nonprofit corporation. The ASSOCIATION shall also have all of the powers necessary to implement the purposes of the ASSOCIATION and to provide for the general health and welfare of its membership.

ARTICLE III

MEMBERS

Section 1. Membership. Every person or entity who is a record OWNER of a fee or undivided fee interest in any UNIT which is subject by the Master Deed to assessment by the ASSOCIATION shall be a MEMBER of the ASSOCIATION, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a MEMBER.

Section 2. Voting Rights. The ASSOCIATION shall have two (2) classes of voting membership.

Class I. Class I MEMBERS shall be all those OWNERS as defined in Article XIII, in the Master Deed. Class I MEMBERS shall be entitled to one vote for each UNIT in which they hold the interest required for membership. When more than one person holds such interest or interests in a UNIT, all such persons shall be MEMBERS; however, they shall select one (1) MEMBER to vote, which such MEMBER shall be designated as the "VOTING MEMBER" and shall be so designated in writing to the Secretary of the ASSOCIATION. In no event shall more than one (1) vote be cast with respect to any UNIT.

Class II. The sole Class II MEMBER shall be the GRANTOR. The Class II MEMBER shall be entitled to four (4) votes for each UNIT in which it holds the interest required for membership by Article XIII in the Master Deed provided that the Class II membership shall continue only so long as any phase or phases of the Condominium Project have not been submitted to the Horizontal Property Regime, or GRANTOR, its successors or assigns, is the OWNER of one (1) or more UNITS in the entire Condominium. GRANTOR reserves the right at any time to terminate Class II membership by filing an instrument in the records of the Register of Deeds for Horry County, so doing and in any event the Class II membership shall terminate no later than September 1, 2026.

Section 3. Meetings of MEMBERS. The By-Laws of the ASSOCIATION shall provide for an

annual meeting of the MEMBERS, and may make provisions for regular and special meetings of the MEMBERS other than the annual meeting. A quorum for the transaction of business at any meeting of the MEMBERS shall exist if fifty-one (51%) percent of the MEMBERS shall be present. Action may be taken by majority vote of those MEMBERS present at any meeting. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough MEMBERS to leave less than a quorum in attendance. Further, at any adjourned meeting at which a quorum is present at the reconvening of such meeting, any business may be transacted which might have been transacted at the original meeting and notwithstanding the withdrawal of enough MEMBERS to leave less than a quorum in attendance.

Section 4. Principal Office. The initial principal office of the Corporation shall be located at 201 74th Avenue North, Myrtle Beach, South Carolina, 29572; however, the Corporation may maintain offices and transact business in such other places within or without the State of South Carolina as may from time to time be designated by the Board of Directors.

ARTICLE IV

CORPORATE EXISTENCE

The ASSOCIATION shall have perpetual existence.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Management by Directors. The property, business and affairs of the ASSOCIATION shall be managed by a Board of Directors, which shall consist initially of three (3) persons. The

Board shall be increased thereafter to five (5) persons as provided in Article III of the By-Laws. A majority of the directors in office shall constitute a quorum for the transaction of business. The By-Laws shall provide for meetings of directors, including an annual meeting.

Section 2. Original Board of Directors. The names and addresses of the first Board of Directors of the ASSOCIATION, who shall hold office until the first annual meeting of MEMBERS until qualified successors are duly elected and have taken office, shall be as follows:

1. Thomas T. Taylor
1500 Legends Drive,
Myrtle Beach, SC
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Section 3. Election of Members of Board of Directors. Except for the first Board of Directors, directors shall be elected by the MEMBERS as provided by the By-Laws of the ASSOCIATION. The By-Laws may provide for the method of voting in the election and for removal from office of directors. After GRANTOR gives up control of the ASSOCIATION, all directors shall be OWNERS of UNITS in Sand Dunes North Tower Horizontal Property Regime or shall be authorized representatives, officers, or employees of corporate members of the ASSOCIATION.

Section 4. Duration of Office. MEMBERS elected to the Board of Directors shall hold office for such periods of time as are set out in the By-Laws.

Section 5. Vacancies. If a director elected by the general membership shall for any reason cease to be a director, the remaining directors so elected may elect a successor to fill the vacancy for the balance of the unexpired term.

ARTICLE VI

OFFICERS

Section 1. Officers Required. The ASSOCIATION shall have a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time elect.

Section 2. Election and Appointment of Officers. The officers of the ASSOCIATION, in accordance with any applicable provision of the By-Laws, shall be elected by the Board of Directors for terms of one year and until qualified successors are duly elected and have taken office. The By-Laws may provide for the method of voting in the election, for the removal from office of officers, for filling vacancies, and for the duties of the officers. The President and Vice President shall be directors; other officers may or may not be directors of the ASSOCIATION. If the office of President shall become vacant for any reason, or if the President shall be unable or unavailable to act, the Vice President shall automatically succeed to the office or perform its duties and exercise its powers. If any office other than that of the President shall become vacant for any reason, the Board of

Directors may elect or appoint an individual to fill such vacancy.

Section 3. First Officers. The names and addresses of the first officers of the ASSOCIATION, who shall hold office until the first annual meeting of directors and until successors are duly elected and have taken office, shall be as follows:

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ARTICLE VII

BY-LAWS

The Board of Directors shall adopt By-Laws consistent with these Articles of Incorporation. Such By-Laws may be altered, amended or repealed in the manner set forth in the By-Laws.

ARTICLE VIII

AMENDMENTS

Section 1. Amendments to these Articles of Incorporation shall be proposed and approved by the Board of Directors by majority vote.

Section 2. In case of any conflict between these Articles of Incorporation and the By-Laws, these Articles shall control; and in case of any conflict between these Articles of Incorporation and the said Master Deed for Sand Dunes North Tower Horizontal Property Regime, the said Master Deed shall control.

ARTICLE IX

SUBSCRIBERS

The names and addresses of the subscribers to these Articles of Incorporation are:

Frans Mustert
201 74th Avenue
North

Myrtle Beach, SC 29577

ARTICLE X

INDEMNIFICATION

The ASSOCIATION shall indemnify any person who is made a party or

is threatened to be made a party to any claim, suit, proceeding or liability by reason of the fact that he is or was a director, officer, employee, agent or representative of the ASSOCIATION to the fullest extent permitted by law, and the ASSOCIATION may advance expenses to any such person to the fullest extent permitted by law. The ASSOCIATION shall also have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, agent or representative of the ASSOCIATION against any liability asserted against him in any such capacity.

IN WITNESS WHEREOF, the said incorporator has hereunto set his hand this _____ day of August, 2001.

Frans Mustert

EXHIBIT "E"

BY-LAWS

OF

SAND DUNES NORTH TOWER HOMEOWNERS' ASSOCIATION, INC.

Article I

Name, Principal Office and Definitions

Section 1. Name. The name of the ASSOCIATION shall be Sand Dunes North Tower Homeowners' Association, Inc. (hereinafter sometimes referred to as the "ASSOCIATION").

Section 2. Principal Office. The principal office of the ASSOCIATION in the State of South Carolina shall be located in Myrtle Beach, County of Horry. The ASSOCIATION may have such other offices, either within or without the State of South Carolina, as the Board of Directors may determine or as the affairs of the ASSOCIATION may require.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Master Deed for Sand Dunes North Tower Horizontal Property Regime, as amended, renewed or extended from time to time, as hereinafter sometimes referred to as the "Master Deed", unless the context shall prohibit.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The ASSOCIATION shall have two (2) classes of membership, Class "I" and Class "II", as more fully set forth in the Articles of Incorporation, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the ASSOCIATION shall be held at the principal office of the ASSOCIATION or at such other suitable place convenient to the VOTING MEMBERS as may be designated by the Board of Directors either within the properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the membership, whether a regular or special meeting, shall be held within ninety (90) days after the expiration of one (1) year from the date of incorporation of the ASSOCIATION. The next annual meeting shall be set by the Board so as to occur no more than ninety (90) days after the close of the ASSOCIATION'S fiscal year. Subsequent regular annual meetings of the membership shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting shall be held at a date and time as set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the ASSOCIATION if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by VOTING MEMBERS representing at least ten (10%) percent of the total votes of the ASSOCIATION. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the MEMBERS shall be delivered either personally or by mail, to each VOTING MEMBER entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the VOTING MEMBER at his address as it appears on the records of the ASSOCIATION, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the VOTING MEMBERS shall be deemed the equivalent of proper notice. Any VOTING MEMBER may, in writing, waive notice of any meeting of the VOTING MEMBERS, either before or after such meeting. Attendance at a meeting by a VOTING MEMBER or alternate shall be deemed waiver by such VOTING MEMBER of notice of the time, date and place thereof, unless such VOTING MEMBER specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the ASSOCIATION cannot be held because a quorum is not present, a majority of the VOTING MEMBERS who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted.

Section 8. Voting. The voting rights of the MEMBERS shall be as set forth in the Articles of Incorporation, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. VOTING MEMBERS may vote in person or by Proxy.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, OWNERS or other group as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Master Deed or Articles of Incorporation, the presence in person or by alternate of the VOTING MEMBERS representing fifty-one (51%) percent of the total vote of the ASSOCIATION shall constitute a quorum at all meetings of the ASSOCIATION. Any provision in the Master Deed concerning quorums is specifically incorporated herein. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough MEMBERS to leave less than a quorum in attendance. Further, at any adjourned meeting at which a quorum is present at the reconvening of such meeting, any business may be transacted which might have been transacted at the original meeting notwithstanding the withdrawal of enough MEMBERS to leave less than a quorum in attendance.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the ASSOCIATION, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the VOTING MEMBERS, or any action which may be taken at a meeting of the VOTING MEMBERS, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the VOTING MEMBERS entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the VOTING MEMBERS.

Article III

Board of Directors, Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the ASSOCIATION shall be governed by a Board of Directors each of whom shall have one (1) vote. Except as provided in Section 2 of this Article, the Directors shall be MEMBERS. In the case of an OWNER which is a corporation or partnership, the person designated in writing to the secretary of the ASSOCIATION as the representative of such corporation or partnership shall be eligible to serve as a Director.

Section 2. Directors During Class "II" Control. The Directors who shall serve on the Board of Directors of the ASSOCIATION shall be selected by the Class "II" MEMBER acting in its sole discretion and shall serve at the pleasure of the Class "II" MEMBER until the first annual meeting of the membership following termination of Class II control. Within one hundred twenty (120) days after termination of Class II Control, the Class "II" MEMBER shall call a meeting, as provided in Article II, Section 4, of these By-Laws for special meetings, to advise the membership of the termination of the Class "II" MEMBER'S control or, in the alternative, shall notify each MEMBER by U. S. Mail that the Class II membership has terminated.

The Directors selected by the Class "II" MEMBER pursuant to this Section need not be MEMBERS as provided in Section 1 of this Article.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Class "II" MEMBER, so long as the Class "II" membership exists.

So long as the Class "II" membership exists, the Class "II" MEMBER shall have a veto power over all actions of the Board of Directors and any committee, as is more fully provided in this Section. This veto power shall be exercisable only by the Class "II" MEMBER, its successors, and assigns who specifically take this power in a recorded instrument. The veto power shall be as follows:

No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class "II" MEMBER shall have been given written notice of all meetings and proposed actions approved at meetings of the Board of Directors or any committee by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the ASSOCIATION, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 10 and 11, of these By-Laws as to regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "II" MEMBER shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of the meeting relative to any prospective action, policy, or program to be implemented by the Board of Directors, any committee, or the ASSOCIATION. The Class "II" MEMBER and its representatives or agents shall make its concerns, thoughts, and suggestions known to the MEMBERS of the subject committee and/or the Board of Directors. The Class "II" MEMBER shall have and is hereby granted a veto power over any such action, policy, or program authorized by any committee or the Board of Directors and to be taken by any committee or Board of Directors of the ASSOCIATION or any individual MEMBER of the ASSOCIATION if Board of Directors, committee, or ASSOCIATION approval is necessary for said action. This veto may be exercised by the Class "II" MEMBER, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board of Directors or the ASSOCIATION.

Section 4. Number of Directors. The number of Directors in the ASSOCIATION shall not be less than three (3) nor more than five (5), as provided below. The initial Board shall consist of three (3) MEMBERS as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to Directors selected by the Class "II" MEMBER, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a MEMBER of the Board of Directors, and three (3) or more MEMBERS of the ASSOCIATION. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the VOTING MEMBERS to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to

communicate their qualifications to the MEMBERS and to solicit votes.

Section 6. Election and Term of Office. At the first annual meeting of the membership after the termination of the Class "II" control and at each annual meeting of the membership thereafter, Directors shall be elected by the VOTING MEMBERS for terms as outlined below.

At the first annual meeting after the termination of Class II control, five (5) Directors shall be elected. Two of the Directors, elected pursuant to this Section, shall be elected to serve for a term of three (3) years. Two (2) of the remaining Directors shall be elected to serve for a term of two (2) years, with the final Director elected to serve for a one (1) year term. MEMBERS of the Board of Directors shall hold office until their respective successors shall have been elected by the ASSOCIATION. Directors may be elected to serve any number of consecutive terms. Each MEMBER elected thereafter shall be elected for a three (3) year term.

Section 7. Removal of Directors and Vacancies. Any Director of the ASSOCIATION may be removed, with or without cause, by a vote of the VOTING MEMBERS with a majority vote of the membership. Any Director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall then and there be elected to fill the vacancy by the VOTING MEMBERS responsible for such removal.

Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than thirty (30) days may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, or resignation of a Director, a vacancy may be declared by the Board and it may appoint a successor. Any Director appointed by the Board shall serve for the remainder of the term such successor was appointed to fill.

Section 8. Voting Procedure for Directors. At any election of Directors to the Board of Directors, each VOTING MEMBER may cast, in respect to each vacancy, as many votes as he or she is entitled to exercise under the Articles of Incorporation. The candidates receiving the largest number of votes shall be

elected.

B. Meetings.

Section 9. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. 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, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given by use of the Director's telephone number or shall be sent to the Director's address as shown on the records of the ASSOCIATION. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least three (3) days before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not

present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting until such time and place as they may determine. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the ASSOCIATION for acting as such unless approved by MEMBERS holding a majority of the total vote of the ASSOCIATION at a regular or special meeting of the ASSOCIATION; provided any Director may be reimbursed for expenses incurred on behalf of the ASSOCIATION upon approval of a majority of the other Directors.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. Subject to the provisions of Section 17 of this Article, all meetings of the Board shall be open to all VOTING MEMBERS, but VOTING MEMBERS other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time any VOTING MEMBER may speak.

Section 17. Action Without a Formal Meeting. Any action to be

taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the ASSOCIATION and shall have all of the powers and duties necessary for the administration of the ASSOCIATION'S affairs and, as provided by law, may do all acts and things as are not by the Master Deed, Articles, or these By-Laws directed to be done and exercised exclusively by the VOTING MEMBERS or the membership generally.

The Board of Directors shall delegate to one of its MEMBERS the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the ASSOCIATION that may be hereafter adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each OWNER to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each UNIT'S proportionate share of the Common Expenses shall be payable in equal monthly installments, or as determined by the Board of Directors;

(c) providing for the operation, care, upkeep, and maintenance of

all of the COMMON AREAS;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the ASSOCIATION, its property, and the COMMON AREAS and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the ASSOCIATION; provided, any reserve fund may be deposited, in the Directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the ASSOCIATION and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the COMMON AREA in accordance with the other provisions of the Master Deed and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Master Deed, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the OWNERS concerning the ASSOCIATION;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Master Deed, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the ASSOCIATION or its MEMBERS and not chargeable to OWNERS;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the ASSOCIATION and its administration,

specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the OWNERS and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the OWNERS. All books and records shall be kept in accordance with generally accepted accounting principles;

(m) making available to any prospective purchaser of a UNIT, any OWNER of a UNIT, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any UNIT, current copies of the Master Deed, the Articles of Incorporation, the By-Laws, rules governing the UNIT, and all other books, records, and financial statements of the ASSOCIATION; and

(n) permitting utility suppliers to use portions of the COMMON AREA reasonably necessary to the ongoing development or operation of the properties.

Section 19. Management Agent.

(a) The Board of Directors may employ for the ASSOCIATION a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 18 of this Article. The GRANTOR, or an affiliate of the GRANTOR, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee or penalty on ninety (90) days' or less written notice.

Section 20. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls shall conform to generally accepted accounting principles;

(c) cash accounts of the ASSOCIATION shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the ASSOCIATION, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise unless it benefits the ASSOCIATION;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the ASSOCIATION shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first UNIT is sold and closed, financial reports shall be prepared for the ASSOCIATION at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a variance report reflecting the status of all ASSOCIATION ledger accounts in an "actual" versus "approved" budget format;

(iii) a balance sheet as of the last day of the preceding period; and

(iv) a delinquency report listing all OWNERS who are delinquent in paying the assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board of Directors); and

(g) an annual report as of the end of the fiscal year consisting of at least the following shall be distributed to all MEMBERS within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited, reviewed, or unaudited basis, as determined by the Board, by an independent certified public accountant for any fiscal year in which the gross income of the ASSOCIATION exceeds Seventy-Five Thousand and No/100 (\$75,000.00) Dollars. If said report is not prepared by an independent certified public accountant, it shall be accompanied by the certificate of an authorized officer of the ASSOCIATION that the statements were prepared without audit from the books and records of the ASSOCIATION.

Section 21. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the COMMON ELEMENTS without the approval of the membership; provided, however, the Board shall obtain VOTING MEMBER approval by majority vote for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the ASSOCIATION for that fiscal year.

Section 22. Rights of the Association. With respect to the COMMON AREAS, and in accordance with the Articles of Incorporation and By-Laws of the ASSOCIATION, the ASSOCIATION shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the ASSOCIATION to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other OWNERS or residents ASSOCIATIONS, both within and without the properties. Such agreements shall require the consent of two-thirds (2/3) of all Directors of the ASSOCIATION.

The ASSOCIATION shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the period of Class "II" control unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Section 23. Enforcement. The Board shall have the power to impose

reasonable fines, which shall constitute a lien upon the property of the violating OWNER, and to suspend an OWNER'S right to vote or to use the COMMON AREA for violation of any duty imposed under the Master Deed, these By-Laws, or any rules and regulations adopted hereunder; provided, however, nothing herein shall authorize the ASSOCIATION or the Board of Directors to limit ingress and egress to or from a UNIT. In the event that any occupant of a UNIT violates the Master Deed, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the OWNER shall pay the fine upon notice from the ASSOCIATION. The failure of the Board to enforce any provision of the Master Deed, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, except the suspension of voting rights for nonpayment of assessments, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the OWNER a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the ASSOCIATION within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the ASSOCIATION, acting through the Board of Directors, may elect to enforce any provision of the Master Deed, these By-Laws, or the rules and regulations of the ASSOCIATION by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the OWNER or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV

Officers

Section 1. Officers. The officers of the ASSOCIATION shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the MEMBERS of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the ASSOCIATION shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the membership, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the ASSOCIATION will be served thereby.

Section 4. Powers and Duties. The officers of the ASSOCIATION shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive

officer of the ASSOCIATION. The Treasurer shall have the responsibility for the preparation of the budget as provided for in the Master Deed.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the ASSOCIATION shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Article V

Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least five (5) and no more than seven (7) MEMBERS. Acting in accordance with the provisions of the Master Deed, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the ASSOCIATION and conduct all hearings held pursuant to Article III, Section 23 of these By-Laws.

Article VI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the ASSOCIATION shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of ASSOCIATION proceedings when not in conflict with South Carolina law, the Articles of Incorporation, the Master Deed, or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of South Carolina law, the Articles of Incorporation, the Master Deed, and these By-Laws, the provisions of South Carolina law, the Master Deed, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Master Deed and By-Laws, membership register, books of account, and minutes of meetings of the MEMBERS, the Board, and committees shall be made available for inspection and copying by any Mortgagee, MEMBER of the ASSOCIATION, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a MEMBER at the office of the ASSOCIATION or at such other place within the Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the

absolute right at any reasonable time to inspect all books, records, and documents of the ASSOCIATION and the physical properties owned or controlled by the ASSOCIATION. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the ASSOCIATION.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a MEMBER or VOTING MEMBER, at the address which the MEMBER or VOTING MEMBER has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the UNIT of such MEMBER or VOTING MEMBER; or

(b) if to the ASSOCIATION, the Board of Directors, or the managing agent, at the principal office of the ASSOCIATION or the managing agent, if any, or at such other address as shall be designated by notice in writing to the MEMBERS pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first UNIT, GRANTOR may unilaterally amend these By-Laws. Thereafter and otherwise, these By-Laws may be amended only by the affirmative vote (in person or by alternate) or written consent of VOTING MEMBERS representing sixty-six (66%) percent of the total votes of the ASSOCIATION, including sixty-six (66%) percent of the votes of MEMBERS other than the GRANTOR. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall be effective until recorded in the public records of Horry County, South Carolina.

IN WITNESS WHEREOF, Sands Resorts Development, LLC, a South Carolina Limited Liability Company has caused these presents to be executed this _____ day of February, 2001.

SAND
DUNES
NORTH
TOWER

HOMEO
WNERS
'
ASSOC
IATIO
N,
INC.

_____ By: _____

_____ Attest: _____
