

MASTER DEED

For

Sand Dunes Condominium

Horizontal Property Regime

Horry Count, South Carolina

Sand Dunes Resort Phase II, LLC, a South Carolina Limited Liability Company, having its principal office at the 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, submit, and does hereby submit, the lands, buildings and easements hereinbelow described (Phase I), the lands, buildings and 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 Condominium, 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 through 27-31-100 of said Act, the GRANTOR sets forth the following Particulars:

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 of 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 the COMMON ELEMENTS affording access to each UNIT. Each UNIT is identified by specific number 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 Mesne Conveyances.

III.

ADDITIONAL PHASES AND EASEMENTS THEREFORE

In addition to the lands with improvements thereon in Phase I, the GRANTOR may construct additional UNITS on property contiguous or near the property described in Paragraph I herein and submit same to Sand Dunes Condominium Horizontal Property Regime in additional phases not to exceed four (4) total phases (including Phase I). The additional property shall be referred to as "Phase II" through "Phase IV". If constructed and submitted, Phase II shall consist of not more than 120 residential UNITS, Phase III shall consist of not more than 120 residential UNITS and Phase IV shall consist of not more than 80 residential UNITS. In addition, Phases II, through IV, if submitted, shall be comprised of any combination of studio, one bedroom, two bedroom or three bedroom UNITS in the GRANTOR'S discretion. The Commercial UNIT(S) in Phase II through IV, 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 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 IV (or any one or more of them), the property of said phase(s) will become an intergral part of Sand Dunes Condominium 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 IV all easements and rights of ingress and egress necessary and convenient for the construction of the said Phases II through IV, 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 remain in full force and effect for such time as the GRANTOR retains the option of submitting the said Phases II through IV, 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 IV, 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 Condominium Horizontal Property Regime. The GRANTOR may elect to exercise this right or option as to Phases II through IV, or any one or more of them, no later than December 31, 2025. The said Phases II through IV (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 Mesne Conveyances for Horry County, South Carolina. Any such amendment shall expressly submit such Phase or Phases to all of the Condominium 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 Condominium Horizontal Property Regime may show or depict certain amenities to be constructed as part of Sand Dunes Condominium Horizontal Property Regime, such as pools and tennis courts, 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 Condominium 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 Condominium 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.

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 representative that any additional Phase 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 of sixty (60) residential and one (1) 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, (including but not limited to the easements and rights contained in that certain Restated and Revised Reciprocal Easement Agreement dated 1/30, 1996 and recorded 1/30, 1996 in Deed Book 1846 at Page 149, and that certain Reciprocal Easement Agreement For Parking dated 1/30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 174, both records of Horry County, South Carolina granted unto Sand Dunes Resort Phase II, LLC), improvements and facilities of the Condominium including but not limited to stairways, elevators, 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 ELEMMENTS, 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 described in this Master Deed and/or as particular UNIT 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 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 other wise trade or deal with the entire UNIT. Any instrument conveying, devising, encumbering or otherwise dealing with any UNIT which describes said UNTI 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 that one person or entity as tenants in common, or joint tenants with right of survivorship. Further, noting contained herein shall be construed as limiting or preventing the GRANTOR, its successors or assigns, from adding Phases II through IV, 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, including, but not limited to, that certain Restated and Revised Reciprocal Easement Agreement dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 149, records of Horry County, South Carolina and that certain Reciprocal Easement Agreement For Parking dated January 30, 1996 and recorded January 30, 1996 in Deed book 1846 at Page 174, records of Horry County, South Carolina.

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, 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.

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, 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, sewer and/or telephone systems. Such easements may be granted or accepted by GRANTOR with respect to the COMMON ELEMENTS without notice to or consent by 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 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 restrained 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. Provide, however, the Co-Owner's interest in the COMMON ELEMENTS may be diminished by the addition of Phases II through IV, 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, calculated 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 CONDOMINIUM (A CONDOMINIUM)  
BY SAND DUNES CONDOMINIUM  
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 Condominium 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 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 Condominium 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 terminate automatically upon each Owner or Owners being divested of such ownership interest in such UNIT, regardless of the means 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 upon any UNT 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) 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, and invitees; provided, however, 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.

No UNIT or any portion thereof may be submitted to a plan of Interval Ownership or any form of timesharing. 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, 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 UNIT 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, its successors and assigns, unless and until the GRANTOR consent 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. Nothing herein shall be construed to limit the rights of the Owner or 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, 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 alteration without first obtaining the written consent of the GRANTOR (so long as GRANTOR has the right to submit additional phases and/or owns one or more UNITS) and the Association, which consent may be withheld by the Association determines, in its sole discretion, that such structural modification or alteration 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 loadbearing 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 alteration and improvements must first be approved by the Board of Directors of the Association, and, except as hereinafter provided, the cost of the alterations and 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 alteration 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 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 endanger. 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, (but not frames, etc. of windows which shall be maintained and repaired by the Association), walls, exterior surfaces of all interior ceilings and floors, walls, exterior surfaces of all interior ceilings and floors, 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 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. No Owner shall take any action which will alter the exterior appearance of the building. 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 charge of making a key should Owner fail to deposit a key with the Association pursuant to 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), 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, 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. Without limiting the generality of the foregoing, the ASSOCIATION shall be responsible for and hereby assumes all of the obligations on the part of Sand Dunes Resort Phase II, LLC pursuant to that certain Restated and Revised Reciprocal Easement Agreement dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 149, and that certain Reciprocal Easement Agreement for Parking dated 1/30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 174, both records of Horry County, South Carolina. All maintenance replacement and repairs to the COMMON ELEMENTS shall meet or exceed the quality of the original construction including all components thereof. Furthermore, in the event it becomes necessary to paint the exterior of the Condominium, the color, color scheme and texture of the exterior of the building shall be made to match the color, color scheme and texture of the exterior of the building commonly known as Sand Dunes Resort Hotel which is adjacent to the Condominium.

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 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 COMMON ELEMENTS. The Owner of a UNIT shall be liable for injuries or damage resulting from and 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 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 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 negotiation 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 any 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 may incur in the performance 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 mortgages, after such 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 of 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 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 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 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 interest in COMMON ELEMENTS, 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 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 for 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 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 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.

XXVII.

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 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 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, in establishing said 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 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, 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 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 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 owning 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 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 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 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 corporation 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 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 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 of any mortgage or any other lien recorded prior to the time of recording of the Association's Claim of Lien.

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

- L. Whenever any UNIT may be sold or mortgaged by the Owner thereof, which sale shall be concluded only upon compliance with other provisions of this Master Deed, 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 against 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 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, 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 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 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 operation 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 to the residential UNITS or the Owner(s) thereof which are reserved herein exclusively for the benefit of the 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 action 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 executed copy of such amendment or amendments so certified and executed copy of such amendment or amendments so 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 favor of any mortgagee or in favor of GRANTOR without the written consent of all of 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 December 31, 2025, amend this Master Deed in the manner set forth in Article III so as to subject Phases II through IV, 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 IV, or any of them, an integral part of Sand Dunes Condominium 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 Condominium 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. It is not contemplated that submission of Phases II through IV will substantially increase the proportionate amount of the common expenses payable by existing UNIT Owners.

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 any appropriate document in the Office of the Register Mesne Conveyance 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, by 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 provisions 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 By-Laws 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, the GRANTOR, its successors or 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 the Board of Directors of the Association the manner in which such 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 31<sup>st</sup> day of December, 2025.

Any representative of GRANTOR serving on the Board of Directors of the Association shall not be required to disqualify himself upon any vote upon any management contract or other matter between any vote upon 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 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 one separately designated UNIT within Phase I and up to one additional UNIT 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 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 Condominium Homeowners' Association, Inc., the corporate form by which the council of Co-Owners shall operate Sand Dunes Condominium 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 general COMMON ELEMENTS.
- J. "COMMON ELEMENTS" 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. Installments for the furnishing for 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).

XXXVII.

RIGHTS IN NAME  
SAND DUNES RESORT HOTEL RESERVED

Notwithstanding anything herein to the contrary, all rights in and to the name "Sand Dunes Resort Hotel" or any derivation thereof are hereby specifically reserved in favor of the GRANTOR.

IN WITNESSS WHEREOF, Sand Dunes Resort Phase II, LLC, a South Carolina Limited Liability Company, by its Sole Members, by Ocean Dunes Limited, a South Carolina Limited Partnership by its Partners and by Long Bay Apartments, a South Carolina Limited Partnership by its Partners, has caused these presents to be executed this 30<sup>th</sup> day of January, 1996.

EXHIBIT "A" TO THE MASTER DEED  
FOR SAND DUNES CONDOMINIUM HORIZONTAL PROPERTY REGIME

## LEGAL DESCRIPTION

ALL AND SINGULAR, That certain piece, parcel or tract of land located in Myrtle Beach, Horry County, South Carolina, containing 0.51 acres and being more particularly shown and designated as "REVISED PARCEL B" on that certain map or plat entitled "MAP SHOWING REVISED PARCEL A & REVISED PARCEL B, BLOCK 7, LONG BAY SECTION, MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA PREPARED FOR: SAND DUNES RESORT HOTEL" by Robert L. Bellamy & Associates, Inc. dated January 8, 1996 and recorded January 30, 1996 in Plat Book 139 at Page 27, records of Horry County, South Carolina.

Together with all rights, easements and obligations in favor of Sand Dunes Resort Phase II, LLC pursuant to that certain Restated and Revised Reciprocal Easement Agreement dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 149, and that certain Reciprocal Easement Agreement For Parking dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 174, both records of Horry County, South Carolina; subject, however, to the terms and conditions thereof.

Subject to the easements and rights granted to Long Bay Apartments Management Association, Inc., Thomas E. Baugh, Jr., Leslie M. Morris, Sr. Leslie M. Morris, Jr. and Long Bay Apartments, a South Carolina Limited Partnership pursuant to that certain Revised and Restated Reciprocal Easement Agreement dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 149, and that certain Reciprocal Easement Agreement For parking dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 174, both records of Horry County, South Carolina.

This being a portion of the identical property conveyed to Sand Dunes resort Phase II, LLC by Deed from Parasol Inn Inc. dated April 20, 1995, and recorded on April 26, 1995 in Deed Book 1796 at Page 1011, and Quitclaim Deed from Long Bay Apartments, a South Carolina Limited Partnership, Leslie M. Morris, Jr., Thomas E. Baugh, Jr., Leslie M. Morris, Sr. and Long Bay Apartments Management Association dated April 24, 1995 and recorded May 5, 1995 in Deed Book 1798 at Page 716, records of Horry County, South Carolina.

### SAND DUNES CONDOMINIUM HORIZONTAL PROPERTY REGIME

#### EXHIBIT "B" TO MASTER DEED

NOTE: Exhibit "B" is a survey prepared by Robert L. Bellamy and Associates, Inc., dated January 9, 1996, and a site plan prepared by Wilkins, Wood, Gorforth, Pike Associates, LTD, Architects and Planners most recently revised December 5, 1995 (said survey and site plan are hereinafter jointly referred to as the "Survey"), which shows the location of the building and other improvements and a set of floor plans dated or most recently revised as follows: Sheet A2r revised June 22, 1995; Sheet A3r revised June 20, 1995; Sheet A4r revised June 20, 1995; Sheet A8r revised June 22, 1995; Sheet A9r revise June 22, 1995; and Sheet A10r revised June 22, 1995, prepared by Wilkins, Wood, Goforth Associates, LTD., Architects and Planners (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 C at Page 377, records of Horry County, South Carolina and are incorporated herein by this reference. Notwithstanding the fact that the site plan referred to above shows property, buildings and other improvements located outside of the boundaries of the property being submitted to Sand Dunes Condominium Horizontal Property Regime, the site plan shall not

be construed or interpreted to submit any property, buildings and other improvements outside of the property described on Exhibit "A" attached hereto or any rights thereto. The property shown on the site plan which is located outside of the boundaries of the Property submitted to the terms of this Master Deed pursuant to Exhibit "A" attached hereto is for the sole purpose of showing the location of the existing parking spaced, walkways and driveways which are the subject of that certain Reciprocal Easement Agreement For Parking dated January 30, 1996 and recorded January 30, 1996 in Deed Book 1846 at Page 174, records of Horry County, South Carolina. Said Exhibit further includes the following:

The Condominium consists of 60 residential UNITS and one Commercial UNIT designated as UNIT C-1. The UNITS are to be located within a building containing 12 levels of residential UNITS, together with a ground level underneath, all as shown on the Plans. All residential UNITS are located on floors two (2) through thirteen (13) of the building with five (5) UNITS being located on each such level. 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 exit onto corridors on each level which provide access to each UNIT.

UNIT number designations are as shown upon the Plans. The first digit (in the case of UNITS located on levels two (2) through nine (9)) and in the first two digits (in the case of UNITS on levels ten (10) through thirteen (13)) of the UNIT number designate the level upon which the UNIT is located. Provided however, the UNITS located on the thirteenth (13) level use the number 14 as the first two numbers of the UNIT identifier as the thirteenth level in commonly known as the fourteenth (14) level. The location of each UNIT on each level is shown upon the Plans.

Each Residential UNIT is also designated as an A, Ar or B type UNIT on the Plans. All UNITS with A designation have similar floor plans, all UNITS with Ar designation have similar floor plans and all UNITS with a B designation have similar floor plans. The aforesaid letter designation of the UNIT as shown on the Plans will not be used to identify or describe the UNIT (legally or otherwise). Each A and Ar type UNIT is accessed through two (2) doorways opening onto corridors, which corridors are COMMON ELEMENTS. Each UNIT having a B designation is accessed by one (1) doorway opening onto a corridor. All residential UNITS consist of two (2) bedrooms, living/dining room, kitchen and two (2) bathrooms.

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 adjacent to each 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 proposed building upon the ground.

Commercial UNIT C-1 consists of the maid/electrical rooms located on levels 2 through 13, the vending areas located on the ground level through 13, the storage room located on the ground level and the lobby located on the ground level, all as shown and designated on the Plans. The chase adjacent to the maid/electrical rooms on levels 2 through 13 and the Electrical room on the ground level are COMMON ELEMENTS, however, a perpetual, appurtenant easement is reserved therein for conduits, wires and related appurtenance to provide telephone service, television or cable television service which easement is a LIMITED COMMON ELEMENT for the exclusive use and benefit of Commercial UNIT C-1 and the Owner thereof. Likewise, a perpetual, appurtenant easement for advertising is hereby reserved over the area on the ground level shown crosshatched on Sheet Ar2 of the Plans which easement is 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 on the roof of the building for the installation, maintenance and repair of antennas, satellite dishes and other receiving, transmitting and communication devices and all related appurtenance which easement is a LIMITED COMMON ELEMENT for the exclusive use and benefit of Commercial UNIT C-1 and the Owner thereof.

The elevators on the ground level and the pump room on level 2 are COMMON ELEMENTS.

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 designation of COMMON ELEMENTS and LIMITED COMMON ELEMENTS as set out in other portion 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 IV, or any one or more of them, becomes a part of the Horizontal Property Regime in accordance with the terms of the Master Deed.

SAND DUNES CONDOMINIUM HORIZONTAL PROPERTY REGIME

EXHIBIT "C"  
TO  
MASTER DEED

Schedule of percentage (%) of undivided interest in the COMMON ELEMENTS appurtenant to UNITS in Sand Dunes Condominium Horizontal Property Regime, including Phase I, and if developed, Phases II through IV, 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
243	100	1.6393
245	100	1.6393
247	100	1.6393
249	100	1.6393
251	100	1.6393
343	100	1.6393
345	100	1.6393
347	100	1.6393
349	100	1.6393
351	100	1.6393
443	100	1.6393
445	100	1.6393
447	100	1.6393
449	100	1.6393
551	100	1.6393
543	100	1.6393
545	100	1.6393
547	100	1.6393
549	100	1.6393
551	100	1.6393

643	100	1.6393
645	100	1.6393
647	100	1.6393
649	100	1.6393
651	100	1.6393
743	100	1.6393
745	100	1.6393
747	100	1.6393
749	100	1.6393
751	100	1.6393
843	100	1.6393
845	100	1.6393
847	100	1.6393
849	100	1.6393
851	100	1.6393
943	100	1.6393
945	100	1.6393
947	100	1.6393
949	100	1.6393
951	100	1.6393
1043	100	1.6393
1045	100	1.6393
1047	100	1.6393
1049	100	1.6393
1051	100	1.6393
1143	100	1.6393
1145	100	1.6393
1147	100	1.6393
1149	100	1.6393
1151	100	1.6393

1243	100	1.6393
1245	100	1.6393
1247	100	1.6393
1249	100	1.6393
1251	100	1.6393
1443	100	1.6393
1445	100	1.6393
1447	100	1.6393
1449	100	1.6393
1451	100	1.6393
C-1	100	1.6393
Total Statutory Value for Phase I	\$6,100	100.000% (rounded)

In addition, up to three (3) additional phases may be added as Phases II through IV, or any of them. As each Phase is added, the total statutory value of all phases submitted and constituting Sand Dunes Condominium 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 Condominium 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 IV 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 IV 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 ELEMENT will automatically be the part of its election to construct Phase II and/or Phase III through Phase IV, 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:

<u>TYPE</u>	<u>Statutory Value</u>
Studio	100
One Bedroom	100
Two Bedroom	100
Three Bedroom	100
Commercial Unit	100

The GRANTOR may construct in Phase II and any subsequent phases through Phase IV any combination of studio, one bedroom, two bedroom or three bedroom 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 \$100.00 and a maximum total statutory value of all UNITS within that phase of \$12,100.00. 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 for additional phases set forth above assumes the maximum number of UNITS, 120.00 plus one Commercial UNIT, is being submitted and that each of these UNITS has a statutory value of \$100.00. Therefore, the minimum and maximum percentage interest of each UNIT within Phase I, at any time during development and submission of additional phase(s) to Sand Dunes Condominium 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:

$$\frac{\text{Statutory Value of the UNIT}}{\text{Total Statutory Value of all UNITS submitted to the Horizontal Property Regime}} = \text{Percentage Interest of the UNIT (Expressed as a Percentage)}$$

EXHIBIT "D"

ARTICLES OF INCORPORATION

OF

SAND DUNES CONDOMINIUM 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 Condominium 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 Condominium 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 of 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 to at any time to terminate Class II membership by filing an instrument in the records of Clerk of Court of Horry County, so doing and in any event the Class II membership shall terminate no later than December 31, 2025.

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 special meetings of the members other than the annual meeting. A quorum for the transaction of business at any meeting of the member 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 not 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 74<sup>th</sup> 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.

