

THIS MASTER DEED IS SUBJECT TO MANDATORY ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT OR, IF THE FEDERAL ARBITRATION ACT IS INAPPLICABLE, THE UNIFORM ARBITRATION ACT, SECTION 15-48-10, ET SEQ., CODE OF LAWS OF SOUTH CAROLINA 1976 AS AMENDED.

THIS MASTER DEED CONTAINS LIMITED WARRANTIES, LIMITATIONS OF REMEDIES, AND DISCLAIMERS AND EXCLUSIONS OF ALL OTHER WARRANTIES AND REMEDIES.

MASTER DEED

OF

THE POINTE

HORIZONTAL PROPERTY REGIME

Myrtle Beach, South Carolina

Developer:

THE POINTE LLC

Instrument#: 2008000014837, DEED BK:
3312 PG: 662 DOCTYPE: 001 01/31/2008 at
02:37:42 PM, 1 OF 106, EXEMPT, BALLERY
V. SKIPPER, HORRY COUNTY, SC
REGISTRAR OF DEEDS

THIS MASTER DEED IS SUBJECT TO MANDATORY ARBITRATION PURSUANT TO THE FEDERAL ARBITRATION ACT OR, IF THE FEDERAL ARBITRATION ACT IS INAPPLICABLE, THE UNIFORM ARBITRATION ACT, SECTION 15-48-10, ET SEQ., CODE OF LAWS OF SOUTH CAROLINA 1976 AS AMENDED.

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MASTER DEED OF THE POINTE

Horizontal Property Regime

Horry County, Myrtle Beach, South Carolina

The Pointe LLC, having its principal office in Columbia, South Carolina, hereinafter referred to as the "Grantor", as the sole owner of the land and improvements hereinafter described, does hereby make, declare, and publish its intention and desire to submit, and does hereby submit, the lands and buildings herein described, together with all other improvements thereon, including all easements, rights, and appurtenances thereto belonging, to a Horizontal Property Regime (to be known as The Pointe Horizontal Property Regime, hereinafter called the "Regime") in the manner provided for by the South Carolina Horizontal Property Act, as amended, S.C. Code Ann. § 27-31-10 et seq. (1976) (the "Act"). In conformity with § 27-31-30 and § 27-31-100 of said Act, the Grantor sets forth the following particulars:

I. Legal Description

The lands (the "Real Property") which are hereby submitted to the Regime are described on Exhibit A attached hereto and made a part hereof by reference. The Real Property as so described has an area set forth on the plat incorporated into Exhibit B.

II. Survey and Description of Improvements

Incorporated herein by reference, as is set forth in full herein, is the plat, incorporated into Exhibit B (the "Plat"), showing the location of the building and other improvements and the Real Property and the Plot Plans showing the location of the building and other improvements on the Real Property consisting of an Architectural Site Plan; Parking Level One Plan; Parking Level Two Plan; Parking Level Three Plan; Building Level One Plan; Building Level Two Plan; Building Level Three Plan; Building Level Four Plan;

Building Level Five Plan; Building Level Six Plan; Building Level Seven Plan; Building Level Eight Plan; Building Level Nine Plan; Building Level Ten Plan; Roof Level Plan; Unit "A" Floor Plan; Unit "B" Floor Plan, Unit "C" Floor Plan, Unit "C" Upper Floor Plan; Unit "D" Floor Plan, Unit "E" Floor Plan; Unit "F" Floor Plan; the East Elevation of the building; the West Elevation of the building; and the North and South Elevations of the building (collectively hereinafter "Plot Plans") which show graphically the dimensions, area, and location of each Unit in the building on the Real Property and General Common Elements on the Real Property affording access to each Unit. Each Unit is identified thereon by specific number and no Unit bears the same designation as any other Unit. Said Plot Plans and Floor Plans are attached hereto as Exhibit C. The building containing the Units has an aggregate area set forth thereon.

III. Notice of Restrictions

The Regime is subject to all restrictions, easements, assessments, conditions, and limitations now of record affecting the Real Property and the improvements thereon. The Association as a whole and each Owner individually is subject to the terms and conditions of said restrictions and easements.

IV. [Reserved]

V. Units and General and Limited Common Elements

The Regime consists of Units and General and Limited Common Elements, as said terms are hereinafter defined.

- A. Units. "Units," as the term is used herein, shall mean and comprise the fifty-one (51) residential Units which are separately designated in Exhibit C to this Master Deed, including but not limited to the space, interior partitions or interior walls, fixtures and appliances therein, 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 and floors of each Unit, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surface of all interior load-bearing columns, 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 other Units or to the Limited or General Common Elements. The general description and number of each Unit in the building on the Real Property, expressing its area, general location, and any other data necessary for its identification, also appears in Exhibit C. The Units include entry area, living area, dining area, kitchen area, including appliances therein, bathrooms, bedrooms, closets and the HVAC System excluding the central air conditioning components on the roof. The Units are described and depicted in the attached Exhibit C; however the Owners may have made interior alterations to the Floor Plan of a Unit, which are not shown in Exhibit C. **THE DIMENSIONS OF THE ROOMS IN EACH UNIT ARE CALCULATED FROM EXHIBIT C AND MAY NOT ACCURATELY DEPICT THE DIMENSIONS OF THE UNITS AND THE ROOMS IN EACH UNIT.** The Units are generally described as follows:

Units 101, 201, 301, 401, 501, 601, 701, 801, and 901. These Units each contain approximately 2824 square feet in heated space. These Units each have three bedrooms, a study/entertainment room, three and a half baths, kitchen, and living and dining area. Each of these Units has Limited Common Element balcony area of approximately 373 square feet. These Units are shown on the Unit "A" Floor Plan in the attached Exhibit C.

Units 102, 202, 302, 402, 502, 602, 702, 802, 902, and 1002. These Units each contain approximately 2443 square feet in heated space. These Units each have three bedrooms, three and a half baths, kitchen, and living and dining area. Each of these Units has a Limited Common Element balcony of approximately 177 square feet. These Units are shown on the Unit "B" Floor Plan in the attached Exhibit C.

Units 103, 303, 503, 703, and 903. These two-level Units each contain approximately 3039 square feet in heated space. These Units each have three bedrooms, three and a half baths, kitchen, and living and dining area. Each of these Units has a Limited Common Element balcony of approximately 432 square feet. These Units are shown on the Unit "C" Floor Plan in the attached Exhibit C.

Units 104, 204, 304, 404, 504, 604, 704, 804, 904, and 1004. These Units each contain approximately 3138 square feet in heated space. These Units each have three bedrooms, three and a half baths, kitchen, and living and dining area. Each of these Units has a Limited Common Element balcony of approximately 440 square feet. These Units are shown on the Unit "D" Floor Plan in the attached Exhibit C.

Units 205, 305, 405, 505, 605, 705, 805, 905, and 1005. These Units each contain approximately 2492 square feet in heated space. These Units each have three bedrooms, three and a half baths, kitchen, and living and dining area. Each of these Units has a Limited Common Element balcony of approximately 184 square feet. These Units are shown on the Unit "E" Floor Plan in the attached Exhibit C.

Units 206, 306, 406, 506, 606, 706, 806, and 906. These Units each contain approximately 2927 square feet in heated space. These Units each have three bedrooms, a study/entertainment room, three and a half baths, kitchen, and living and dining area. Each of these Units has a Limited Common Element balcony of approximately 284 square feet. These Units are shown on the Unit "F" Floor Plan in the attached Exhibit C.

B. General Common Elements. "General Common Elements" means and includes:

1. The land on which the buildings are constructed, more fully described above, together with all of the other real property described in Exhibit A;
2. The foundations, main walls, roofs, utility rooms, property management rooms, halls, corridors, railings in the corridors, elevator lobbies, pools, decks, stairways, elevators, lounge areas, and communication ways of the buildings;
3. The sprinkler system, yards, patio, shrubs, planter boxes, exterior lights, fire alarms, fire hoses, signs, maintenance equipment, and storm drainage system, except as otherwise provided or stipulated;
4. The compartments or installations of central services such as power, light, telephone, television, cold and hot water, surveillance cameras and screens, refrigeration, generator, fuel tank and water pump, and the like;
5. All parking areas are as shown and depicted in the attached Exhibit C;
6. In general, all devices or installations existing for common use;

7. The trash chute, fire command rooms, fire pump rooms, water pump rooms, electrical rooms, and storage rooms, all as shown and depicted in the attached Exhibit C as General Common Elements;
8. All other elements of the property rationally of common use or necessary to its existence, upkeep, and safety; and
9. The common area containing such areas as are shown on said plat and shown on Exhibit C.

C. Limited Common Elements. "Limited Common Elements" means and includes:

1. Any mailboxes, porches, balconies, floor, ceiling, railings and walls, entrance or exit ways, and all exterior doors and windows or other fixtures designed to serve one or more but less than all Units, are Limited Common Elements allocated exclusively to such Unit or Units.
2. If any flue, duct, wire, conduit, load bearing wall, load bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion serving only that Unit is a Limited Common Element allocated solely to that Unit. Insofar as possible, the Limited Common Elements are shown graphically and described in detail in words and figures in the plat and plot plans. The air conditioning compressors located outside of a Unit shall be Limited Common Elements, limited to the use of the Units they serve.
3. The air conditioning compressors located outside of the Unit shall be Limited Common Elements, limited to the use of the Unit it serves;

VI. Ownership of Units and Appurtenant Interest in General Common Elements

Any Unit in the Regime may be individually conveyed and encumbered and may be the subject of ownership, possession, or sale, and of all types of juridical acts, inter vivos or mortis causa, as if it were sole and entirely independent of the other Units in the Regime of which it forms a part, and the corresponding individual titles and interests are recordable.

Any Unit may be held and owned by more than one Person as tenants in common or in any other form of real property ownership recognized in this State.

A Unit Owner shall have the exclusive ownership of its Unit and shall have a common right to a share, with the other Owners, in the Common Elements of the Regime, equivalent to the percentage representing the value of the individual Unit, with relation to the value of the whole Regime. This percentage, which is set forth on Exhibit D attached hereto and made a part hereof by reference, shall have a permanent character and shall not be altered without the acquiescence of the Owners representing all the Units of the Regime, such acquiescence to be expressed in a duly recorded amendment to this Master Deed.

The basic value, which shall be fixed for the sole purpose of this Master Deed and irrespectively of the actual value, shall not prevent each Owner from fixing a different circumstantial value to his Unit in all types of acts and contracts.

VII. Restriction Against Further Subdividing of Units and Separate Conveyance of Appurtenant Common Elements, Etc.

- A. Restriction Against Further Subdividing or Combining Units. Subject to the rights reserved herein to the Grantor per this Section, a Unit may not be divided or subdivided into a smaller Unit or smaller Units than as described in Exhibit C attached hereto, nor shall any Unit, or portion thereof, be added to or incorporated into any other Unit without consent of the Grantor. An Owner of adjacent Units may, with the written consent of the Grantor and the Board of the Association, join the adjacent Units to form one residential Unit; provided, however, no change shall be made to the percentage interest ownership in the Common Elements (as shown in Exhibit D attached hereto) for any other Units or to the aggregate percentage interest of all the Units. In such event, the Owner of the combined Units shall be entitled to such number of votes in the Association and shall be subject to such number of Assessments as shall be represented by the total of the Units so combined. Notwithstanding the above, Grantor, on behalf of itself, its successors and assigns, hereby reserves the right to modify or reconstitute, at any time and from time to time, one or more Units owned by Grantor or its affiliates without the consent of the Association or any Owner other than those Owners who may be directly and materially affected by such modification or reconstitution; provided, however, that the: (a) aggregate Unit percentage interest ownership in the Common Elements (as shown in Exhibit D attached hereto) will not change, even though the same may be reallocated among such modified Units owned by Grantor; and (b) the Unit percentage interest ownership in the Common Elements (as shown in Exhibit D attached hereto) will not change for any of the unaffected, unmodified Units. If Grantor makes any changes to the Units pursuant to this Section, such changes will be reflected by an amendment of the Master Deed duly recorded in the Office of the Register of Deeds for Horry County, and such amendment will not require the consent or signature of the Association or any Owners other than the Grantor.
- B. Undivided Interest in Common Elements. The undivided interest in the General and Limited 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 General and Limited 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 effect 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 effect any interest in a Unit and its appurtenant undivided interest in General and Limited Common Elements, unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit which describes said Unit by the Unit Number assigned thereto in Exhibit C without limitation or exception, shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the General and Limited Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the General and Limited Common Elements by more than one Person as tenants in common, joint tenants, or any other form of real property ownership recognized in this State.
- C. Leasing of Common Elements. All Common Elements shall be owned by the Regime and may not be subject to a lease between the Unit Owners (or the Association) and another party, except that the Association shall have the authority to lease (i) General Common Element space on the rooftop to a third party for purposes of placing and maintaining electronic transmitting equipment

and the like for the benefit of the Unit Owners, and (ii) telephone, internet, and related communication and electronic transmitting equipment from a third party for the benefit of the Unit Owners.

VIII. Horizontal Property Regime Subject to Restrictions, Etc.

Each and every Unit and the General and Limited Common Elements shall be, and is hereby declared to be, subject to the restrictions, easements, conditions, and covenants prescribed and established herein, governing the use of said Unit and General and Limited Common Elements, and setting forth the obligations and responsibilities incident to ownership of each Unit and its appurtenant undivided interest in the General and Limited Common Elements. Said Units and General and Limited 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 Real Property.

IX. Perpetual Non-Exclusive Easements in General Common Elements

The General Common Elements shall be, and are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of Units in the Horizontal Property Regime for their use and the use of their immediate family, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, or the enjoyment of said Owners of Units.

The Grantor reserves unto itself and its successors or assigns an easement, including a construction easement, through all General and Limited Common Elements as may be reasonably necessary for the purpose of discharging Grantor's rights or obligations of exercising special Grantor rights reserved in this Master Deed.

As part of the right of Grantor to construct the General and Limited Common Elements of this Regime, Grantor reserves unto itself, and its successors and assigns, easements for ingress and egress over, under and across all Common Elements, Limited and General and such other reasonable right of access to and use of the Common Elements, Limited and General, subject to this Regime as may be necessary for the construction, maintenance and marketing of the Units and the General and Limited Common Elements, including without limitation the right to place signage on any portion of the Common Elements. Notwithstanding anything above provided in this Article, the Association shall have the right to establish, modify, amend, and/or retract the rules and regulations pursuant to which the Owner or Owners of any Unit may be entitled to the exclusive use of any parking spaces or storage areas located in or around the building, provided such rules and regulations comply with all local, state and federal laws, rules and regulations. The assigning, and any subsequent reassigning, of General Common Element parking spaces and storage spaces to particular Units shall be at the sole discretion of the Association's Board and shall not create any vested interest or entitlement to the assigned spaces on behalf of the Unit Owners.

X. Perpetual Exclusive Easement to Use Limited Common Elements

Subject to Grantor's rights reserved herein, each Owner shall have the exclusive right to use the Limited Common Elements allocated to such Owner's Unit for his use and the use of his immediate family, guests, and invitees for all proper and normal purposes. Such right to use shall be a perpetual exclusive easement in favor of such Owner.

XI. Easement for Unintentional and Non-Negligent Encroachments

In the event that any portion of the General and Limited Common Elements now or hereafter encroaches upon any Unit, or vice versa, or in the event that any portion of one Unit now or hereafter encroaches upon another Unit, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, does and shall exist.

XII. Restraint Upon Separation and Partition of General and Limited Common Elements

The General Common Elements and the Limited Common Elements shall remain undivided and shall not be the object of an action for partition or division of the ownership. Any covenant to the contrary shall be void. All of the Owners or the sole Owner of the Regime may waive the Regime and regroup or merge the records of the individual Units with the Real Property, provided that the individual Units are unencumbered, or if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors.

Subject to the other provisions of this Master Deed, unless all of the first Mortgagees (based upon one vote for each first Mortgage owned) and all Owners of the Units have given their prior written approval, the Association shall not be entitled to:

- (1) by act or omission, seek to abandon or terminate the Regime or legal status of the project as a condominium, except in accordance with the provisions of this Master Deed;
- (2) change the pro rata interest or obligations of any Unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the General and Limited Common Elements;
- (3) partition or subdivide any Unit; or
- (4) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Regime or Association shall not be deemed a transfer within the meaning of this subparagraph (4).

XIII. Rights of Eligible Mortgagees and Eligible Insurers or Guarantors

A. Notice of Action. Upon written request to the Association in accordance with Section XIII.E below, any Eligible Mortgagee or eligible insurer or guarantor will be entitled to timely written notice of:

1. Any condemnation loss or any casualty loss which affects a material portion of the Regime or any Unit on which there is a Mortgage held, insured, or guaranteed by such Eligible Mortgagee, eligible insurer or guarantor, as applicable;
2. Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a Mortgage held, insured, or guaranteed by an Eligible Mortgagee or an eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

3. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and
 4. Any proposed action which would require the consent of a percentage of Eligible Mortgagees as specified in this Master Deed.
- B. Other Provisions for Eligible Mortgagees. To the extent permitted by applicable law, Eligible Mortgagees shall also be afforded the following rights:
1. Any restoration or repair of the Regime, after a partial condemnation or damage, due to an insurable hazard, shall be performed substantially in accordance with this Master Deed and the original Plans, unless other action is approved by at least fifty-one percent (51%) of Eligible Mortgagees;
 2. Any election to terminate the legal status of the Regime after substantial destruction or a substantial taking in condemnation of the Regime property must require the approval of at least fifty-one percent (51%) of Eligible Mortgagees;
 3. No reallocation of interests in the Common Elements resulting from a partial condemnation or partial destruction of such a Regime may be effected without the prior approval of at least fifty-one percent (51%) of Eligible Mortgagees of all remaining Units, whether existing in whole or in part; and
 4. When professional management has been previously required by any Eligible Mortgagee, insurer, or guarantor, whether such entity became an Eligible Mortgagee, insurer or guarantor at that time or later, any decision to establish self-management by the Association shall require the prior consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of at least fifty-one percent (51%) of the Eligible Mortgagees.
- C. Non-Material Amendments to Master Deed. An addition or amendment to this Master Deed, Bylaws, or other exhibits shall not be considered material if it is for the purpose of correcting technical, scrivener or typographical errors or for clarification or as permitted pursuant to Section XXVIII.B below. All other additions or amendments shall be deemed material and thus subject to Section (D) below.
- D. Material Amendments to Master Deed. In addition to the foregoing requirements, amendments of a material nature (including, without limitation, those listed in items 1 through 12 below) must be agreed to by Unit Owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association and by at least fifty-one percent (51%) of Eligible Mortgagees. Material amendments include (but are not limited to):
1. voting rights;
 2. increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of the assessment liens;
 3. reductions in reserves for maintenance, repair, and replacement of Common Elements;
 4. responsibility for maintenance and repairs of the Regime;

5. reallocation of interests in the General or Limited Common Elements, or rights to their use;
6. redefinition of any Unit boundaries;
7. convertibility of Units into Common Elements, or vice versa;
8. expansion or contraction of the Regime, or the addition, annexation, or withdrawal of property to or from the Regime in a manner other than as provided herein;
9. hazard or fidelity insurance requirements;
10. imposition of any further restrictions on the leasing of the Units beyond what is contained herein;
11. imposition of any right of first refusal or other restriction of the right of any Unit Owner to sell, transfer or otherwise convey his or her Unit; and
12. any provision included in the Master Deed, the Bylaws or the Articles that expressly benefit holders, guarantors or insurers of Mortgages on Units.

The provisions of this Section shall not be construed to reduce the percentage vote that must be obtained from Mortgagees or Unit Owners where a larger percentage vote is otherwise required by the Act or the Condominium Instruments for any of the actions contained in this Section.

- E. Notice Requirements for Eligible Mortgagees. Whenever any Mortgagee desires to avail itself of the provisions of this Master Deed with respect to Eligible Mortgagees, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the Articles identifying the Unit or Units upon which any such Mortgagee holds any first lien or identifying any Unit or Units owned by such Mortgagee and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Eligible Mortgagee.
- F. Timeliness of Response. An Eligible Mortgagee who receives a written request to approve additions or amendments that does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

XIV. Unit Use Restrictions

- A. Residential Use. Each Unit is hereby restricted to residential use by the Owner or Owners thereof, their immediate families, guests, tenants, lessees, licensees, and invitees; provided, however, that so long as the Grantor shall retain any interest in the Regime or any Unit, it may utilize a Unit or Units of its choice owned or leased by Grantor from time to time, for a sales office, model, or other usage for the purpose of selling or closing the sale of Units in said Regime or outside of the Regime. Grantor may assign this commercial usage right to such other Persons as it may choose; provided, however, that when all Units have been sold this right of commercial usage shall immediately cease. Except for the easement rights relating to signage as described herein, no "For Sale" or "For Rent" signs or the like shall be permitted on any General or Limited Common Element or any Unit so as to be visible from any General or Limited Common Element or public street or area. Nothing herein shall prevent the Association from providing portions of the Common Elements to management companies for use as an office, model or other purpose connected with the management of the Regime or to grant licenses and easements over the

Common Elements for utilities, roads, electronic transmitting equipment, and other purposes reasonably necessary or usable for the proper maintenance and operation of the Regime.

- B. Leasing. Any lease or rental agreement concerning the use of the Unit must be in writing and subject the lessee to the requirements of the Master Deed and the rules and regulations of the Association and terms adopted by the Board of the Association. Any Owner will have the right to lease or rent his Unit; provided, however, that all leases and rental contracts shall be for a duration of six (6) months or more. The Board will have the right to approve the form of all such leases and rental contracts at any time if it elects to do so. Occupancy by a tenant or renter under any such approved form of lease or rental contract is subject to continuing approval of the Board thereunder, which may be removed at any time by the Board for any violation by any such tenant or renter of the Rules and Regulations of the Association or of the provisions of this Master Deed.
- C. Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the Regime, except that dogs, cats, birds and fish may be kept by the respective Owners inside their respective Units provided that (i) the Board may, in its sole discretion, establish by rule that dogs of a certain breed are potential hazards to the Regime and its Owners and Occupants, such as those known as Pit Bulls, Rotweillers, Dobermans, Chows and German Shepards, and are deemed not to be household pets; (ii) the Board may, in its sole discretion, establish by rule that cats of a certain breed or exotic species are potential hazards to the Regime and its Owners and Occupants and are deemed not to be household pets; (iii) the Board may establish reasonable rules and regulations to insure that all permitted pets are properly licensed and inoculated for rabies and such other diseases for which inoculation is customary for that breed of pet; (iv) an Owner executes a written indemnification and hold harmless agreement in favor of the Regime, the Association, and the Association's management company, in form and content satisfactory to counsel for the Board, prior to bringing the Owner's pet upon the Real Property of the Regime; (v) permitted pets are not kept, bred, or maintained for any commercial purpose and do not create any health hazard or, in the sole discretion of the Board, unreasonably disturb the peaceful possession and quiet enjoyment of any other portion of the Regime by other Owners and lessees of Owners, their families, invitees, and guests; and (vi) the Board may establish reasonable rules to limit the number of such allowed pets All pets must be registered with the Association Manager. ALL PETS MUST BE CARRIED IF INSIDE THE BUILDING, ELEVATOR OR PARKING GARAGE (ALL COVERED PUBLIC AREAS) UNLESS LEASHED. Further, the Board reserves the right to require Owners, for any reason, to muzzle dogs in public areas; provided, that when on property outside the building, an Owner may remove the muzzle while walking his leashed pet. Owners must always clean up and encourage pet to use designated pet walk/area for its intended use. Any abuse of pet guidelines may result in owner's loss of pet ownership privilege.
- D. Construction & Moving Activities. All Unit construction and moving activities of an Owner must be submitted in advance to the Association for approval, said approval not to be unreasonably denied. All approved contractors and movers must register with the Association's management company upon arrival and present proof of adequate insurance coverage before access to the building will be granted. Any damages to the Common Elements or other Units in the Regime caused by an Owner's contractors or movers shall be the sole responsibility of that Owner to repair or reimburse the Association for its repair work, and said repair costs shall become part of the Association's lien on that Owner's Unit if not immediately paid. No construction or moving activity of any kind shall occur before 9AM or after 5PM, unless permission is granted in writing by the Board, and the Association reserves the right to place limits and restrictions on

contractor/mover access to the Common Elements, including without limitation access to parking and to the elevators. No construction or moving activity of an Owner shall disturb the quiet enjoyment of any other Owner. The Association may establish additional restrictions and requirements related to Unit construction or moving by Owners at any time, including without limitation putting enforcement mechanisms in place such as fines for noncompliance, which shall become a part of the Association's lien on the Unit if not immediately paid.

XV. Use of General Common Elements Subject to Rules of Association

The use of General 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 or which may hereafter be prescribed and established by the Association.

XVI. Horizontal Property Regime 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 General or Limited Common Elements, nor any part thereof, and all laws, zoning ordinances, and regulations of all governmental authorities having jurisdiction over the Regime shall be observed by the Unit Owners and Occupants. No Owner or Occupant of any Unit shall permit or suffer anything to be done or kept in a Unit, or on the General or Limited Common Elements, which will increase the rate of insurance on the Regime, or which will obstruct or interfere with the rights of other Occupants of the building or annoy them by unreasonable noises, nor shall any such Owner or Occupant of any Unit undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Unit, or which interferes with the peaceful possession and proper use of any other Unit or the General or Limited Common Elements.

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 the Association or any other Person or firm authorized by it, or the building superintendent or managing agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each Unit, if required by the Association, shall deposit under the control of the Association a key to such Unit.

XVIII. Right of Entry for Maintenance of General 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 other Owners or their representatives, or 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

Except as otherwise permitted in this Master Deed, no Owner of a Unit shall permit any structural modification or alterations to be made therein without first obtaining the written consent of the Association, whose consent may be withheld if a majority of the Board of said Association determine, in their sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety. If the modification or alteration desired by the Owner of any Unit involves the removal of any permanent interior partition, the Association shall have the right to permit

such removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting General or Limited Common Elements located therein. No Owner shall cause the balcony abutting his Unit to be enclosed, or cause any improvements or changes to be made on the exterior of the building, the balconies, or railings, including painting or other decoration, or the installation of electrical wiring, wire, screening, any railing cover, television, radio or telecommunication antennae, 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, including balconies and railings not within the walls of such Unit (collectively, "Exterior Modifications"). No storm panels or awnings shall be affixed to any Unit without first obtaining the written consent of the Association. Nothing herein shall prevent an Owner from protecting Unit with protective covering on the doors when a hurricane is hitting the area, provided such protective covering meets the reasonable rules and regulations of the Association.

Floor slabs and other concrete components in the building contain post tension cables and reinforced steel. Owners are not allowed to do any drilling or modifications to the concrete floor slabs, walls or columns without written approval from a structural engineer licensed in the state of South Carolina, and said written approval must be submitted to and approved by the Association prior to any such work being commenced. According to the building's structural engineer, Owners are allowed to drill holes for window treatments only no larger than 3/4" deep and 1/4" in diameter.

The Association is authorized to establish an architectural design and review committee to facilitate the review and approval or rejection of structural modifications or alterations specified above and subject to Association approval. Notwithstanding the foregoing, under no circumstances shall the Association or any committee established thereby have any authority to approve any Exterior Modifications, such alterations being expressly prohibited hereby.

XX. Right of the Association to Alter and Improve General and Limited Common Elements and Assessment Therefor

The Association shall have the right to make or cause to be made alterations, modifications, and improvements to the General and Limited Common Elements, provided such alterations, modifications, or improvements are first approved in writing by the Board of the Association and also by the Owners of sixty-seven percent (67%) or more of the Units in the entire Regime. The cost of such alterations, modifications, or improvements shall be assessed as Common Expenses and collected from the Owners of all Units according to their percentage of ownership of the General and Limited Common Elements.

XXI. Maintenance and Repair by Owners of Units

Every Owner must perform promptly all maintenance and repair work within his Unit which, if omitted, would adversely affect the Regime in its entirety or in a part belonging to other Owners, and is expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Unit shall be liable and responsible for the maintenance, repair, and replacement, as the case may be, of all air conditioning and heating equipment located within the Unit, water heaters, stoves, refrigerators, garbage disposals, dishwashers, fans, or other appliances or equipment, including any fixtures and/or their connections or receptacles required to provide water, light, power, telephone, television, and sewerage and sanitary service to his Unit and which may now or hereafter be situated in his Unit including toilets, lavatories, sinks, tubs, and showers. Such Owner shall further be responsible and liable for maintenance, repair, and replacement of any and all window glass, glass doors, wall, ceiling and floor surfaces or coverings, painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Unit. Whenever 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, and replacement. Any cost of maintenance, repair, or replacement, by reason of the applicability of any deductibility provision of such insurance which is not paid by the insurance of the Association, shall be paid by such Owner. Reference is made to Section 27-31-250 of the Act, which is controlling of insurance proceeds use when said code section is applicable by its terms.

If a Unit or any portion thereof is damaged by another Owner's Unit, whether due to the other Owner's failure to maintain their Unit or not, the Association shall be responsible for repairing the damage and fixing the cause of the problem. If the damage was caused by the other Owner's failure to properly maintain such Owner's Unit in accordance with the provisions of this Master Deed, the Association shall have the authority to assess a special assessment against the negligent Owner, which shall be a lien on said Owner's Unit until paid in full along with all accrued interest, costs, and attorney's fees related to collection in accordance with this Master Deed. If the Unit damage was caused by a problem with the Common Elements, the Association shall be responsible for the cost of repair.

Owners are hereby notified of the following Unit temperature control recommendations in order to insure proper humidity levels to protect woodwork, furniture and electronic equipment in the Units: the Unit's thermostat should never be set higher than eighty (80°) degrees nor lower than seventy (70°) degrees in the cooling mode; in the heating mode the thermostat should never be set lower than sixty (60°) degrees nor higher than seventy-five (75°) degrees. UNDER NO CIRCUMSTANCES SHOULD THE AIR CONDITIONING SYSTEM FOR THE INDIVIDUAL UNITS BE TURNED OFF. Owners are responsible for any damage to their Units or to the contents of their Units if these temperature control recommendations are not adhered to.

XXII. Maintenance and Repair of General and Limited Common Elements by the Association

The Association, at its expense, shall be responsible for the maintenance, repair, and replacement of all of the General and Limited Common Elements, including those portions thereof which contribute to the support of the building, and all conduits, ducts, plumbing, wiring, and other facilities located in the General or Limited Common Elements for the furnishing of utility services to the Units and said General and Limited Common Elements. 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 General or Limited Common Elements, the Association shall, at its expense, repair such incidental damage. Excepted herefrom, however, are the maintenance of the floor and interior walls of the balcony or balconies attached to the Unit, which shall be maintained by the Owner at his expense.

The Association is responsible for insuring that the Regime's management company conduct, or have conducted at the Association's expense, a visual inspection of the exterior Common Elements of the building a minimum of twice a year or as necessary for the purpose of determining needed repairs and maintenance and to insure that the building does not deteriorate and compromise the water tightness of the exterior skins. Said visual inspection shall include, but not be limited to, the following: (1) exterior stucco; (2) sealant around doors, windows and all dissimilar materials; (3) water proof membrane on the balcony concrete slabs and breezeways; (4) roofing materials and related flashing; (5) roof penetrations at mechanical units, supports, etc.; (6) handrail sleeves and anchorage; (7) expansion joint assemblies; (8) ventilation equipment and louvers; and (9) elevator equipment and related items. Further, the Association is responsible for ensuring that the Regime's management company performs properly any maintenance to the Common Elements and Unit HVAC units located outside of the Units, as required by the manufacturer.

XXIII. Personal Liability and Risk of Loss of Owner and Unit and Separate Insurance Coverage, Etc.

Subject to the requirements of Section XXV.I below, the Owner of each Unit may, at his own expense, obtain insurance coverage for loss of or damage to any post-closing upgrades or betterments to the Unit, 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 or injury to the person or property of another while within such Owner's Unit or upon the General or Limited Common Elements. All such insurance obtained by the Owner of each Unit shall, where available, provide that the insurer waives its right of subrogation as to any claims against other Owners of Units, the Association, the Grantor and the respective servants, agents and guests of said other Owners, the Association and the Grantor. Risk of loss 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 General or Limited Common Elements or which is insured by the Association) belonging to an Owner or carried on the person of the Owner of each such Unit or carried by such Owner in, to, or upon General or Limited Common Elements shall be borne by the Owner of each such Unit. All furniture, furnishings, and personal property constituting a portion of the General or Limited Common Elements and held for the joint use and benefit of all Owners of all Units shall be covered by such insurance as shall be maintained in force and effect by Association as hereinafter provided. The Owner of a Unit shall have no personal liability for any damages caused by the Association. The Owner of a Unit shall be liable for injuries or damage resulting from an accident in his own Unit, to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house.

XXIV. Condemnation

- A. Units Acquired. If a Unit or a portion thereof is acquired by eminent domain, leaving the Unit Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Master Deed, the award must compensate the Unit Owner for his Unit and its General and Limited Common Element interest, whether or not any General or Limited Common Element interest is acquired. Upon acquisition, unless the decree otherwise provides, and subject to Section XIII.B above, that Unit's entire General and Limited Common Element interest, votes in the Association, and Common Expense liability are automatically reallocated to the remaining Units in proportion to the respective interests and votes, and the Association shall promptly prepare, execute, and record an amendment to this Master Deed reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this subsection is thereafter a General and Limited Common Element.
- B. Part of Unit Acquired. Except as provided above, if part of a Unit is acquired by eminent domain, the award must compensate the Unit Owner for the reduction of value of the Unit and its Common Element interest. Upon acquisition and subject to Section XIII.B above, (1) that Unit's Limited and General Common Element percentage interest, votes in the Association, and Common Expense liability are reduced in proportion to the reduction in size of the Unit, and (2) the portion of Limited and General Common Element interest, votes, and Common Expense liability divested from the partially acquired Unit are automatically reallocated to that Unit and the remaining Units in the percentages set out in Exhibit D.
- C. Claims. The Board of the Association shall have exclusive authority to negotiate and settle on behalf of the Owners all claims arising from condemnation of any portion or all of the Units or General or Limited Common Elements and the Owners hereby appoint the Board as their

attorney in fact for this purpose. Any proceeds from such condemnation shall be distributed in accordance with the Insurance provisions of this Master Deed.

XXV. Insurance

- A. Hazard Insurance. The Association shall insure all Units and all General and Limited Common Elements against all hazards and risks normally covered by a standard hazard policy, including fire and lightning, the hazards and risks covered by "extended coverage," vandalism, and malicious mischief, and by hazards or risks covered by the National Flood Insurance Act, windstorm and hail policies and all other coverage commonly required by lending institutions in the area. All Units and all General and Limited Common Elements shall be insured for the full replacement cost thereof, and where possible, the policy of insurance shall have a full replacement cost rider. Each year the Association shall update the replacement value cost rider. Such insurance shall cover only the Units and General and Limited Common Elements, and the Association shall not be responsible for insuring, but rather the Unit Owner is solely responsible for obtaining his own insurance coverage for, the following: (a) the contents of the Unit (other than standard fixtures originally installed therein by Grantor and being a part of such Unit), and (b) any and all post-closing improvements and betterments made to the Units by Owners at their expense (such improvements and betterments not being shown on the final plans and specs of the Regime as it was originally built). A deductible amount may be included at the discretion of the Board, and in such amounts as the Board shall determine to be available at a material savings, as determined by the Board in its sole discretion, in premium cost resulting therefrom, but the deductible amount will be considered a Common Expense and borne by the Association regardless of the number of Owners directly affected by the loss and reserves will be established therefor.

All policies of hazard insurance on the Units and General and Limited Common Elements obtained by the Board shall provide as many of the following elements as reasonably practical to obtain:

1. The policy shall not be canceled without thirty (30) days prior written notice to the Board and to every holder of a security interest in any Unit who is named in the policy or an endorsement thereto;
 2. No separate insurance obtained by an Owner on his own Unit shall be brought into contribution with the insurance obtained by the Board;
 3. No right to subrogation shall exist against any Owner or members of his household or his social guests; and
 4. The policy shall not be canceled on account of the actions of one or more of the Owners.
- B. Liability Insurance. The Association shall also obtain premises liability insurance on all Units and General and Limited Common Elements and the policy shall provide for a single limit indemnity of not less than One Million Dollars (\$1,000,000.00) and cover bodily and personal injury and property damage, including, but not limited to, injury or property damage caused to third parties, Owners, the Limited and General Common Elements or the Units or any improvements therein. Such liability insurance shall cover claims of one or more Owners against one or more Owners as well as claims of third parties against one or more Owners. The Association shall not be required however, to obtain public liability insurance covering accidents occurring within the limits of a Unit

or off the Regime Real Property. If available at a reasonable cost, the Association shall cause premises medical payment coverage to be included within the policy of liability insurance.

- C. Additional Insurance. In addition to the insurance required herein above, the Board shall obtain as a Common Expense:
1. worker's compensation insurance if and to the extent necessary to meet the requirements of law;
 2. public liability and officers' and directors' liability insurance in such amounts as the Board may determine, but in no event less than One Million (\$1,000,000.00) Dollars per occurrence (such insurance shall contain a cross liability endorsement);
 3. fidelity bonds, if reasonably available, covering officers, directors, employees, and other Persons who handle or are responsible for handling Association funds. Such bonds, if reasonably available, shall be in an amount which in the best business judgment of the Board reflects the estimated maximum amount of funds, including reserve funds in the custody of the Association at any time during the term of the bond, but not less than two (2) months aggregate assessments, plus reserves on hand as of the beginning of the fiscal year and shall contain waivers of any defense based upon the exclusion of Persons serving without compensation; provided, however, fidelity coverage herein required may be reduced based on the implementation of financial controls which take one or more of the following forms: (1) the Association or management company, if any, maintains a separate bank account for the working account and the reserve account, each with appropriate access controls and the bank in which the funds are deposited sends copies of the bank statements directly to the Association; (2) the management company, if any, maintains separate records and bank accounts for each Association that uses its services and the management company does not have the authority to draw checks on, or to transfer funds from, the Association's reserve account; or (3) two (2) members of the Board must sign any check written on the reserve account;
 4. flood insurance, to the extent that it is required by law or the Board determines it to be reasonably necessary; and
 5. such other insurance as the Board may determine to be reasonably necessary.
- D. General Provisions. All insurance obtained on the Units and General and Limited Common Elements by the Association shall be written in the name of the Association as trustee for itself, each of the Owners and the Mortgagees of Owners, if any, and the cost of such insurance shall be a Common Expense. All such insurance shall be obtained from a company of companies licensed to do business in the State of South Carolina and currently rated "A-" or better by A.M. Best's Insurance Ratings. No such insurance shall be permitted to expire except upon resolution of sixty-seven percent (67%) of the Owners to that effect and all Eligible Mortgagees. Duplicate originals of all policies of hazard insurance obtained with respect to the Regime by the Board, together with proof of payment of the premiums thereon, shall be delivered upon request to any Owner or to any Person holding a security interest in a Unit.
- E. Exclusions from Coverage. Insurance carried by the Association as a Common Expense shall not include part of a Unit not depicted on the Plats and Plans, nor shall the Association include public liability insurance for individual Owners for liability arising within the Unit. Nothing

contained herein gives any Owner or other party a priority over the rights of first Mortgagees as to distribution of insurance proceeds.

- F. Deductibles. In the event of an insured loss, any required deductible shall be considered a maintenance expense to be paid by the Person or Persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one Unit or a Unit and the Common Elements, the cost of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected Owner's portion of the total cost of repair. Notwithstanding this, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Unit Owner shall be responsible for paying the deductible pertaining to his or her Unit, if any. If any Owner fails to pay the deductible when required under this Section, then the Association may pay the deductible and assess the cost to such Owner as provided herein.
- G. Claims. The Board of the Association shall have exclusive authority to negotiate and settle on behalf of the Owners all claims arising under policies of hazard insurance obtained with respect to the Regime by the Board except to the extent of the rights of Mortgagees. In the event of damage to or destruction of any portion of the Units or General or Limited Common Elements, the Board shall promptly file a claim for any indemnity due under any such policies. The Board shall simultaneously notify any Eligible Mortgagees who may be entitled to participate in such claim.
- H. Insurance Proceeds. In the event of damage to or destruction of all or any part of the Regime insured by the Association as a result of fire or other casualty, the Board or its duly authorized agent shall arrange for and supervise the prompt repair and restoration of the structure. Notwithstanding the above, if two-thirds or more of the Regime is damaged or destroyed, the Association may elect not to proceed with reconstruction and repair if Owners holding eighty percent (80%) of the total votes in the Association (including the Owner of any Unit that will not be rebuilt) and the affirmative vote of fifty-one percent (51%) of Eligible Mortgagees so decide.
1. Cost Estimates. Immediately after a fire or other casualty causing damage to the Regime, the Board shall obtain reliable and detailed estimates of the cost of repairing and restoring the structures (including any damaged Unit) to substantially the condition which existed before such casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. Such costs may also include professional fees and premiums for such bonds as the Board determines to be necessary.
 2. Source and Allocation of Proceeds. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, as determined by the Board, or if at any time during the reconstruction and repair the funds for the payment of the costs thereof are insufficient, the additional costs shall be assessed against all Owners in proportion to each Owner's respective undivided interest in the Common Elements. This assessment shall not be considered a special assessment. If there is a surplus of funds after repair and reconstruction is completed, such funds shall be common funds of the Association to be used as directed by the Board.
 3. Plans. Any such reconstruction or repair shall be substantially in accordance with the original Plans, except where changes are necessary to comply with current applicable building codes or where improvements not in accordance with the original Plans are approved by the Board and Eligible Mortgagees pursuant to Section XIII.B. To the extent insurance proceeds are available, the Association may, in its sole discretion, reconstruct or repair Owner improvements damaged as a result of fire or other casualty.

4. Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Owner upon whose property such encroachment exists, provided that such reconstruction was substantially in accordance with the Plans. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.
5. Construction Fund. The net proceeds of the insurance collected on account of a casualty and the funds collected by the Association from assessments against Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this Section to be disbursed by the Association in appropriate progress payments to such contractor(s), supplier(s), and personnel performing the work or supplying materials or services for the repair and reconstruction of the buildings as are designated by the Board.

If the insurance proceeds exceed Fifty Thousand (\$50,000.00) Dollars, the net proceeds received by the Board from any indemnity paid under a policy of hazard insurance obtained by the Board with respect to the Regime and any amounts collected through assessment as set forth in paragraph 5 above shall promptly be paid by the Board to an Insurance Trustee as trustee for the Owners as hereinafter provided. The Insurance Trustee shall be a state or federally chartered bank or savings and loan association selected by the Board and having trust powers and capital and surplus of Five Million Dollars (\$5,000,000.00) or more or a Professional Property Management Company with a like amount of Fidelity insurance coverage. The Insurance Trustee shall hold these amounts in trust and disburse said proceeds, after deduction of all reasonable fees and expenses of the Insurance Trustee, as follows:

- (a) If the Owners and Mortgagees, as applicable, determine, in the manner provided herein, not to reconstruct the damaged property, the Insurance Trustee shall distribute the insurance proceeds among all the Owners and/or Mortgagees, as their respective interests may appear, in proportion to their respective undivided interests in the portion or portions of the property damaged or destroyed.
- (b) If the Board is required to provide for the reconstruction of the damaged property, the Insurance Trustee shall disburse the funds to the Person or Persons employed by the Board to effect such reconstruction in accordance with written authorizations submitted to the Insurance Trustee by the architect supervising the reconstruction or by the Board. Any portion of the funds remaining after all the costs of reconstructing the damaged property have been paid shall be disbursed to the Owners and their Mortgagees in proportion to their interests in the portion or portions of the property repaired or restored.

In making disbursements from the construction fund, the Insurance Trustee shall be entitled to rely upon the written authorization submitted as provided above or upon any written certification of facts submitted to the Insurance Trustee by the Board as hereinafter provided without further inquiry. The Insurance Trustee shall in no event be responsible for obtaining insurance on the Regime, paying the premiums on any such insurance, or filing claims for any payments due under any such insurance.

- I. Insurance by Owners. Every Unit Owner shall be obligated to obtain and maintain at all times insurance covering those portions of his or her Unit to the extent not insured by policies maintained by the Association. In the event that any such Unit Owner fails to obtain insurance as required by this subsection, the Association may purchase such insurance on behalf of the Unit Owner and assess the cost thereof to the Unit Owner, to be collected in the manner provided for collection of assessments herein. To that end, each Unit Owner shall be responsible for obtaining such amounts of the following types of insurance as the Unit Owner deems necessary or desirable: (1) hazard insurance on the contents of his Unit and on post-closing improvements and betterments made to his Unit; and (2) liability insurance covering accidents occurring within the boundaries of his Unit.

In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual Unit Owners or their Mortgagees. Each Unit Owner shall notify the Board of all structural improvements made by the Unit Owner to his Unit. Any Unit Owner who obtains an individual insurance policy covering any portion of the Regime, other than improvements and betterments made by such Unit Owner, shall file a copy of such individual policy or policies with the Board within thirty (30) days after the purchase of such insurance. Such Unit Owner shall also promptly notify, in writing, the Board in the event such policy is canceled.

- J. Limitations on Association, Grantor Liability. Neither the Association nor Grantor shall be liable for any loss or damage to a portion of the Regime, the Common Elements or Units not required to be insured by the Association hereunder. With respect to any claim for which the Association may be responsible and the monetary amount of such claim is \$1,000 or less, the Board shall meet with the claimant and representatives of the Association to hear the details of such claim, and the decision of the Board with respect to the resolution thereof shall be binding in all cases.

XXVI. Assessments

- A. Purpose of Assessment. The Association shall have the power to levy assessments as provided herein and in the Act. The assessments for Common Expenses provided for herein shall be used for the general purposes of promoting the health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Units in the Regime as may be more specifically authorized from time to time by the Board.
- B. Creation of the Lien and Personal Obligation For Assessments. Each Owner of any Unit, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges; (ii) special assessments; and (iii) specific assessments, all as herein provided; provided, however, that to the extent permitted by law, Grantor shall not be required to pay such annual, special, or specific assessments for Units owned by Grantor but will, to the extent of any shortfall or deficit in the annual budget, pay to the Association an amount equal to any such shortfall or deficit. All such assessments, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, and if the Board so elects, rents, in the maximum amount permitted by the Act, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which each assessment is made. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as Mortgages are foreclosed under South Carolina law.

Such amounts shall also be the personal obligation of each Person who was the Owner of such Unit at the time when the assessment fell due and may be collected in the same manner as other debts or liens are collected under South Carolina law. Each Owner and each successor-in-title to the Unit shall be jointly and severally liable for all assessments and charges due and payable at the time of any conveyance. Assessments shall be paid in such manner and on such dates as may be fixed by the Board; unless otherwise provided, the annual assessments shall be paid in equal monthly installments due on the first day of each calendar month. No Owner may exempt such Owner from liability for or otherwise withhold payment of assessments for any reason whatsoever, including, but not limited to, nonuse of the Common Elements, the Association's failure to perform its obligations required under this Master Deed, or inconvenience or discomfort arising from the Association's performance of its duties. The lien provided for herein shall have priority as provided in the Act.

- C. Delinquent Assessments. All assessments and related charges not paid on or before the due date shall be delinquent, and the Owner shall be in default.
1. If any monthly installment of annual assessments or any part thereof is not paid in full when due or if any other charge is not paid when due, a late charge equal to the greater of ten dollars (\$10.00) or ten percent (10%) of the amount not paid, or such higher amounts as may be authorized by the Act, may be imposed without further notice or warning to the delinquent Owner and interest at the highest rate as permitted by the Act and adopted by resolution of the Board shall accrue from the due date.
 2. If part payment of assessments and related charges is made, the amount received shall be applied in the following order, and no restrictive language on any check or draft shall be effective to change the order of application:
 - (a) respectively, to any unpaid late charges, interest charges, and specific assessments (including, but not limited to, fines) in the order of their coming due;
 - (b) to costs of collection, including reasonable attorney's fees actually incurred by the Association; and
 - (c) to any unpaid installments of the annual assessment or special assessments in the order of their coming due.
 3. If assessments, fines or other charges or any part thereof due from an Owner are not paid when due, a notice of delinquency may be given to that Owner stating that if the assessment, fine or charge remains delinquent for more than ten (10) days from the date of the notice of delinquency, the Board may accelerate and declare immediately due all of that Owner's unpaid installments of the annual assessment and of any special assessment. If an Owner fails to pay all assessments and related charges currently due within ten (10) days of the date of the notice of delinquency, the Board may then accelerate and declare immediately due all installments of the annual assessment and of any special assessment, without any further notice being given to the delinquent Owner. Upon acceleration, that Owner shall thereby lose the privilege of paying the annual assessment in monthly installments for that fiscal year.
 4. If assessments and other charges or any part thereof remain unpaid more than thirty (30) days after the assessment payments first become delinquent, the Association, acting through the Board, may institute suit to collect all amounts due pursuant to the provisions

of the Master Deed, the Bylaws, the Act and South Carolina law and suspend the Owner's and/or Occupant's right to vote and/or to use the Common Elements; provided, however, the Board may not limit ingress or egress to or from the Unit.

- D. Computation of Operating Budget and Assessment. It shall be the duty of the Board, prior to the beginning of each fiscal year, to prepare and adopt a budget covering the estimated costs of operating the Regime during the coming year. Such budget shall project all Common Expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Regime, including a reasonable allowance for contingencies and reserves if deemed appropriate by the Board. The budget shall separately itemize the liability of the Association in connection with the maintenance, repair, replacement and insurance for the Regime, in each case allowing for reasonable reserves in the discretion of the Board. The Board shall cause the budget and notice of the assessments to be levied against each Unit for the following year to be delivered to each member at least thirty (30) days prior to the end of the Association's fiscal year. The budget adopted by the Board and the assessment established pursuant to the budget shall become effective without further action by the Board or the members of the Association if the annual assessment amount established does not exceed the annual assessment amount levied in the prior fiscal year by more than six percent (6%). If the annual assessment amount established by the Board pursuant to the budget exceeds the annual assessment amount levied in the prior fiscal year by more than six percent (6%), the Board shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than 14 nor more than 30 days after mailing of the budget or summary to the Unit Owners. There shall be no requirement that a quorum be present at the meeting. The budget and the annual assessment amount established pursuant to the budget are deemed ratified unless at the meeting the budget is rejected by a vote of at least sixty-seven (67%) of the total eligible voting power of the Association. In the event the Board fails to adopt a budget or fails to call a meeting for the ratification of a budget requiring ratification or a budget requiring ratification is rejected, the annual budget last in effect shall be continued until such time as a subsequent budget is adopted by the Board, and if required pursuant to this Section, ratified by the Owners. The amount of annual assessments to be levied against each Unit shall be equal to the amount obtained by multiplying the amount of annual Common Expenses expressed in the Association's last ratified budget by a fraction, the numerator of which is the allocated interests in the Common Elements assigned to such Unit and the denominator of which is 100. In addition, Common Expenses reasonably determined by the Board to have been incurred on behalf of or for the benefit of fewer than all Units may be assessed solely against the Unit(s) so benefited and the Unit Owner(s) thereof.

The Board may adopt a revised budget and adjust annual assessments from time to time during the year, subject to the provisions of the foregoing paragraph requiring that assessment increases in excess of six percent (6%) in any fiscal year must be ratified by the Owners pursuant to the provisions of the foregoing paragraph shall apply. The revised budget and assessment amount shall be delivered to the members at least thirty (30) days prior to the proposed effective date thereof.

- E. Special Assessments. In addition to the annual assessment provided for in Section XXVI.D above, the Board may, at any time, and in addition to any other rights it may have, call for a special assessment against all Owners as, in its discretion, it shall deem appropriate. Notice of any such special assessment shall be sent to all Owners prior to becoming effective. Any such special assessment shall become effective unless disapproved at a duly called and constituted meeting of the Association by a vote of at least sixty-seven percent (67%) of the total eligible voting power of the Association; provided, however, if a quorum is not obtained at such meeting,

the special assessment shall become effective even though a vote to disapprove the special assessment could not be called at the meeting.

- F. Specific Assessments. The Board shall have the power to specifically assess expenses of the Association against Units (a) receiving benefits, items, or services not provided to all Units within the Regime that are incurred upon request of the Owner of a Unit for specific items or services relating to the Unit or (b) that are incurred as a consequence of the conduct of less than all Owners, their licensees, invitees, or guests. The Association may also levy or specifically assess any Unit to reimburse the Association for costs incurred in bringing the Unit into compliance with the provisions of the Master Deed, any applicable supplemental master deed, the Articles, the Bylaws, and any rules and regulations of the Association, provided the Board gives prior notice to the Unit Owner and an opportunity for a hearing.
- G. Capital Budget and Contribution. The Board shall annually prepare a capital budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association, as shown on the capital budget. The capital contribution required, if any, shall be fixed by the Board and included within the budget and assessment as provided in Section XXVI.D of this Article. A copy of the capital budget shall be distributed to each member in the same manner as the operating budget.
- Notwithstanding any other provisions of this Master Deed, during the time in which Grantor appoints the directors and officers pursuant to this Master Deed and the Bylaws, the Association shall not be required to prepare a capital budget, set any other capital contribution, or otherwise collect or contribute any amounts for capital reserves. Any capital contribution collected by Grantor shall not be collected against a Mortgagee which takes title to a Unit pursuant to foreclosure.
- H. Date of Commencement of Assessments. The obligation to pay assessments shall commence as to a Unit on the date on which such Unit is conveyed to a Person other than Grantor. Until such time, Grantor shall be responsible for all costs incurred by the Association with respect to unsold Units, including, without limitation, the cost of any insurance maintained by the Association on such Units or the buildings in which they are located. The first annual assessment levied on each Unit shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Unit.
- I. Statement of Account. Any Owner, Mortgagee, or a Person having executed a contract for the purchase of a Unit, or a lender considering a loan to be secured by a Unit, shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges against a Unit. The Association shall respond in writing within ten (10) days of receipt of the request for a statement; provided, however, the Association may require the payment of a reasonable fee as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Unit as of the date specified therein.
- J. Capitalization of Association. Upon acquisition of record title to a Unit by the first Owner thereof other than Grantor (or Grantor's Mortgagee), and upon each subsequent transfer of record title to a Unit, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to two (2) months of the general assessments. This amount shall be in addition to, not in lieu of, the annual assessment and shall not be considered an advance

payment of such assessment. The working capital fund shall be maintained by the Association as a segregated fund. The working capital fund shall not be available for use by Grantor to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while Grantor is in control of the Association. All monies paid into the working capital fund shall be held and administered by the Association in accordance with the terms of this Master Deed and the Bylaws.

- K. Reimbursements to Grantor. Upon acquisition of record title to a Unit by the first Owner thereof other than Grantor (or Grantor's Mortgagee), such Owner shall repay to Grantor, in proportion to its percentage interest ownership as set forth on Exhibit D attached hereto, any insurance premiums, equipment lease payments, loans and any and all other prepayments or advances made to the Association or on its behalf to third parties by Grantor, with respect to the proportional interest of such Unit.
- L. Surplus Funds and Common Profits. Common profits from whatever source shall be applied to the payment of Common Expenses. Subject to the limitations and restrictions set forth in the Articles, any surplus funds remaining after the application of such common profits to the payment of Common Expenses shall, at the option of the Board, either be distributed to the Owners or credited to the next assessment chargeable to the Owners in proportion to the liability for Common Expenses attributable to each Unit, or added to the Association's reserve account.
- M. Restriction on Expense of Litigation. Notwithstanding any contrary provision contained in this Master Deed, in no event may the Association commence any action or proceeding against any Person seeking equitable relief, or seeking either an unspecified amount of damages or damages in excess of \$25,000.00 or any action or proceeding where the estimated cost of legal fees exceeds \$5,000.00, unless the following conditions are satisfied: (a) the decision to commence such action or proceeding shall be taken at an annual or special meeting of the Association; (b) a budget for such litigation, including all fees and costs assuming trial and all potential appeals, shall have been prepared by the attorneys who will be engaged by the Association for such purpose and shall have been mailed or delivered to all Owners and posted at the principal office of the Association at least 30 days prior to such meeting; and (c) at such meeting Owners representing an aggregate ownership interest of seventy-five percent (75%) or more of the Common Elements shall approve the decision to commence, and the proposed budget for, such action or proceeding, and shall concurrently approve the imposition of a special assessment to fund the costs of such action or proceeding in accordance with the approved budget. The Association shall be authorized to expend funds for such proceeding in excess of the amount contemplated by the approved budget only after an amended budget has been approved in accordance with the procedures specified in the foregoing subparts (a), (b) and (c). The procedural requirements set forth in this Section XXIV.L, however, shall not apply to any action to collect or otherwise enforce assessments and any related fines, late charges, penalties, interest, or costs and expenses, including reasonable attorneys' fees, in an amount of \$25,000.00 or less, or any such action where the estimated cost of legal fees is less than \$5,000.00. All of the costs and expenses of any action or proceeding requiring the approval of the Owners in accordance with this paragraph shall be funded by means of a special assessment pursuant to Section XXVI.E, and in no event may the Association use reserve funds or contingency funds, reallocate previously budgeted operating funds, or incur any indebtedness in order to pay any costs and expenses incurred for such purpose. Further, if the Association commences any action or proceeding against a particular Owner or particular Owners requiring the approval of the Owners in accordance with the foregoing, the Owner(s) against whom suit is being considered shall be exempted from the obligation to pay the special assessment(s) levied in order to pay the costs

and expenses of such action or proceeding. The monetary thresholds stated in this Section shall increase by the greater of three percent (3%) or the CPI Index each year on the anniversary of filing this Master Deed. The provisions of this Section XXVI.L cannot be amended without the approval of at least seventy-five (75%) of the total eligible voting power of the Association.

XXVII. Apportionment of Tax or Special Assessment if Levied and Assessed Against the Regime as a Whole.

In the event that any taxing authority having jurisdiction over the Regime shall levy or assess any tax or special assessment against the Regime as a whole, as opposed to levying and assessing such tax or special assessment against each Unit and its appurtenant undivided interest in General and Limited Common Elements as now provided by law, then such tax or special assessment so levied shall be paid as a Common Expense by the Association, and any taxes or special assessments which are to be levied shall be included wherever possible, in the estimated annual budget of Association, or shall be separately levied and collected as an assessment by the Association, against all of the Owners of 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 Regime, as a whole, instead of against each separate Unit and its appurtenant undivided interest in General and Limited Common Elements shall be apportioned among the Owners of all Units so that the amount of such tax or special assessment so paid or to be paid by the Association and attributable to and to be paid by the Owner or Owners of each Unit shall be that portion of such total tax or special assessment which bears the same ratio to said total tax or special assessment as the undivided interest in General and Limited Common Elements appurtenant to each Unit bears to the total undivided interest in General and Limited Common Elements appurtenant to all Units. In the event that any tax or special assessment shall be levied against the Regime in its entirety, without apportionment by the taxing authority of the Regime and appurtenant undivided interests in General and Limited Common Elements, then the assessment by the Association, which shall include the proportionate share of such tax or special assessment attributable to each Unit and its appurtenant undivided interest in General and Limited Common Elements, shall separately specify and identify the amount of such assessment attributable to such tax or special assessments and the amount of such tax or special assessment so designated shall be a lien prior to all Mortgages and encumbrances upon any Unit and its appurtenant undivided interest in General and Limited 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 General and Limited Common Elements.

XXVIII. Amendment of Master Deed.

- A. Voting Requirements; Recorded Instrument. Subject to (1) the provisions of Section XIII.D, (2) the provisions of the following paragraph below and (3) specific provisions of this Master Deed requiring a greater vote, neither this Master Deed nor any of its provisions shall be revoked or amended without the acquiescence of the Owners owning at least sixty-seven percent (67%) of the Units and at least sixty-seven (67%) of the total interest in the General and Limited Common Elements and fifty-one percent (51%) of Eligible Mortgagees to the extent Eligible Mortgagees are granted the right of approval and/or consent pursuant to Section XIII.D of this Master Deed; provided, that the system of administration as set forth in the Articles and Bylaws may be amended and modified from time to time in accordance with the provisions of the Act and other applicable provisions of the Code of Laws of South Carolina. Any such amendment or revocation shall be executed and subscribed with the same formalities required in South Carolina for the making of deeds, and recorded in the public records of Horry County.

- B. Non-Material Amendments; Conformance to Mortgage Legislation. Notwithstanding the foregoing, the Grantor, its successors or assigns, acting alone, shall have the power but not the obligation, at any time (and from time to time), to amend the Master Deed to correct typographical or scrivener's errors and to cause the Master Deed to conform to the requirements of the Act, the Federal National Mortgage Association, and/or the Federal Home Loan Mortgage Corporation, as set forth, respectively, in "FNMA Conventional Home Mortgage Selling Contract Supplement" and "Seller's Guide to Conventional Mortgages," as the same may be amended from time to time.

XXIX. Remedies in Event of Default.

The Owner or Owners of each Unit shall be governed by and shall comply with the provisions of this Master Deed, the Articles and the Bylaws 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. Relief. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the Articles, Bylaws of the Association, its rules and regulations, or decisions made pursuant thereto 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. Relief may be sought by the Association, or if appropriate, by an aggrieved Owner of a Unit or both;
- B. Liability. The Owner or Owners of each Unit shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by 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. Costs. 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 attorneys' fees as may be determined by the Court, and the Owner of any Unit shall be entitled to such attorney's fees and costs if successful in such action;
- D. Waiver by Association, Owner. 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. Cumulative Remedies. All rights, remedies, and privileges granted to Association or the Owner or Owners of a Unit pursuant to any terms, provisions, covenants; or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity; and
- F. Waiver by Grantor, Lender. The failure of the Grantor or the lender to enforce any right, privilege, covenant, or condition which may be granted to them, or either of them, by this Master Deed or

other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant, or condition in the future.

XXX. Use or Acquisition of Interest in the Regime to Render User or Acquirer Subject to Provisions of Master Deed Rules and Regulations, Bylaws and Binding Arbitration

All present or future Owners, tenants, or any other Person who might use the facilities of the Regime in any manner are subject to the provisions of this Master Deed and all documents appurtenant thereto and incorporated herewith. The acquisition or rental of any Unit, or the mere act of occupancy of any Unit, shall signify that the provisions of the Condominium Instruments are accepted and ratified in all respects.

XXXI. Council of Owners Association, Control of Board

Subject to the remainder of this paragraph, the Grantor may appoint and remove members of the Board of Directors of the Association ("Board") for a period not exceeding five (5) years from the date of the first conveyance of any Unit to a Person other than the Grantor. This period of Grantor control terminates no later than sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Unit Owners other than the Grantor. The Grantor may voluntarily surrender the right to appoint and remove members of the Board before termination of that time period. After termination of the Grantor's control, any or all Directors serving on the Board may be removed or replaced in accordance with the applicable provisions set forth in the Bylaws of the Association.

Whenever Grantor shall be entitled to designate and select any Person or Persons to serve on the Board, the manner in which such Person or Persons shall be designated shall be as provided in the Articles and/or Bylaws of the Association. Grantor shall have the right to remove any Person or Persons selected by it to act and serve on said Board 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 or a resident in the Regime. Anything to the contrary notwithstanding, the power in the Grantor to designate Directors shall terminate five (5) years from the date of recording of the Master Deed.

Any representative of Grantor serving on the Board of the Association shall not be required to disqualify himself upon any vote upon any management contract or other matter between Grantor and Association where the said Grantor may have a pecuniary or other interest. Similarly, Grantor as a member of 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 Association where Grantor may have a pecuniary or other interest.

All rights, duties and obligations of the Grantor herein may be experienced or performed by the Grantor, its successors and assigns.

XXXII. Annual Reports to be Provided to Lender

So long as any institutional lender is an Owner or Mortgagee encumbering a Unit in the Regime, the Association shall furnish said lender upon request with at least one copy of the annual financial statement and report of the Association audited satisfactorily, setting forth such details as the said lender may reasonably require, including a detailed statement of annual carrying charges or income collected and operating expense, with such financial statement and report to be furnished within ninety (90) days following the end of each fiscal year.

Such statement shall be prepared in accordance with generally accepted accounting principles and shall contain the certificate of the accountant or accounting firm to that effect. Further, the accountant or accounting firm shall include as a special item(s) any information to which a reasonable man would attach importance in the management of his own financial affairs, should said information not appear readily from the face of the statement.

The Association shall make available to Unit Owners, lenders, Mortgagees, insurers, or guarantors of any Mortgage current copies of any Condominium Instrument or any other rules concerning the project and the books, records and financial statements of the Association. For purposes of this section, the term "available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

Any Mortgagee or any insurer or guarantor of a Mortgage shall be entitled, upon written request, to a financial statement of the immediately preceding fiscal year, free of charge to the party so requesting.

Any financial statement requested pursuant to this Article shall be furnished within a reasonable time following such request.

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. Master Deed Binding Upon Grantor, Its Successor 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 General and Limited Common Elements. This Master Deed and all easements reserved herein shall be binding upon Grantor, its successors and assigns, and upon all parties who may subsequently become Owners of Units in the Regime and their respective heirs, legal representative, and successors and assigns.

XXXV. Definitions

Unless otherwise defined herein, the definitions contained in the Act are hereby incorporated herein and made a part hereof by reference. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in Appendix A.

XXXVI. Limited Warranty

- A. Association. In the event of any Dispute concerning the condition of the Common Elements, Grantor's sole obligation, and the sole remedy of the Association, under this Limited Warranty, to the exclusion of all other remedies, is limited to the repair or replacement, at Grantor's option, of the defective condition of the work (the "Work") in accordance with the construction plans for the Regime (the "Plans") prepared by JHS Resort Design, Inc. (the "Architect"). Any portion of the Common Elements or the Regime not included in the Plans is sold "AS IS" without warranty. Association must give written notice to Grantor specifically describing the defect to be repaired or replaced no later than one (1) year following the date of issuance of the certificate of occupancy for the Regime (the "Warranty Period"). No warranty is given for matters as to which Grantor

does not receive written notice during the Warranty Period. Grantor assigns to Association all of Grantor's rights, as they pertain to the Common Elements or the Regime, under the limited warranty from Dargan Construction Services, LLC, d/b/a Dargan Construction Company LLC (the "Contractor"). Any correction, repair or replacement of the Work by Contractor shall satisfy Grantor's obligations under this Limited Warranty. Contractor's warranty is limited to the Work performed by the Contractor pursuant to the Plans and does not apply to any portion of the Common Elements or the Regime which has not been constructed by the Contractor.

The Limited Warranty set forth above is further subject to the Limitation of Remedies, Disclaimer and Exclusion of all other Warranties and Additional Warranty Exclusions set forth below, and the Arbitration Agreement set forth in Section XXXVI.C below.

1. Limitation of Remedies and Disclaimer and Exclusion of all Other Warranties

THE LIMITED WARRANTY PROVIDED ABOVE IS IN LIEU OF ALL OTHER WARRANTIES OF GRANTOR, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, SOUNDNESS, QUALITY, WORKMANLIKE SERVICE, VALUE, SUITABILITY, FITNESS, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, WHICH GRANTOR HEREBY EXPRESSLY DISCLAIMS.

THIS LIMITED WARRANTY IS NONTRANSFERABLE AND IS PERSONAL ONLY TO THE ASSOCIATION.

AS TO ANY FURNITURE, FURNISHINGS OR OTHER PERSONAL PROPERTY (INCLUDING WITHOUT LIMITATION, FAN COIL UNIT(S), MOTORIZED DAMPERS, AND HEATING, VENTILATING AND COOLING CONTROLS) CONVEYED ALONG WITH THE GENERAL AND LIMITED COMMON ELEMENTS BY THE GRANT TO THE ASSOCIATION, AND AS TO ANY "CONSUMER PRODUCT" (AS THAT TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL LAW OR IMPLEMENTING REGULATIONS, OR AS A TERM OF SIMILAR MEANING MAY BE DEFINED UNDER STATE, OR LOCAL LAWS, OR THEIR IMPLEMENTING REGULATIONS) AND AS TO ANY PORTION OF THE REGIME AND OTHER IMPROVEMENTS NOT CONSTRUCTED BY CONTRACTOR PURSUANT TO THE PLANS WHICH MAY BE CONTAINED IN THE COMMON ELEMENTS, GRANTOR NEITHER MAKES NOR ADOPTS ANY WARRANTY WHATSOEVER AND SPECIFICALLY EXCLUDES EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE. ADDITIONALLY, THE GRANTOR EXCLUDES ALL WARRANTIES OF SOUNDNESS, QUALITY, WORKMANLIKE SERVICE, VALUE, SUITABILITY, FITNESS, OR OF HABITABILITY.

ASSOCIATION'S RIGHTS AGAINST CONTRACTOR ARE LIMITED SOLELY TO THE ASSIGNMENT OF LIMITED WARRANTY PROVIDED HEREIN. ASSOCIATION HAS NO CONTRACTUAL RELATIONSHIP WITH, AND NO RIGHTS AGAINST, ARCHITECT.

2. **Additional Warranty Exclusions**

- (a) Nail or screw pops or cracks in the walls and ceilings of the General and Limited Common Elements which do not result from faulty workmanship or defective materials but are the result of natural shrinkage and drying of building materials, or of normal settlement of the building, wind loads or other normal movement of the building components. To the extent that the Grantor may elect at its sole discretion to perform repairs for the above conditions, provided that notice of such conditions in writing is received by Grantor, Contractor and Architect during the Warranty Period, Grantor, Contractor and Architect will not be liable for repainting, wallpapering or refinishing any repaired areas.
- (b) This Limited Warranty does not cover correction of the results of ordinary wear and tear, or damage due to misuse or neglect, negligence, or the Association's failure to provide proper maintenance to the General and Limited Common Elements or the Association's failure to perform maintenance as required by the manufacturer.
- (c) This Limited Warranty does not cover the individual Units.
- (d) This Limited Warranty does not extend to any item which has been modified or repaired by the Association or any items which are installed or constructed pursuant to a separate contract or agreement between the Association and any party other than Grantor.
- (e) This Limited Warranty specifically excludes any and all secondary, incidental or consequential damages caused by any defect or breach hereof.
- (f) No steps taken by Grantor, Contractor and Architect to correct defects shall act to extend the scope of duration of the Limited Warranty beyond the Warranty Period.
- (g) No representative of Grantor, Contractor, and Architect has the authority to expand or extend the scope of this Limited Warranty or to make verbal agreements with respect thereto.
- (h) All requests for correction pursuant to this Limited Warranty must be in written form and delivered to the Grantor at 3710 Landmark Drive, Suite 114, Columbia, South Carolina 29204.
- (i) This Limited Warranty is not assignable and any attempted assignment shall be null and void without Grantor's prior written consent.
- (j) In the event for any reason the arbitration provisions set forth in Section XXXVI.C below are not applied, Grantor and Association expressly waive all resort to trial by jury and all issues otherwise so triable arising out of this Limited Warranty.

- (k) The invalidity or ambiguity of any agreement, restriction, condition, reservation or any other provisions of this Limited Warranty shall not impair or affect in any manner the validity or effect of the remainder of this Limited Warranty.

- B. Unit Owners. By accepting a Unit in the Regime, each Owner thereof agrees that the terms and conditions of the unit limited warranty set forth below (the "Unit Limited Warranty") shall apply to any Disputes between any Owner and Grantor, but also to any Disputes between such Owner and Contractor, Architect, Drake Development Company USA or any other party concerning a Unit or any General or Limited Common Elements of the Regime.

In the event of any Dispute concerning the condition of the Unit, Grantor's sole obligation and Owner's sole remedy under this Unit Limited Warranty, to the exclusion of all other remedies, is limited to the repair or replacement, at Grantor's option, of the defective condition of Work in accordance with the Plans for the Regime prepared by the Architect. Any portion of the Unit or the Regime not included in the Plans is sold "AS IS" without warranty. Owner must give written notice to Grantor specifically describing the defect to be repaired or replaced within one (1) year after the date on which the Unit was initially purchased from Grantor (the "Unit Warranty Period"). No warranty is given for matters as to which Grantor does not receive written notice during the Unit Warranty Period. Grantor assigns to Owner all of Owner's rights, as they pertain to the Unit, under the limited warranty from Contractor. Any correction, repair or replacement of the Work by Contractor shall satisfy Grantor's obligations under this applicable Unit Limited Warranty. Contractor's warranty is limited to the Work performed by the Contractor pursuant to the Plans and does not apply to any portion of the Unit which has not been constructed by the Contractor.

The Unit Limited Warranty set forth above is further subject to the Limitation of Remedies, Disclaimer and Exclusion of all other Warranties, and Additional Warranty Exclusions set forth below, and the Arbitration Agreement set forth in Section XXXVI.C below.

1. Limitation of Remedies and Disclaimer and Exclusion of All Other Warranties

THIS UNIT LIMITED WARRANTY IS IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES OF GRANTOR, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, SOUNDNESS, QUALITY, WORKMANLIKE SERVICE, VALUE, SUITABILITY, FITNESS, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, WHICH GRANTOR HEREBY EXPRESSLY DISCLAIMS.

THIS UNIT LIMITED WARRANTY IS NON-TRANSFERABLE AND IS PERSONAL ONLY TO THE ORIGINAL PURCHASER OF A UNIT FROM GRANTOR UNLESS APPROVAL IS OBTAINED FROM GRANTOR PRIOR TO TRANSFER.

AS TO ANY FURNITURE, FURNISHINGS, OR OTHER PERSONAL PROPERTY (INCLUDING WITHOUT LIMITATION, FAN COIL UNITS(S), MOTORIZED DAMPERS, AND HEATING, VENTILATING AND COOLING CONTROLS) CONVEYED ALONG WITH THE UNIT BY GRANTOR TO OWNER, AND AS TO ANY "CONSUMER PRODUCT" (AS THAT TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL LAW OR IMPLEMENTING REGULATIONS, OR AS A TERM OF SIMILAR MEANING MAY BE DEFINED UNDER STATE, OR LOCAL LAWS, OR THEIR IMPLEMENTING REGULATIONS), AND AS TO ANY PORTION OF THE REGIME AND OTHER IMPROVEMENTS NOT CONSTRUCTED BY CONTRACTOR PURSUANT TO THE PLANS, WHICH MAY BE CONTAINED IN THE PURCHASED UNIT, OR THE COMMON

ELEMENTS, GRANTOR NEITHER MAKES NOR ADOPTS ANY WARRANTY WHATSOEVER AND SPECIFICALLY EXCLUDES, EXPRESS OR IMPLIED, REPRESENTATIONS AND WARRANTIES OF ANY NATURE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE. ADDITIONALLY, GRANTOR EXCLUDES AND DISCLAIMS ALL WARRANTIES OF SOUNDNESS, QUALITY, WORKMANLIKE SERVICE, VALUE, SUITABILITY, FITNESS, OR OF HABITABILITY.

OWNER'S RIGHTS AGAINST CONTRACTOR ARE LIMITED SOLELY TO THE ASSIGNMENT OF CONTRACTOR'S LIMITED WARRANTY PROVIDED HEREIN. OWNER HAS NO CONTRACTUAL RELATIONSHIP WITH, AND NO RIGHTS AGAINST, ARCHITECT.

2. **Additional Warranty Exclusions**

- (a) All chips, scratches or mars on items such as tile, walls, porcelain, glass (including breakage or cracks), plumbing fixtures, plastic laminate counter tops, granite or marble, must be noted on the inspection report required below, or else they will not be covered under this Unit Limited Warranty.
- (b) Faucet leaks, toilet door and door frame adjustments, floor and wall tile grouting are covered for a period of one (1) year after closing on the purchase from Grantor. Thereafter, any repairs or corrections become the sole responsibility of Owner.
- (c) Nail or screw pops or cracks in the walls and ceilings which do not result from faulty workmanship or defective materials but are the result of natural shrinkage and drying of building materials, or of normal settlement of the building, wind loads or other normal movement of the building components, are not covered. To the extent that Grantor may elect at its sole discretion to perform repairs for the above conditions, provided that notice of such conditions in writing is received by Grantor during the Unit Warranty Period, Grantor will not be liable for repainting, wallpapering or refinishing any repaired areas.
- (d) This Unit Limited Warranty does not cover correction of the results of ordinary wear-and-tear, or damage due to misuse or neglect, negligence, or an Owner's or Association's failure to provide proper maintenance.
- (e) This Unit Limited Warranty does not cover damage arising from leaks or water infiltration at perimeter walls or ceilings.
- (f) This Unit Limited Warranty does not cover the General or Limited Common Elements of the Regime.
- (g) This Unit Limited Warranty does not cover any personal property, including without limitation any and all furniture or furnishings, conveyed by Grantor along with the Unit.
- (h) This Unit Limited Warranty does not extend to any item which has been modified or repaired by an Owner or any item which is installed or constructed pursuant to

a separate contract or agreement between an Owner and any party other than Grantor.

- (i) This Unit Limited Warranty specifically excludes any and all secondary, incidental or consequential damages caused by any defect or breach hereof.
- (j) No steps taken by Grantor to correct defects shall act to extend the scope or duration of this Unit Limited Warranty beyond the Unit Warranty Period.
- (k) No representative of Grantor has the authority to expand or extend the scope of this Unit Limited Warranty or to make verbal agreements with respect thereto.
- (l) All requests for correction pursuant to this Unit Limited Warranty must be in written form and shall be delivered to Grantor at 3710 Landmark Drive, Suite 114, Columbia, South Carolina 29204
- (m) This Unit Limited Warranty is not assignable and any attempted assignment shall be null and void without Grantor's prior written consent.
- (n) In the event for any reason the arbitration provisions set forth in Section XXXVI.C below are not applied, Grantor and each Owner expressly waive all resort to trial-by-jury of any and all issues otherwise so triable arising out of this Unit Limited Warranty.
- (o) The invalidity or ambiguity of any agreement, restriction, condition, reservation, or any other provision of this Unit Limited Warranty shall not impair or affect in any manner the validity or effect of the remainder of this Unit Limited Warranty.

C. Arbitration Agreement. Any and all claims under the Limited Warranty set forth in Section XXXVI.A and the Unit Limited Warranty set forth in Section XXXVI.B above against Grantor, Contractor, Architect, Drake Development Company USA or any broker or sales agent, or any officers, directors, managers, members, agents, employees or representatives thereof, shall be subject to the following arbitration provision:

ANY DISPUTE (AS DEFINED BELOW) BETWEEN THE PARTIES SHALL BE SUBJECT TO MANDATORY ARBITRATION, AT THE REQUEST OF ANY PARTY, WHETHER MADE BEFORE OR AFTER INSTITUTION OF ANY JUDICIAL PROCEEDING, PURSUANT TO THE FEDERAL ARBITRATION ACT OR, IF IT IS DEEMED NOT TO APPLY, THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ. OF THE CODE OF LAWS OF SOUTH CAROLINA. The term "Dispute" shall mean any dispute, claim or controversy of any nature whatsoever asserted by (i) any Person that now has or hereafter acquires any interest in a Unit, (ii) the Grantor or Developer, (iii) the Association or any corporation or other entity formed to serve as Unit Owners' association, (iv) any Person that has previously or hereafter supplied (directly or indirectly) labor, materials, design services, equipment or other things of value in connection with the construction or maintenance of any Unit or the Common Elements, (v) any heir, successor, delegatee or assignee of any such Persons, (vi) any broker or sales agent, or (vii) any officers, directors, managers, members, agents, employees or representatives of the foregoing, including without limitation:

1. any dispute, claim or controversy arising out of or relating to this Master Deed;

2. any dispute, claim or controversy arising out of or relating to the Common Elements, the condition of the Units, the Common Elements or any alleged defect in the Units or Common Elements, or in the property on which the Units or Common Elements are located;
3. any dispute, claim or controversy concerning any aspect of the Regime, including the condition of the Common Elements or any alleged defect in the Common Elements of the Regime;
4. any dispute, claim or controversy concerning the conveyance of the Units or the Common Elements; and
5. any other dispute, claim or controversy which concerns the Units, the Common Elements, the Regime (including the Common Elements) or their surrounding land or environment in any manner, whether or not based on or relating to this Agreement.

Without limiting the generality of the foregoing, Disputes which are subject to arbitration under this Section shall include Disputes based on alleged breach of contract, Disputes based on alleged negligent or intentional misrepresentation or non-disclosure in the inducement of a contract or in the execution or performance of a contract, Disputes concerning alleged breach of any alleged duty of good faith and fair dealing, Disputes under the Limited Warranty set forth in Section XXXVI.A and the Unit Limited Warranty set forth in Section XXXVI.B above, and Disputes concerning the design, construction or condition of the Units, the Common Elements, the Regime (including the Common Elements) or the surrounding subdivision or environment. Disputes subject to arbitration hereunder also include all disputes, claims and controversies alleging negligence, gross negligence, reckless conduct, intentional conduct, breach of implied warranty of habitability or any other basis or theory of liability whatsoever. The parties confirm their intention that this arbitration paragraph be construed liberally to give effect to the parties' desire that all Disputes between the parties of every nature whatsoever be subject to arbitration. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes include disagreement as to whether a matter is subject to arbitration, claims brought as class actions, and claims arising from documents executed in the future.

Arbitration shall be conducted under and governed by the Construction Industry Arbitration Rules of the American Arbitration Association (the "AAA"). All applicable statutes of limitation shall apply to a Dispute. As a condition precedent to arbitration, the dispute shall first be mediated in accordance with the Construction Industry Mediation Rules of the AAA, or such other mediation service selected by us. The arbitration proceedings shall be conducted in the Horry County, South Carolina, on an expedited basis before a neutral arbitrator who is a member of the Bar of the State of South Carolina, and has been actively engaged in the practice of law for at least 15 years, specializing in commercial transactions with substantial experience in the subject matter of this Agreement. The arbitrator should be of recognized standing in South Carolina and need not necessarily be an attorney who generally serves as an arbitrator for AAA or otherwise. Any attorney who serves as an arbitrator shall be compensated at a rate equal to his or her current regular hourly billing rate. Upon the request of any party, the arbitrator's award shall include findings of fact and conclusions of law provided that such findings may be in summary form. Any party may seek review of the arbitrator's award before an arbitration review panel comprised of three arbitrators qualified in the same manner as the initial arbitrator (as set forth above) by submitting a written request to the AAA. The right of review shall be deemed waived unless requested in writing within ten (10) days of the delivery of the initial arbitrator's award. The

arbitration review panel shall be entitled to review all findings of fact and conclusions of law in whatever manner it deems appropriate and may modify the award of the initial arbitrator in its discretion. Unless otherwise deemed appropriate by the arbitrator(s), the prevailing party shall be entitled to an award of all reasonable out-of-pocket costs and expenses (including attorneys' and arbitrators' fees) related to the entire arbitration proceeding (including review if applicable). In the event that the arbitration provision herein is invalidated by a court of competent jurisdiction, Association, any Unit Owner and Grantor, binding their heirs, successors and assigns, agree that any and all Disputes which would have been subject to this arbitration provision shall be tried non-jury and further expressly agree that they hereby waive all resort to trial-by-jury of any and all issues otherwise so triable. Association, any Unit Owner and Grantor hereby consent to jurisdiction in South Carolina. This provision shall survive Closing and shall be binding on the heirs, successors and assigns of the parties.

THIS ARBITRATION PROVISION IS EXPRESSLY INTENDED TO BENEFIT AND BE ENFORCEABLE BY EACH PERSON REFERENCED HEREIN WHETHER OR NOT SUCH PERSON IS BOUND BY THIS ARBITRATION PROVISION. ANY ATTEMPT BY ANY SUCH PERSON TO ENFORCE THIS ARBITRATION PROVISION SHALL CONSTITUTE CONCLUSIVE CONSENT TO BE BOUND HEREBY. ANY CLAIM OR CAUSE OF ACTION NOT COVERED BY THIS ARBITRATION AGREEMENT SHALL BE COVERED BY ARTICLE XXXVII HEREIN.

- D. Acknowledgment. EACH OWNER, BY ACCEPTING A UNIT SUBJECT TO THE TERMS OF THIS MASTER DEED, ACKNOWLEDGES THE DISCLAIMERS OF IMPLIED WARRANTIES OF HABITABILITY WITH RESPECT TO THE UNITS AND ALL GENERAL AND LIMITED COMMON ELEMENTS AS SET FORTH HEREIN, AND ACKNOWLEDGES THAT SUCH DISCLAIMERS WERE SPECIFICALLY BARGAINED FOR BY GRANTOR.

XXXVII. Alternative Dispute Resolution

Any claim or cause of action not covered by the arbitration provisions of Article XXXVI shall be covered by the provisions of this Article:

- A. Definitions Applicable to this Article XXXVII.
1. Bound Party. Includes: Grantor; all Owners; the Association and its officers, directors, and committee members, including any corporation or other entity formed to serve as the Association; all Persons subject to this Master Deed; any Person not otherwise subject to this Master Deed who agrees to submit to this Article; any Person that now has or hereafter acquires any interest in a Unit; the developer of the Regime; any Person that has previously or hereafter supplies (directly or indirectly) labor, materials, design services, equipment or other things of value in connection with the construction or maintenance of any Unit or Common Element in the Regime; any heir, successor, delegatee or assignee of any Person listed in this paragraph, any broker or sales agent, or any officers, directors, managers, members, agents, employees or representatives of the foregoing.
 2. Dispute. For purposes of this Article XXXVII, the term "Dispute" refers to any claim, grievance or dispute arising out of or relating to (i) the interpretation, application, or enforcement of this Master Deed, including all documents attached thereto or incorporated by reference therein and; (ii) the rights, obligations, and duties of any Bound Party under the Master Deed, including all documents attached thereto or incorporated

by reference therein; and any other claim, grievance or dispute not otherwise subject to the arbitration provisions set forth in Article XXXVI above, except that the following shall not be considered a Dispute unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section B of this Article: (i) any suit by the Association to collect assessments or other amounts due from any Owner of a Unit; (ii) any suit between Owners, which does not include Grantor or the Association as a party, if such suit asserts a Dispute which would constitute a cause of action independent of the Master Deed; and (iii) any suit in which any indispensable party is not a Bound Party.

B. Arbitration.

1. **ANY DISPUTE BETWEEN THE BOUND PARTIES SHALL BE SUBJECT TO MANDATORY ARBITRATION, AT THE REQUEST OF ANY BOUND PARTY, WHETHER MADE BEFORE OR AFTER INSTITUTION OF ANY JUDICIAL PROCEEDING, PURSUANT TO THE FEDERAL ARBITRATION ACT OR, IF IT IS DEEMED NOT TO APPLY, THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ. OF THE CODE OF LAWS OF SOUTH CAROLINA.**
2. Without limiting the generality of the foregoing, Disputes which are subject to arbitration under this Article XXXVII shall include Disputes based on alleged breach of contract, Disputes based on alleged negligent or intentional misrepresentation or non-disclosure in the inducement of a contract or in the execution or performance of a contract, Disputes concerning alleged breach of any alleged duty of good faith and fair dealing, disagreements as to whether a matter is subject to arbitration, claims brought as class actions, and claims arising from documents executed in the future, and all disputes, claims and controversies alleging negligence, gross negligence, reckless conduct, intentional conduct, breach of implied warranty of habitability or any other basis or theory of liability whatsoever. The Bound Parties confirm their intention that these arbitration provisions be construed liberally to give effect to the Bound Parties' desire that all Disputes between the Bound Parties of every nature whatsoever be subject to arbitration. Institution of a judicial proceeding by a Bound Party does not waive the right of that Bound Party to demand arbitration hereunder.
3. Arbitration shall be conducted under and governed by the Commercial Arbitration Rules of the AAA. All applicable statutes of limitation shall apply to a Dispute. As a condition precedent to arbitration, the Dispute shall first be mediated in accordance with the applicable Mediation Rules of the AAA, or such other mediation service selected by us. The arbitration proceedings shall be conducted in Horry County, South Carolina, on an expedited basis before a neutral arbitrator who is a member of the Bar of the State of South Carolina, and has been actively engaged in the practice of law for at least 15 years, specializing in commercial transactions with substantial experience in the subject matter of this Agreement. The arbitrator should be of recognized standing in South Carolina and need not necessarily be an attorney who generally serves as an arbitrator for AAA or otherwise. Any attorney who serves as an arbitrator shall be compensated at a rate equal to his or her current regular hourly billing rate. Upon the request of any Bound Party, the arbitrator's award shall include findings of fact and conclusions of law provided that such findings may be in summary form. Any Bound Party may seek review of the arbitrator's award before an arbitration review panel comprised of three arbitrators qualified in the same manner as the initial arbitrator (as set forth above) by submitting a written request to the AAA. The right of review shall be deemed waived unless requested in writing within ten (10) days of the delivery of the initial arbitrator's award. The

arbitration review panel shall be entitled to review all findings of fact and conclusions of law in whatever manner it deems appropriate and may modify the award of the initial arbitrator in its discretion. Unless otherwise deemed appropriate by the arbitrator(s), the prevailing party shall be entitled to an award of all reasonable out-of-pocket costs and expenses (including attorneys' and arbitrators' fees) related to the entire arbitration proceeding (including review if applicable). In the event that the arbitration provision herein is invalidated by a court of competent jurisdiction, Association, any Owner and Grantor, binding their heirs, successors and assigns, agree that any and all disputes which would have been subject to this arbitration provision shall be tried non-jury and further expressly agree that they hereby waive all resort to trial-by-jury of any and all issues otherwise so triable. Each Bound Party hereby consents to jurisdiction in South Carolina. This provision shall survive Closing and shall be binding on the heirs, successors and assigns of the Bound Parties.

4. **THIS ARBITRATION PROVISION IS EXPRESSLY INTENDED TO BENEFIT AND BE ENFORCEABLE BY EACH BOUND PARTY WHETHER OR NOT SUCH PERSON IS BOUND BY THIS ARBITRATION PROVISION. ANY ATTEMPT BY ANY SUCH PERSON TO ENFORCE THIS ARBITRATION PROVISION SHALL CONSTITUTE CONCLUSIVE CONSENT TO BE BOUND HEREBY.**

C. Association Claims. In addition to compliance with the foregoing arbitration procedures outlined in this Article, the Board shall not be authorized or obligated to and the Association shall not initiate any judicial or administrative proceeding unless first approved by a seventy-five percent (75%) affirmative vote of the entire Association membership, except that no such approval shall be required for actions or proceedings:

1. initiated to enforce the provisions of this Master Deed against an Owner or Occupant of any Unit or Common Element (excluding the provisions of the Limited Warranty and Unit Limited Warranty contained in Article XXXVI herein) including all documents attached hereto or incorporated by reference herein, including, but not limited to, collection of assessments and foreclosure of liens;
2. initiated to challenge property taxation or condemnation proceedings; or
3. to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Section C shall not be amended unless such amendment is approved by one hundred percent (100%) of votes of the Association membership.

D. Waiver of Jury Trial. **BY ACCEPTANCE OF A DEED TO ANY UNIT OR OTHER PROPERTY HEREUNDER, ASSOCIATION AND OWNER(S) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY HEREBY AGREE, THAT, TO THE EXTENT THE ARBITRATION PROVISIONS OF ARTICLES XXXVI AND XXXVII MAY BE DETERMINED BY A COURT NOT TO APPLY FOR ANY REASON:**

1. **NEITHER ANY OWNER NOR ANY ASSIGNEE, SUCCESSOR, HEIR, OR LEGAL REPRESENTATIVE OF OWNER OR GRANTOR, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, OR ANY OTHER LITIGATION PROCEDURE ARISING FROM OR BASED UPON THE MATTERS SET FORTH HEREUNDER, OR TO THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG THE GRANTOR, ITS**

AGENTS, CONTRACTORS, SUBCONTRACTORS, ARCHITECTS, ENGINEERS AND THE OWNERS OR THE ASSOCIATION;

2. **NEITHER ANY OWNER, NOR ASSOCIATION, NOR GRANTOR WILL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED;**
3. **NEITHER ANY OWNER, NOR ASSOCIATION, NOR GRANTOR HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES; AND**
4. **THE PROVISIONS CONTAINED IN THIS ARTICLE ARE A MATERIAL INDUCEMENT FOR GRANTOR TO MAKE THE DECLARATIONS SET FORTH HEREIN.**

XXXVIII. Safety & Gated Access to Regime

All Owners, by accepting title to a Unit, waive all rights of uncontrolled and unlimited access, ingress and egress to and from such Unit and acknowledge and agree that such access, ingress, and egress will be limited to roadways, sidewalks and walkways located within the Regime from time to time, provided that pedestrian and vehicular access to and from all such property will be provided at all times. There is reserved unto Grantor and the Association and their respective successors and assigns the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Regime, provided that access may be granted to any Person who gives reasonable evidence satisfactory to entry guards, if there are any, that entry is with the specific permission of Owner or his duly authorized agent. Neither the Grantor nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Regime in accordance with the foregoing.

NEITHER GRANTOR NOR THE ASSOCIATION SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF ANY GATE OR CONTROLLED ACCESS TO THE REGIME OR SAFETY MEASURES UNDERTAKEN WITH RESPECT THERETO BY EITHER OR BOTH OF THEM AND WHETHER OR NOT SUCH ACTIVITIES OR UNDERTAKINGS ARE REFERRED TO AS "SECURITY" MEASURES, NOR SHALL EITHER OR BOTH BE LIABLE FOR ANY LOSS OF DAMAGE RESULTING FROM ANY FAILURE TO PROVIDE CONTROLLED ACCESS OR SAFETY MEASURES, OR FROM LEAVING ANY GATE OPEN, AS PERMITTED UNDER THIS SECTION, OR FROM A FAILURE OR INEFFECTIVENESS OF ANY SUCH CONTROLLED ACCESS OR SAFETY MEASURES UNDERTAKEN BY EITHER OR BOTH OF THEM. NO REPRESENTATION, WARRANTY OR COVENANT IS GIVEN TO ANY OWNER OR OCCUPANT BY EITHER OR BOTH OF GRANTOR AND THE ASSOCIATION THAT ANY CONTROLLED ACCESS OR SAFETY MEASURES INSTALLED OR UNDERTAKEN CANNOT BE BYPASSED OR COMPROMISED OR THAT THEY WOULD, IN FACT, AVERT DAMAGE OR LOSS RESULTING FROM THAT WHICH THEY ARE DESIGNED TO PREVENT, AND EACH OWNER BY ACCEPTANCE OF A DEED TO A UNIT AND EACH OCCUPANT THEREOF SHALL INDEMNIFY AND HOLD GRANTOR AND ASSOCIATION HARMLESS FROM ANY DAMAGE AND COSTS AND EXPENSES, INCLUDING ATTORNEY FEES, INCURRED BY EITHER OR BOTH OF THEM AS A RESULT OF ANY SUCH ASSERTION OR DETERMINATION.

Notwithstanding anything herein contained to the contrary, Grantor hereby reserves unto itself, its successors and assigns, the right and option to control any gate to the Regime and to leave the gate in

an open position for the unobstructed and uncontrolled passage of construction vehicles for Persons engaged in both infrastructure and building construction activities.

XXXIX. Prohibition on Time Shares

Notwithstanding anything herein to the contrary and subject to the proviso set forth below, no Unit shall be used for or subject to any type of Vacation Time Sharing Ownership Plan, Vacation Time Sharing Lease Plan, or Vacation Time Sharing Plan, as defined by the South Carolina Code of Laws, Section 27-32-10, et seq., as amended, or any subsequent laws of the State of South Carolina dealing with a vacation time share ownership or leasing plan, unless the Owner of said Unit has obtained the prior written approval of Grantor or, following the formation of the Association, the Board; provided, however, that upon the prior written approval of Grantor or, following the formation of the Association, the Board, any Unit may be owned by a partnership, limited liability company, tenants in common or other joint ownership arrangement, and all partners, members, managers, tenants in common or other joint owners shall have the right to use the Unit on such basis as the partners, members, managers, tenants in common or other joint owners, may agree; provided, that the total number of partners, members, tenants in common or other joint owners of such an entity may not exceed thirteen (13); and provided, further, that Grantor or the Board, as applicable, is notified in writing upon any change or proposed change in control of the underlying owners of any such Owner entity or joint ownership arrangement.

XL. Miscellaneous

- A. Attached hereto as Exhibit A, Legal Description.
- B. Attached hereto as Exhibit B, Plat & Elevation Certificate.
- C. Attached hereto as Exhibit C, Plot Plans.
- D. Attached hereto as Exhibit D, Table of Values.
- E. Attached hereto as Exhibit E, the Architect's Certificate required by S. C. Code Ann. § 27-31-110 (1976).
- F. Attached hereto as Exhibit F, Articles of the Association.
- G. Attached hereto as Exhibit G, the Bylaws of the Association, as required by S. C. Code Ann. § 27-31-150 (1976).

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor has executed this Master Deed this 30th day of January, 2008.

Signed, sealed and delivered
in the presence of:

[Signature]
Witness 1

THE POINTE LLC
[Signature] [SEAL]
W. Russell Drake, Manager

[Signature]
Witness 2

STATE OF SOUTH CAROLINA)
COUNTY OF Richland)

I, Deborah S. Chaney, Notary Public for the State of South Carolina, do hereby certify that THE POINTE LLC, by W. Russell Drake, its Manager, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Subscribed to and sworn before me this 30th day of January, 2008.

[Signature]
Notary Public for the State of South Carolina
My Commission Expires: 3/01/2010

[NOTARIAL SEAL]