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MASTER DEED OF
COLONIAL TRACE
HORIZONTAL PROPERTY REGIME

THIS MASTER DEED, pursuant to the provisions of S.C. Code Sections 27-31-10, et seq., 1976 Code of Laws, as amended is made and executed in Horry County, South Carolina, this 6th day of January, 1999, by North Pointe Land Company, Inc. (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant, wishes to submit a parcel of real estate, being more particularly described on Exhibit A, and being hereinafter referred to as the "Property", to the provisions of the South Carolina Horizontal Property Act, S. C. Code Sections 27-31-10, et seq., 1976 Code of Laws, as amended, as a residential condominium project, and

WHEREAS, Declarant intends to develop on the Property a development to be known as Colonial Trace Horizontal Property Regime. Declarant intends by this Master Deed to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of Units within the Property now or hereafter made subject to this Master Deed, by the recording of the Master Deed and amendments thereto. Declarant also desires to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property that is now or hereafter subjected to this Master Deed and certain other properties described herein, and

WHEREAS, Declarant has caused the HOA (as hereinafter defined) to be formed as a non-profit corporation to perform certain functions for the common good and general welfare of the Owners (as hereinafter defined).

NOW THEREFORE, DECLARANT HEREBY PUBLISHES AND DECLARES that the Property is herewith submitted to the terms and provisions of the South Carolina Horizontal Property Act and that, hereafter, it shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the South Carolina Horizontal Property Act and to the within covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property, and the division

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thereof into residential condominium units, and which shall run with the land and be a burden and a benefit to Declarant, its successors, assigns and successors in title and to all other persons acquiring or owning an interest in the Units, their grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE 1 DEFINITIONS

As used in this Master Deed and the other condominium documents, unless the context otherwise requires:

1.1 "Act" means the South Carolina Horizontal Property Act, contained in Sections 27-31-10, et seq. of the Code of Laws of South Carolina, 1976, as heretofore amended, and as the same may be hereafter amended from time to time.

1.2 "Assessment" means a Co-Owner's share of the common expenses which from time to time are assessed against a Co-owner by the HOA in the manner herein provided, and other costs and expenses which from time to time are assessed against a Co-Owner in accordance with the terms of the Master Deed.

1.3 "Board" means the Board of Directors of the HOA.

1.4 "Building" means a structure or structures, containing in the aggregate two or more Units comprising a part of the Property.

1.5 "Bylaws" means the Bylaws of Colonial Trace Homeowner's Association, Inc. annexed to this Master Deed, as amended from time to time as therein provided.

1.6 "Common Property" shall mean all parts of the Property, including the land submitted to this Master Deed, other than Units.

1.7 "Condominium" means that form of ownership established by the provisions of the Act under which space intended for independent use is owned by an Owner or Owners in fee simple and the parts of the Property other than such independently owned spaces are owned by all such Owners in undivided interests, which undivided interest are appurtenances to the respective independently owned spaces.

1.8 "Controlling Interest" means and refers to the ownership of the Declarant at any time of Five (5%) percent or more of the Units in the Project. In determining whether the Declarant owns a Controlling Interest there shall be taken into account all units in the Project including those which are not yet completed and those in planned phases which have not, as yet been submitted to this Master Deed which shall be treated as Units owned by the Declarant.

1.9 "Co-Owner" or "Owner" means an individual, person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who or which is the record owner (including Declarant), whether one or more persons or entities, of a fee simple title to any Unit; provided, however, that where fee simple title has been transferred and is being held merely as security for the repayment of a loan, the person or entity who would own the Unit in fee simple if such loan were paid in full shall be considered the Owner.

1.10 "Declarant" means., and its successors-in-title and assigns, provided any such successors-in-title or assigns shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the Property, or the real property which is intended to become part of the Project, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the Grantor of such conveyance, which Grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of successor Declarant, all rights and obligations of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the Property, and any additional real property now or hereafter subjected to this Master Deed, there shall be only one person or legal entity entitled to exercise the rights and powers of the "Declarant" hereunder at any one time.

1.11 "HOA" shall mean the Colonial Trace Homeowner's Association, Inc., its agents, successors and assigns, a South Carolina not for profit corporation;

1.12 "Limited Common Element" means any portion of the Common Property reserved for the exclusive use of less than all the Owners.

1.13 "Master Deed" means the within Master Deed of Colonial Trace Horizontal Property Regime.

1.14 "Member" means any member of the HOA.

1.15 "Membership" means the collective total of all Members of the HOA.

1.16 "Mortgage" means any mortgage, deed of trust or other security instrument used for the purpose of subjecting real property to a lien or encumbrance as security for indebtedness.

1.17 "Person" means an individual, corporation, partnership, association, trustee or other legal entity, or any combination thereof.

1.18 "Property" shall mean and include the land which is herein or may hereafter be submitted to the provisions of the Act by this Master Deed and all improvements constructed thereon and all easements, rights and appurtenances belonging thereto, which comprise the horizontal property regime established by this Master Deed, also being sometimes called the "Project".

1.19 "Quorum" means the presence in person or by proxy of Members entitled to cast a majority of the votes of the HOA.

1.20 "Unit" means a part of the Property intended for any type of independent use including one or more rooms or enclosed spaces located on one or more floors (or parts thereof) in a Building with a direct exit to a public street or highway or to a common area leading to such street or highway. Units are designated by "Unit Numbers and/or Letters".

ARTICLE 2 THE PROPERTY

2.1 Land. The land, which is initially submitted to the provisions of the Act by this Master Deed, is that certain real property described on Exhibit A attached hereto and incorporated herein by reference. Hereafter, at one time or from time to time, Declarant may elect to submit one or more additional parcels of land, as additional phases, to the provisions of the Act by incorporating them within this Master Deed as provided below. All parcels of land submitted to the Act by this Master Deed may be herein separately or collectively referred to as the "Land". All parcels of Land shall be submitted to the Act subject to all recorded utility

easements and to the covenants and provisions of this Master Deed.

2.2 Building. Declarant has constructed, as part of the Project, Building 15 containing a total of six (6) units. Building 15 contains Units 15-A, 15-B, 15-C, 15-D, 15-E, and 15-F. The as built survey of Building 15 and other improvements on the Land is shown on Exhibit B ("Plat and Plot plan"). A floor plan of Building 15 which shows graphically the dimensions, area and location of the Units therein is set forth in Exhibit C attached hereto.

2.3 Units.

A. At this time the Declarant intends that all units will be of the same type and for the purposes of statutory requirements shall all have the statutory value of \$10,000.00 Dollars.

(1) However, Declarant may amend this Master Deed to add additional unit types for any buildings which may be subjected to the provisions hereof by amendment to this Master Deed.

B. The boundaries of each Unit shall be as follows:

(1) The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the vertical boundaries of each floor:

(a) Upper boundary: The horizontal plane of the bottom undecorated surface of the ceilings of each Unit;

(b) Lower boundary: The horizontal plane of the upper surface of the undecorated floor.

(2) The vertical boundaries of each Unit shall be the vertical plane of all undecorated and unfinished inner surfaces of all perimeter walls bounding the Unit extended to the intersections with each other and with the upper and lower boundaries of each Unit.

(3) All heating, ventilating and air conditioning units and equipment located adjacent to a particular Unit but outside of the boundaries of said Unit as set forth in subparagraph (i) and (ii) immediately above and all pipes conduits and wires running to and from said heating, ventilating and air conditioning unit and said particular Unit, are part of the particular Unit to which they are adjacent and to which they run.

(4) The patio, decks, carports and storage areas abutting any Unit and exterior stairways, if any there are, leading to Units are limited common elements appurtenant to those Units to which they attach or lead and their use is restricted to Units to which they are appurtenant. Maintenance (other than structural) and upkeep of each patio, deck, carports, and storage areas and exterior stairway, if any there are, shall be the primary responsibility of the Owner of the Unit to which that patio, deck, carport, and storage area and exterior stairway, if any there are, is appurtenant and the secondary responsibility of the HOA.

(5) All doors and windows which are in the perimeter walls of a Unit and all heating, ventilating and air conditioning units and equipment and related pipes within said perimeter walls shall be deemed a part of said Unit.

(6) All pipes, wires or other conduits running to and from all electrical, television, telephone, water and sewer installations within a particular Unit, which branch off from or run from a common pipe or wire serving more than one Unit, shall be part of a Unit from the point at which it branches off from the common pipe or wire regardless of whether or not said pipe or wire is within the perimeter of a Unit. The upkeep and maintenance of said pipes and wires shall be the responsibility of the Owner of the Unit. All other pipes and wires are part of the Common Property and the upkeep and maintenance

of the same shall be the responsibility of the HOA.

(7) All load bearing walls located within a Unit constitute a part of the Common Property up to the plane of all undecorated and unfinished inner surfaces of said load bearing walls.

C. The ownership of each Unit shall encompass, and there shall pass with each Unit as appurtenances thereto whether or not separately described, all of the rights, title and interest of a Co-Owner in the Property, which shall include but not be limited to:

(1) Membership in the HOA composed of all Co-Owners, including the right to vote on all matters which under the Master Deed and ByLaws are to be decided by the Co-Owners, and

(2) The Co-Owners' undivided Percentage Interest in the Common Property which shall be the percentage allocated to each unit as set forth in Exhibit D.

2.4 Incorporation of Additional Parcels. Declarant reserves the right to incorporate within the Land and to subject to this Master Deed additional parcels of land and buildings, which land and buildings may be incorporated separately or one or more of which may be incorporated collectively. The parcels of land and buildings that would be incorporated are described on that certain plat recorded in Plat Book 160 at Page 6 in the Register of Deeds Office for Horry County and will be shown in greater detail on one or more additional exhibits to be added by amendment to this Master Deed.

A. The following table shows the maximum number of units in each proposed additional building:

Building 14	6 units
Building 13	6 units
Building 12	6 units
Building 11	6 units
Building 10	4 units
Building 9	4 units
Building 8	5 units
Building 1	6 units

Building	2	6 units
Building	3	6 units
Building	4	6 units
Building	5	6 units
Building	6	4 units
Building	7	5 units

B. Declarant may at any time and from time to time submit one or more of the Buildings to the terms of this Master Deed and reserves the right to modify the number of buildings and units contained therein. Declarant will elect on or before December 31, 2002, as to whether or not it will proceed to subject to the terms of this master deed any or all of said additional Buildings.

C. If Declarant exercises its rights to incorporate the additional Buildings listed above, the values and ownership of Common Property will be as shown on Exhibit D in the instance of incorporation of one or more of said Buildings.

D. Any incorporation of additional Land and/or Buildings in the Regime will not substantially increase the proportionate share of the Common Expenses payable by any existing Co-Owner and such increase, if at all, will be of a minor or incidental nature.

E. Any amenities or recreational facilities which may or may not be on the Property are solely at the option of Declarant.

F. If Declarant shall elect to incorporate additional Land and/or Buildings in the Regime, such shall be accomplished by recordation of an amendment to this Master Deed in the Register of Deeds Office for Horry County and such election shall be effective on the date of recordation.

2.5 Name. The name by which the Horizontal Project Regime shall be known is Colonial Trace Horizontal Property Regime.

ARTICLE 3 COMMON PROPERTY

3.1 Common Property. Common Property consists of all Land and improvements, excluding the Units as described above, including, but not limited to, the Land, exterior walls and roofs. The Board of Directors has the authority to execute, acknowledge, deliver and record, on behalf of the Co-Owners, easements, rights of way, licenses and similar interests affecting the Common Property.

3.2 Limited Common Elements. Limited Common Elements are those Common Elements including, but not limited to, doorsteps, carports, stoops, balconies, entry decks, decks, patios, storage areas, garbage can storage areas, terraces and all exterior doors and windows which are designed to serve less than all the Units to the exclusion of the other Units and are located outside a Unit boundary. Doorsteps, carports, stoops, stairs entry decks and decks are limited in their use to the Units to which they afford access. Balconies, decks, patios and terraces are limited in their use to the Units from which access is allowed from the interior of the Unit. Exterior doors and exterior windows are limited in their use to the Units to which they afford access or light. Storage areas and garbage can storage areas are limited in their use to the Units to which they are assigned.

3.3 Percentage of Undivided Ownership Interest. Each Co-Owner of a Unit shall own an undivided percentage interest ("Percentage Interest") in the Common Property, which interest shall not be separately owned or conveyed. The undivided Percentage Interest in the Common Property appertaining to each Unit, together with the statutory basic value of each unit, is set forth in Exhibit D attached hereto. The undivided Percentage Interest of each Co-Owner in the Common Property shall be an inseparable part of the Co-Owner's Unit and no partition of these interests is permitted or allowed.

3.4 Conveyance of Common Property:

A. The Declarant may from time to time submit to the terms of this Master Deed in accordance with this Section, real and personal property for the common use and enjoyment of the Owners (such real and personal property is hereinafter collectively referred to as "Common Property") and, to the extent set forth in this Master Deed, the general public.

B. The Declarant may submit to the terms of this Master Deed, Common Property for scenic and natural area preservation and for general recreational use to include facilities for swimming. The Declarant may, at Declarant's sole discretion, modify, alter, increase, reduce and otherwise change the Common Property contemplated to be submitted to the terms hereof at any time prior to submission.

C. Notwithstanding any legal presumption to the contrary, the fee title to, and all rights in, any portion of the property owned by the Declarant and designated as Common Property or designated

for public use shall be reserved to the Declarant until such time as the same shall be conveyed to the HOA or to any municipality or other governmental body, agency or authority.

D. Lakes and drainage ways shall, without limitation, be included in the property that may be submitted by Declarant. Declarant shall not be required to make any improvements whatsoever to the property to be submitted pursuant to this Section including, without limitation, dredging or otherwise removing silt from any lake that may be conveyed.

E. Any amenities or recreational facilities whatsoever which may or may not be on the Property are solely at the option of Declarant.

3.5 Right to Enjoyment: Every Owner shall have a right and easement to use and enjoy all of the Common Property (with the exception of the Limited Common Elements described above), which right shall be appurtenant to and shall pass with the title to every Unit upon transfer; provided, however, that no Owner shall do any act which interferes with the free use and enjoyment of the Common Property by all other Owners. The HOA may permit persons who are not Owners to use and enjoy part of all of the Common Property subject to such limitations, and upon such terms and conditions, as it may from time to time establish. The right and easement of enjoyment granted or permitted by this Section is subject to suspension by the HOA as provided below.

3.6 Rights of the HOA: The rights and privileges conferred in this Article shall be subject to the right, and where applicable, the obligation, of the HOA acting through the Board to:

- (a) Promulgate rules and regulations relating to the use, operation and maintenance of the Common Property;
- (b) Borrow money for the purpose of carrying out the activities of the HOA, including the acquisition, construction, improvement, equipping and maintenance of Common Property, and in aid thereof to encumber by mortgage or other security interest any or all of the HOA's property including Common Property and revenues from assessments, user fees and other sources; and provided, however, that during the period

when the Declarant has the right to appoint members of the Board, the HOA shall not deed, grant, or convey to anyone any mortgage or other security interest on or in Common Property constituting real estate without approval by Declarant.

- (c) Grant easements or rights-of-way over Common Property to any municipality or other governmental body, agency or authority, to any quasi-public agency, or to any utility company or cable television system;
- (d) Suspend the voting rights of any Member as provided below and the right of enjoyment granted or permitted by this Article;
- (e) Enforce all applicable provisions of valid agreements of the HOA relating to the Common Property or any part thereof; and
- (f) Maintain any and all landscaping treatments previously installed by the Declarant, to the extent that such landscaping is not otherwise maintained by the appropriate county and/or municipal entity having jurisdiction over the roads serving the Property.

3.7 Submission of Common Property by Declarant: The Declarant may submit to the terms of this Master Deed any personal property and any improved or unimproved property, leasehold, easement or other property interest. If designated as Common Property such property shall be maintained by the HOA for the benefit of all of its Members, subject to the provisions regarding Limited Common Elements.

3.8 Types of Common Property: At the time any real property or grant of easement is submitted to the terms of this Master Deed by the Declarant to be used as Common Property, the Declarant may designate in the deed of conveyance or easement that such real property is to be Common Property, and further may designate in the deed of conveyance or easement the specific or general purpose or purposes for which such real property or any portion thereof may be used, and in such event, such real property or portion thereof shall not be used for any different purpose or purposes without the prior written consent of the Declarant and the HOA.

3.9 Alteration. After the completion of the Common Property there shall be no alteration of the same by the Co-Owners without the prior written approval of a majority of the Co-Owners; provided, however, that as long as Declarant owns any Units, Declarant shall have the right to make such minor alterations to the Common Property as is necessary for the enhancement and protection of the Project.

3.10 Delegation of Use. Any Owner may delegate to the members of his family or his tenants who reside in a Unit, in accordance with the By-Laws, his right to use and enjoy the Common Property.

3.11 Maintenance. The HOA shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvement situated on the Common Property. In addition, the HOA shall maintain grass and other landscaping located along or in dedicated rights of way which were installed and maintained by Declarant, to the extent permitted by the applicable governmental authority, and shall maintain all entry features and retention ponds for the Project. On drainage ways that abut adjoining property, the HOA will share in the cost of their maintenance with the adjoining property.

The HOA shall also have the right, but not the obligation, to maintain and provide services for other property not owned by the HOA, and to enter into easements and agreements to share costs regarding such property where the Board has determined that this would benefit the Owners.

ARTICLE 4

4.1 Purposes, Powers and Duties of the HOA: The HOA shall be formed as a non-profit civic organization for the sole purpose of performing certain functions, for the common good and general welfare of the Co-Owners of the Project. The HOA shall have no power or duty to do or perform any act or thing other than those acts and things which will promote in some way the common good and general welfare of the Co-Owners of the Project. To the extent, and only to the extent, necessary to carry out such purpose, the HOA (a) shall have all of the powers of a corporation organized under the South Carolina Not for Profit Corporation Code and (b) shall have the power and duty to exercise all of the rights, powers, and privileges and to perform all of the duties and

obligations of the HOA as set forth in this Master Deed.

4.2 Membership in the HOA: Every Owner shall automatically be a member of the HOA and such membership shall terminate only when the individual is no longer an owner, or as otherwise provided in this Master Deed. For purposes of voting, there shall be two (2) classes of members as set forth below.

4.3 Voting Rights:

A. Class A: Each Owner of a Unit, with the exception of Declarant (for so long as he is a Class B member), shall be a Class A Member and shall be entitled to vote on all matters relating to the HOA or to the Project upon which a vote of the Co-Owners is conducted. The class A membership shall be entitled collectively to cast One Thousand (1,000) votes on each such matter. These votes shall be allocated to the Co-Owners other than the Declarant in proportion to their respective Percentage Interests in the Common Property as set forth in Exhibit F. In the event a Unit is owned by more than one person or by a corporation, trust or other entity, the individual entitled to cast the vote for that Unit shall be designated by a certificate filed prior to the meeting with the Secretary of the HOA and signed by all joint Co-Owners of the Unit or by an authorized agent of the corporation or other entity. If no certificate is filed, the vote of such Unit shall not be considered.

B. Class B: The Declarant shall be the sole Class B Member. The Class B membership shall be entitled to Four Thousand (4,000) votes on each matter relating to the HOA or to the Project upon which a vote of the Co-Owners is conducted. The Class B Membership shall cease and the developer shall be converted to a Class A member upon the occurrence of the events described below.

C. Required Vote: All action taken by a vote of the Co-Owners shall be by majority vote unless a different vote is specified in this Master Deed or in the Articles of Incorporation or the Bylaws of the HOA.

4.4 Binding Effect. All agreements, decisions and determinations lawfully made by the HOA in accordance with the voting percentages established in the Act, this Master Deed or the Bylaws shall be deemed to be binding on all Co-Owners.

4.5 Dilution of Voting Interest and Termination of Class B Membership: The Project will be composed of Units to be developed

in phases and/or buildings containing unequal numbers of Units. The Declarant may elect within the time limits prescribed herein to develop each such phase or building in accordance with the terms hereof. In the event that the Developer shall elect to proceed with one or more of the additional phases and/or buildings as provided for herein, each such phase and/or building will be platted of record in the Office of the RMC for Horry County, South Carolina in accordance with the terms of this Master Deed. The Declarant shall notify the HOA in writing when the final phase and/or building of the Project has been so platted of record. By acceptance of a deed conveying a Unit, each Owner acknowledges that, upon the development by Declarant of such phases and/or buildings, the proportion of the total votes of existing Owners will decrease based upon the number of Units in the phases added. The Class B Membership shall cease and be converted to Class A Membership at such time as Declarant no longer retains a Controlling Interest, provided however, in no event shall Class B Membership cease and be converted to Class A Membership until the earlier of: (i) the receipt by the HOA of the written notice provided for above, or (ii) the expiration of the last of the time periods during which the Declarant may elect to develop additional phases and/or buildings. Nothing contained herein shall obligate the Declarant to develop any proposed phase and/or building of the Project unless such phase and/or building is subjected to this Master Deed.

4.6 Board of Directors: The affairs of the HOA shall be managed by a Board of Directors. The number of Directors and the method of election of Directors shall be as set forth in the By-Laws of the HOA.

4.7 Suspension of Membership: The Board may suspend the voting rights of any Member and the right of enjoyment of the Common Property of any person who:

A. Shall be subject to the Right of Abatement, as defined below;

B. Shall be delinquent in the payment of any assessment levied by the HOA pursuant to the provisions of this Master Deed; or

C. Shall be in violation of any of the rules and regulations of the HOA relating to the use, operation and maintenance of Common Property.

Such suspension shall be for the balance of the period in

which said Member or person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in Subsection (c) above, the suspension may be for a period not to exceed sixty (60) days after the cure or termination of such violation. No such suspension shall prevent an Owner's ingress or egress from his Unit.

4.8 Termination of Membership: Membership shall cease only when a person ceases to be an Owner.

4.9 Voting Procedures: The procedures for the election of Directors of the HOA and the resolution of such other issues as may be brought before the Membership of the HOA shall be governed by this Master Deed, the South Carolina Not for Profit Corporation Code, the Articles of Incorporation of the HOA, and the By-Laws of the HOA, a copy of which is attached hereto as Exhibit E, as each shall from time to time be in force and effect.

4.10 Control by Declarant:

A. Notwithstanding any other language or provision to the contrary in this Master Deed, in the Articles of Incorporation, or in the By-Laws of the HOA, Declarant, for so long as it owns a Controlling interest in the Project, hereby retains the right to appoint and remove any or all members of the Board of the HOA, and any officer or officers of the HOA. Each Owner by acceptance of a deed to or other conveyance of a Unit vests in Declarant such authority to appoint and remove directors and officers of the HOA as provided in this Section.

B. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the HOA pursuant to the provisions of this Section, such right shall automatically pass to the Owners, including Declarant if Declarant then owns one or more Units; and a special meeting of the HOA shall be called at such time. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of the Board and Declarant shall deliver the books, accounts, and records, if any, which Declarant has kept on behalf of the HOA and any agreements or contracts executed by or on behalf of the HOA during such period which Declarant has in its possession.

4.11 Records. The Board of Directors shall keep, or cause to be kept, current copies the Master Deed and any amendments thereto, articles of incorporation, bylaws, and other rules concerning the project as well as the HOA's own books, records, and financial

statements available for inspection by unit owners or co-owners, insurers, and guarantors of first mortgages during normal business hours.

ARTICLE 5 ASSESSMENTS

5.1 Agreement to Pay Assessments. Declarant, for each Unit owned by it within the Project which has been submitted to the terms of this Master Deed, and for and as the owner of the Project and every part thereof, hereby covenants and each Co-Owner of any Unit by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the HOA to pay to the HOA all HOA Assessments as hereinafter defined.

5.2 HOA Expenses. The HOA shall be responsible for, and shall treat as Common Expenses, the costs of HOA administration, which shall include all expenses of the Project which are not the obligation of any individual Co-Owner, HOA reserve fund assessments and costs of maintenance, repair, replacement and insurance of, and utilities for, the Project, any deficit remaining from a previous period, creation of reasonable contingency reserves and any other expenses and liabilities which may be incurred by the HOA for the benefit of all Co-Owners under or by reason of this Master Deed (herein collectively referred to as the "HOA expenses"). The HOA shall treat as common surplus the excess of HOA revenues over HOA expenses.

5.3 Apportionment. Common surplus shall be owned and HOA expenses shall be distributed and allocated among and be the obligation and liability of the Co-Owners in proportion to their respective Percentage Interests.

5.4 Annual Budget. On or before November 1 of each year, the Board shall prepare or cause to be prepared and adopt an operating budget for the upcoming calendar year. The budget shall itemize the estimated HOA expenses for such calendar year, taking into consideration anticipated receipts (if any), and any deficit or surplus from the prior operating period. The budget shall serve as the supporting document for the annual assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual period. In the event the Board fails for any reason to adopt a budget for the succeeding year, then and until such time as it is adopted, the budget and annual Assessments in effect for the then current year shall be

increased in proportion to the percentage increase, if any, for the then current year, in the Consumer Price Index (all Urban Consumers, United States City Average, All Items 1982=100), or its successor index, and such increased budget shall be the budget for the succeeding year, until a new budget is adopted. Declarant shall estimate the budget for the first year of the HOA.

5.5 Notice and Payment. The HOA shall furnish to each Co-Owner a copy of the budget and notify each Owner as to the amount of the annual assessment with respect to his Unit on or before December 1 of each year for the next year following such date. The annual assessment shall be payable in monthly installments ("HOA Assessments") due on the 1st day of each month during the calendar year to which the assessment relates. All installments of any HOA Assessment paid after the 15th day of said month shall incur a late charge of \$25.00 per month or any portion of any month (or at such lesser rate as is equal to the maximum interest rate allowed by applicable law) from the date each such installment is due until paid. The failure of the HOA to give timely notice of any HOA Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Master Deed or a release of any Co-Owner from the obligation to pay such assessment or any other assessment.

5.6 Special Assessments. In addition to the HOA regular assessments authorized by this Article, the HOA may levy, at any time and from time to time, upon affirmative vote of a majority of the Board of Directors of the HOA, a special assessment in an amount up to ten (10) percent of the prior years budget. Special assessments for amounts in excess of ten (10) percent of the prior year's budget may be levied by the HOA, at any time and from time to time, upon affirmative vote of a majority of the votes entitled to be cast. Special assessments will be payable over such period as the HOA may determine, for the purpose of defraying, in whole or in part, the costs of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Master Deed (including without limitation HOA expenses). Such special assessments, if any, shall be included within any and all references to HOA Assessments. This Section shall not be construed as an independent source of authority for the HOA to incur expenses but shall be construed to prescribe the manner of assessing for expenses authorized by other sections or Articles hereof. Any amounts assessed pursuant hereto shall be assessed to Co-Owners in proportion to their respective Percentage Interests. Notice in writing of the amount of such special assessments, and the time for

payment thereof shall be given promptly to the Co-Owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any special assessment shall incur a late charge of \$25.00 per month or any portion of any month (or at such lesser rate equal to the maximum interest rate allowed by the applicable law) from the date such portions become due until paid. All funds received from assessments under this Section shall be part of HOA funds.

5.7 Association Lien. Each Co-Owner, by acceptance of a deed to a Unit, and the HOA herewith bargain, sell, grant and convey to the HOA a lien against all Common Property to secure the full and prompt payment of all HOA Assessments.

5.8 Lien for HOA Assessments. All sums assessed to Co-Owners pursuant to the provisions herein and in the By-Laws, together with interest thereon as provided herein, shall be secured by a lien on their respective Units in favor of the HOA which lien shall be prior to all other liens upon the Unit except: (a) Tax liens in favor of any assessing Unit; and (b) Prior Mortgages duly recorded, encumbering the Unit. To evidence a lien for sums assessed pursuant hereto, the HOA may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Co-Owner of the Unit and a description of the Unit. Such a notice shall be signed and acknowledged by a duly authorized officer of the HOA and may be recorded in the Register of Deeds Office for Horry County. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by judicial foreclosure by the HOA in the same manner in which mortgages on real property may be foreclosed in the State of South Carolina. In any such foreclosure, the Co-Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The Co-Owner shall also be required to pay to the HOA any assessments against the Unit which shall become due during the period of foreclosure and all such assessments shall be secured by the lien being foreclosed. The HOA shall have the right and power to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Unit. When the purchaser of a Unit obtains title to the Unit as a result of foreclosure of a mortgage, such purchaser, his successors and assigns, which may include but not be limited to the Mortgagee, shall not be liable for any of the HOA Assessments chargeable to such Unit accruing prior to the acquisition of title to such Unit by such purchaser. Such unpaid share of HOA expenses shall be deemed to be HOA expenses collectible from all Co-Owners,

including such purchaser, his successors and assigns. The provisions of this section, however, shall not release any Co-Owner from personal liability for unpaid assessments. The rights of the HOA herein shall be in addition to any other rights provided by law with respect to liens for and collection of unpaid assessments.

5.9 Personal Obligation of Owner. The amount of any HOA Assessment against any Unit shall be the personal obligation of the Co-Owner of such Unit to the HOA. Suit to recover a money judgment for such personal obligation shall be maintainable by the HOA without foreclosing or waiving the lien securing the same. A Co-Owner may not avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Property or by abandonment of his Unit or by waiving any services or amenities provided for in this Master Deed. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Co-Owner shall pay the costs and expenses incurred by the HOA in connection therewith, including reasonable attorneys' fees.

5.10 Statement of Account. Upon payment of a reasonable fee not to exceed \$75.00 and upon written request of any Co-Owner, Mortgagee, prospective Mortgagee or prospective purchaser of a Unit, the HOA shall issue a written statement setting forth the following:

- A. The amount of the unpaid assessments, if any, with respect to such Unit.
- B. The amount of the current HOA Assessments and the date or dates upon which installments thereof become due.
- C. Credit for advanced payments or prepaid items, including without limitation the Co-Owner's share of prepaid insurance premiums.

Such statement shall be conclusive upon the HOA in favor of persons who rely thereon in good faith. If the HOA, or the HOA's management company, has turned an account over to an attorney for collection, then any such statement provided by said attorney may be relied upon as if provided direct from the HOA. If the HOA has delegated the collection of assessments to a management company, then any such statement provided by said management company may be relied upon as if provided direct from the HOA.

5.11 Personal Liability of Purchaser. Subject to the provisions herein, a purchaser of a Unit shall be jointly and severally liable

with the seller thereof for all unpaid HOA Assessments against such Unit up to the time of the grant or conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments. If the above written statement is obtained, then said liability of a purchaser is limited to the sums stated therein.

5.12 Audited Financial Statements. On or before the working day nearest to April 15 each year, the Board shall cause an audited financial statement of the HOA to be prepared and distributed to the Members. The audited financial statements shall also be available to any holder, insurer, or guarantor of any first mortgage that is secured by a unit in the project on submission of a written request.

5.13 Records. The Board of Directors shall keep, or cause to be kept, a book with a detailed account, in chronological order, of the receipts and disbursements affecting the Project and its administration and specifying the expense of maintenance and repair of the Common Property. The book shall be available for examination by all Co-Owners during normal business hours.

ARTICLE 6 EASEMENTS, COVENANTS AND RESTRICTIONS

6.1 Use of Project. Each Co-Owner shall be entitled to the exclusive ownership and possession of his Unit. Each Co-Owner may also use the Common Property in accordance with the uses for which they are intended as long as such use does not hinder or encroach upon the rights of other Co-Owners. The following restrictions shall apply to the use of the Units and the Common Property:

A. The Project shall be used only for residential purposes.

B. No business shall be allowed upon the Project, nor any use or practice which shall be a nuisance to residents or which interferes with the peaceful possession and proper use of the Project by other residents.

C. Each Co-Owner shall keep his Unit in a good state of maintenance and repair and shall repair and replace when necessary, at his expense, portions of the Unit which are within the boundaries of the Unit.

D. The Project shall be kept in a clean and sanitary condition

and no rubbish, refuse or garbage shall be allowed to accumulate on the Project nor shall any fire hazard be allowed to exist.

E. No immoral, improper, offensive or unlawful use shall be made of the project or any part thereof and all owners, their families, invitees and guests, shall abide by all rules and regulations of the HOA and all zoning ordinances and regulations of all governmental bodies having jurisdiction thereof.

F. Units may be rented, leased or sub-leased only in such manner as shall permit the independent use thereof. Any lease agreements shall provide that the terms and conditions of the same shall be subject in all respects to the provisions of the Master Deed and the Bylaws and that any failure of the lessee to comply with the terms of such documents shall constitute a default under the lease. All leases shall be in writing.

G. Reasonable regulations concerning the use and occupancy of the Units may be promulgated from time to time by the Board of Directors. Copies of such regulations and amendments thereto shall be furnished by the Manager or Board of Directors to all Co-Owners and each Owner, his lessee and persons living with the Owner or his lessee shall comply with such regulations and with the Master Deed and Bylaws.

H. No signs, flags or advertising devices of any kind shall be displayed to public view on or from any Unit or the Common Property without the Board's prior consent. Provided, however, that the Board shall have the right to erect such directional or other signs as it deems necessary to properly designate the various buildings and Units, to assist Co-Owners and renters in locating Units and Common Property and for other purposes.

I. Owners shall be permitted to keep common household pets, including but not limited to dogs and cats, within their Unit, subject to the rules, regulations and policies adopted by the HOA. At no time and under no circumstances will renters or guests be allowed to maintain or harbor pets in any Unit or within any common area.

6.2 Utility Easements. There shall be appurtenant to each Unit a non-exclusive easement for the use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving such unit and situated in any other Unit. Each Unit shall be subject to an easement in favor of other Units for the use of all pipes, wires, cables, conduits, utility lines, flues and ducts situated in such

Unit and serving the other Units.

6.3 Easement to Declarant. Declarant reserves for itself, its successors and assigns, the right to maintain a sales office on the Project, to maintain model Units, to erect signs and to show Units. Declarant also reserves unto itself, its successors and assigns and successors in title, a perpetual easement over the Common Property for ingress to, egress from, travel over, construction, maintenance and operation of utilities and utility easements and construction, maintenance and operation of all-types of improvements whatsoever, on, under, over and across the Common Property for the benefit of the Project and other projects designated by Declarant on adjacent parcels and all owners, occupants, guests and invitees therein.

6.4 Declarant's Easement. Declarant reserves unto itself, and it's successors and assigns, as developer of the Properties, the right of ingress and egress over all roads and streets within the Properties, whether existing or constructed in the future, for access to any areas which adjoin or are a part of the Properties, for purposes of construction, sales and development. The Easement herein reserved shall be in addition to, and not in lieu of, any other easements to which Declarant, its successors and assigns, may be entitled. This easement shall exist so long as Declarant retains any ownership interest in the Properties submitted or to be submitted to this Declaration.

6.5 Encroachments. If any portion of the Common Property encroaches upon any Unit, or if any Unit encroaches upon any other Unit or upon any portion of the Common Property, or if any such encroachment shall occur hereafter as a result of (i) settling of a Unit or Units, (ii) repair, alteration or reconstruction of the Common Property made by or with the consent of the HOA, (iii) repair or reconstruction of a Unit or Units following damages by fire or other casualty or (iv) the institution of any condemnation or eminent domain proceedings, an easement shall exist for such encroachment and for the maintenance of the same so long as the Project remains subject to the Act.

6.6 Right of Access. The HOA shall have the irrevocable right, to be exercised by the Board and their designated agents and representatives, to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair, maintenance or replacement of any of the Limited and General Common Property therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Property or to another Unit, and such access to Units as

required for extermination and pest control.

6.7. Maintenance of Common Property. Maintenance, repair and replacement of the Common Property and the making of any additions or improvements thereto, shall be carried out by the HOA and only as provided in the Act, this Master Deed and the Bylaws. To the extent that the HOA provides any maintenance or nonstructural repair of the Limited Common Elements described herein, then the Owner(s) of the affected Unit(s) shall immediately, upon receipt of an invoice from the HOA, fully reimburse the HOA for all costs of such maintenance or repair services, which liability shall be considered as an additional HOA assessment against the Owner(s) and the Unit(s).

6.8 Prohibited Work. No Co-Owner shall do any work on or in his Unit which would jeopardize the soundness or safety of the Project, reduce the value thereof or impair any easement or hereditament. Further, no Co-Owner or resident shall paint or otherwise decorate or change the appearance of any portion of the exterior of the buildings.

6.9 Zoning and Private Restrictions: None of the covenants, restrictions or easements created or imposed by this Declaration shall be construed as permitting any action prohibited by applicable zoning laws, or by the laws, rules or regulations of any governmental body. In the event of any conflict between such laws, rules or regulations and the covenants, restrictions and easements created or imposed by Declaration, the most restrictive provision shall govern and control.

6.10 Partition. The Common Property shall remain undivided and no Owner or any other person shall bring any action for partition or division of any part thereof, unless the Project has been removed from the provisions of the Act in the manner therein provided.

ARTICLE 7 ENFORCEMENT

7.1 Right of Enforcement: This Master Deed and the Restrictions contained herein shall inure to the benefit of and shall be enforceable by (i) the Declarant so long as it has a Controlling Interest, (ii) the HOA, and (iii) each Owner (including the Declarant), his heirs, devisees, legal representatives, successors and assigns.

7.2 Fines: The power to enforce shall include the power to

set and enforce fines for violation of the terms of this master deed and for reasonable rules established by the HOA regarding use and occupancy of the Project. Any fines so imposed shall be a lien on the unit and shall be enforceable in the manner provided for the collection of unpaid assessments.

7.3 Right of Abatement:

A. Except where different notice provisions are provided herein, in the event of a violation or breach of any Restriction contained in this Master Deed by any Owner or Unit, the HOA shall give written notice by certified mail to the Owner setting forth in reasonable detail the nature of such violation or breach and the specific action or actions needed to be taken to remedy such violation or breach. If the Owner shall fail to take reasonable steps to remedy such violation or breach within thirty (30) days after the mailing of said written notice, then the HOA shall have the Right of Abatement.

B. The Right of Abatement means the right of the HOA, through its agents and employees, to enter at all reasonable times upon any Unit as to which a violation, breach or other conditions to be remedied exists, and to take the actions specified in the notice to the Owner to abate, extinguish, remove, or repair such violation, breach or other condition which may exist thereon contrary to the provisions hereof, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and such actions, provided such entry and such actions are carried out in accordance with the provisions of this Section. The costs of entry and repair or correction of the violation including the costs of collection including reasonable attorneys' fees, together with interest thereon at the lower of the highest rate permitted by law or eighteen (18%) percent shall be a binding personal obligation of such Owner enforceable in law, as well as a lien on such Owner's Lot enforceable pursuant to the provisions hereof. Such lien certified by the Board of the HOA and recorded in the Register of Deeds Office for Horry County, South Carolina, shall be superior to any and all charges, liens or encumbrances which may in any manner arise or be imposed upon the Unit after such recordation whether arising from or imposed by judgment or decree or by any agreement, contract, mortgage, or other instrument, excepting only (i) such liens for taxes or other public charges as are by applicable law made superior, (ii) the liens for assessment referred to above.

7.4 Specific Performance: Nothing contained in this Master Deed shall be deemed to affect or limit the rights of the

Declarant, the HOA or any Owner to enforce the Restrictions by appropriate judicial proceedings or to recover damages. However, it is hereby declared that it may be impossible to measure accurately in money the damages which will accrue to a beneficiary hereof, its transferees, successors or assigns, by reason of a violation of, or failure to perform, any of the obligations provided by this Master Deed; and therefor, any beneficiary hereof shall be entitled to relief by way of injunction or specific performance, as well as any other relief available at law or in equity, to enforce the provisions hereof.

7.5 No Waiver: The failure of the Declarant, the HOA, or the Owner of any Unit, his or its respective heirs, legal representative, devisees, successors and assigns, to enforce any Restrictions herein contained shall in no event be considered a waiver of the right to do so thereafter, as to the same violation or breach or as to any violation or breach occurring prior or subsequent thereto.

ARTICLE 8 INSURANCE

8.1 General. The Board of Directors shall use their best efforts to obtain and maintain, at all times insurance of the type and kind and in the amounts hereafter provided, including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other horizontal property regimes similar in construction, design and use, which insurance shall be governed by the provisions of this Article.

8.2 Coverage. For the benefit of the HOA and the Co-Owners, the Board of Directors shall use their best efforts to obtain and maintain at all times, and shall pay for out of the HOA's funds, the following insurance:

A. A master policy, or subscription policies, of casualty insurance on all Units, Common Property and Limited Common Elements and all personal property owned by the HOA located therein, with extended coverage, special extended coverage and use and occupancy coverage for at least one hundred percent (100%) of the replacement value of all Units, Common Property and Limited Common Elements, and all HOA personal property located therein, and such other fire and casualty insurance as the Board of Directors shall deem necessary for the protection of the Co-Owners, and their

mortgagees, as their respective interests appear, which policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee, or mortgagees, of each Unit, if any; provided, however, that notwithstanding such loss payable endorsement, the application of all proceeds recovered thereunder shall be determined by the Board of Directors in its sole discretion.

B. A master policy, or subscription policies in an amount of not less than \$1,000,000 (One Million Dollars), insuring the HOA, its Board of Directors, the Co-Owners and HOA Manager against any liability to the public and Co-Owners and their invitees or tenants, occurring in, on or about the Units, Common Property and Limited Common Elements, or any portion thereof, arising out of, or incident to, the ownership or any use of the Project, and including the personal liability of the Co-Owners. Limits of liability under such insurance shall be not less than Five Hundred Thousand Dollars (\$500,000.00) for all persons injured in any one accident and not less than \$50,000.00 property damage in each occurrence (such limits and coverage to be reviewed at least annually by the Board of Directors and to be increased in its discretion). The policy, or policies, shall be issued on a comprehensive liability basis and shall provide cross liability endorsements wherein the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured;

C. Workers' Compensation Insurance to the extent necessary to comply with any applicable laws; and

D. Such other types of insurance or coverage that the Board, in its sole discretion, deems advisable and in the best interests of the HOA.

8.3 Insurance Underwriter. All policies shall be written by a company, or companies falling into a financial category, as designated in Best's Key Rating Guide, of no less than Class A+.

8.4 Adjustment of Losses. Exclusive authority to adjust losses under policies hereafter in force on the Project shall be vested in the HOA or its authorized representative acting on behalf of all insureds, including Co-Owners and their mortgagees.

8.5 Contribution. In no event shall the insurance coverage obtained and maintained by the HOA hereunder be brought into contribution with insurance purchased by Co-Owners or their mortgagees.

8.6 Co-Owner's Insurance. Each Co-Owner may obtain additional insurance at his own expense; provided, however, that no Co-Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the HOA, on behalf of all the Co-Owners, may realize under any insurance policy that the Board of Directors may have in force on the Project at any particular time.

8.7 Notice to HOA. Any Co-Owner who obtains individual insurance covering any portion of the Project, other than the Co-Owner's Unit or personal effects belonging to such Co-Owner, shall file a copy of such individual policy or policies with the HOA's Directors within thirty (30) days after purchase of such insurance.

8.8 Policy Provisions. The HOA must make every effort to secure insurance policies containing the following provisions:

A. A waiver of subrogation by the insurer as to any claim against the HOA, Manager, Co-Owners and their respective servants and agents;

B. A provision that the master policy on the Project cannot be canceled, invalidated or suspended on account of the conduct of any Co-Owner, the HOA, any officer or employee of the HOA, or HOA Manager, without demand in writing thirty (30) days prior to such cancellation, invalidation or suspension that the HOA or HOA Manager cure the defect and notice of the failure thereof to do so within such period.

C. A provision that any "other insurance" clause in the master policy exclude individual Co-Owner's policies from consideration; and

D. A provision that the insurer issue certificates of insurance specifying the portion of the master policy allocated to each Co-Owner's interest and that until the insurer furnishes written notice and a grace period of thirty (30) days to the mortgagee insured under the loss payable clause thereof, the mortgagee's coverage is neither jeopardized by the conduct of the Unit mortgagor-owner, the HOA or other Unit owners-mortgagors, nor canceled for nonpayment of premiums.

8.9 Annual Review. At least annually, the Board of Directors shall review all insurance carried by the HOA and such review may include an appraisal of all, improvements within the Project by a person, firm or corporation designated by the Board of Directors.

ARTICLE 9
DAMAGE TO UNITS AND PERSONAL PROPERTY:
RECONSTRUCTION AND REPAIR

9.1 Application of Insurance Proceeds. In case of fire, casualty or any other disaster, the insurance proceeds of the HOA's policy and individual owner's policies shall be applied to such reconstruction, except in the event that more than two thirds (2/3) of the Co-Owners, vote not to reconstruct. In the event that the property is not reconstructed, the proceeds shall be distributed to the Co-Owners as directed by vote of at least two thirds (2/3) of the Co-Owners. In the absence of such agreement, the proceeds will be distributed according to South Carolina law.

9.2 Reconstruction. Reconstruction of the damaged or destroyed building, as used in this section, means restoring the building to substantially the same condition in which it or they existed prior to the fire, casualty or disaster, with each Unit and the Common Property having the same vertical and horizontal boundaries as before. Such reconstruction shall be accomplished under the direction of the HOA.

9.3 Repair of Personalty. Repair and replacement of personal property, if insurance proceeds are sufficient to do so in whole or in part, shall be undertaken by the HOA.

9.4 Assessment for Deficiency. If the insurance proceeds are insufficient to reconstruct the building, such damage or destruction shall be promptly repaired and restored by the Board of Directors, using the proceeds of insurance, if any, for that purpose. The Co-Owners shall be liable for assessment for any deficiency, the individual Co-Owner's share of any such assessment being based upon said Co-Owner's percentage of ownership as set forth in Exhibit D.

9.5 Rights of Co-Owners and Others. Co-Owners and lien holders are not entitled to receive payments of any portion of the proceeds unless there is a surplus of proceeds after the Common Property, the Units and the personal property have been reconstructed, repaired or replaced, or unless the Project is terminated.

ARTICLE 10

AMENDMENTS

10.1 Amendments by Declarant: During any period in which Declarant retains a Controlling Interest, Declarant may amend this Master Deed by an instrument in writing, filed and recorded in the Deed Book of the Register of Deeds Office for Horry County, South Carolina, without the approval of any Owner or mortgagee; provided, however, that (i) in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Unit or of the Common Property as set forth in this Master Deed or if such amendment adversely affects the title to any Unit, such amendment shall be valid only upon the written consent thereto by a majority in a number of the then existing Members affected thereby, or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any mortgagee, such amendment shall be valid only upon the written consent thereto of all such mortgagees so affected. Any amendment made pursuant to this Section shall be certified by Declarant as having been duly approved by Declarant, and such Members and mortgagees, if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself.

Notwithstanding anything to the contrary herein, Declarant for so long as it owns a Controlling Interest may unilaterally amend this Master Deed or any other instruments relating to this Project (including without limitation the articles and bylaws of the HOA) (i) if such amendment is necessary to bring any provision hereof or thereof into compliance with the provisions of any applicable governmental statute, rule or regulation or with any judicial determination which shall be in conflict therewith, (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Units subject to this Master Deed, (iii) if such amendment is required by an institutional or governmental lender, purchaser or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association, or Federal Home Loan Mortgage Corporation, to enable such lender or purchase to make loans secured by any property subject to this Master Deed (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units subject to this Master Deed, or (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Deed.

10.2 Amendment by HOA: Amendments to this Master Deed, other than

those authorized above, shall be proposed and adopted in the following manner:

A. Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the HOA at which such proposed amendment is to be considered and shall be delivered to each Member of the HOA.

B. At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by Members of the HOA. Such amendment must be approved by Members holding at least two thirds (2/3) of the total votes in the HOA; provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any mortgagee must be approved by such mortgagee, and (ii) during any period in which Declarant has a Controlling Interest, such amendment must be approved by Declarant.

C. The agreement of the required percentage of the Owners and, where required, the Declarant and any mortgagee, to any amendment of this Master Deed shall be evidenced by their execution of such amendment, or, in the alternative, and provided that Declarant does not then have the right to approve such amendment, the sworn statement of the President and any Vice President or the Secretary of the HOA attached to or incorporated in the amendment executed by the HOA, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Master Deed shall become effective only when recorded or at such later date as may be specified in the amendment itself.

ARTICLE 11 TERMINATION

11.1 In General. This Project may be terminated as a horizontal property regime and sold only by an affirmative vote of all the Co-Owners at an HOA meeting duly called for such purpose and the consent of all mortgagees of record. Upon termination, title to the real estate to be sold shall vest in the HOA as trustee for the holders of all interests in the Units. Until all the real estate is sold and the proceeds thereof distributed, the HOA shall continue in existence with all powers that it had before the termination. Sales proceeds shall be distributed to the Co-Owners and lien holders as their interests may appear.

11.2 Distribution of Proceeds. As a basis for distributing proceeds from the sale of the real estate following termination, the

respective interests of the Co-Owners shall be their Units and the Common Property and Limited Common Element interests immediately before the termination. The fair market value of each Co-Owner's interests shall be determined by one or more independent appraisers selected by the HOA. The decision of the independent appraisers shall be distributed to the Co-Owners and become final unless within thirty (30) days after such distribution, it is disapproved by a vote of twenty-five percent (25%) of the Common Property interests. Each Co-Owner's share of the distributable sale proceeds shall be the ratio of the appraised value of his interests to the aggregate appraised value of all Co-Owners' interests. However, if any Unit or Limited Common Element has been destroyed to the extent that an appraisal of fair market value thereof prior to destruction cannot be made, each Co-Owner's share of the distributable sale proceeds shall be his respective undivided percentage interest in the Common Property.

ARTICLE 12 RIGHTS OF HOLDERS OF INSTITUTIONAL FIRST MORTGAGES

12.1 Notification of Default. From and after the time a Mortgagee makes written request to the Board or the HOA therefor, the Board or the HOA shall notify such Mortgagee in writing in the event that the Co-Owner of the Unit encumbered by the Mortgage held by such Mortgagee neglects for a period of sixty (60) or more days to cure any failure on his part to perform any of his obligations under this Master Deed.

12.2 Subordination of Lien for Assessments. The lien or claim against a Unit for unpaid assessments or charges levied by the HOA pursuant to this Master Deed or the Act shall be subordinate to (a) assessments, liens and charges for taxes past due and unpaid on the Unit; and (b) payments due under duly prior recorded mortgages, affecting the Unit. A Mortgagee who obtains title to a Unit pursuant to his Mortgage or a deed or assignment in lieu of foreclosure shall not be liable for such Unit's unpaid assessments which accrue after the date of recording of the Mortgage and prior to the acquisition of title to such Unit by the Mortgagee and shall take the same free of such lien or claim for unpaid assessments or charges, but only to the extent of assessments or charges which accrue after the date of recording of the Mortgage and prior to the acquisition of title to such Unit by the Mortgagee (except for claims for a pro rata share of such prior assessments or charges resulting from a pro rata reallocation thereof to all Units including the Unit in which the Mortgagee is interested). No assessment, charge, lien or claim which is described in the

preceding sentence as being subordinate to a Mortgage or as not a burden to a Mortgagee or a deed or assignment in lieu of foreclosure shall be collected or enforced by either the Board or the HOA from or against a Mortgagee, a successor in title to a Mortgagee, or the Unit affected or previously affected by the Mortgage concerned (to the extent any such collection or enforcement would prejudice the interests of the Mortgagee or successor in title to the Mortgagee interested in such Unit).

12.3 Negative Covenants. Without the approval of each Mortgagee, neither the Board nor the HOA shall be entitled, by act, omission, or otherwise:

A. To seek to abandon or terminate the Project or to abandon or terminate the arrangement which is established by this Master Deed (except as provided herein in the event of certain destruction or damage),

B. To partition or subdivide any Unit;

C. To seek to abandon, partition, subdivide, encumber, sell or transfer all or any of the Common Property except (i) for the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Property or (ii) as provided herein in the event of certain destruction or damage;

D. To use hazard insurance proceeds resulting from damage to any part of the Project (whether to Units or to the Common Property) for purposes other than the repair, replacement, or reconstruction of such improvements, except as provided by statute in the event of substantial loss to the Units and/or Common Property;

E. To change the percentages of ownership interests allocable to Units encumbered by the Mortgage; or

F. To alter the provisions hereof in such a way as to diminish the insurance protection required to be afforded to the parties designed to be protected thereby, or to fail to maintain the insurance coverage described therein.

12.4 Right of Mortgagee to Examine Books and Records. Any Mortgagee shall have the right, at its request and expense and upon reasonable notice, to examine the books and records of the Board or the HOA. From and after the time a Mortgagee makes written request

to the Board of the HOA therefor, the Board or the HOA shall furnish to such Mortgagee copies of such annual operating reports and other reports or writings summarizing or reflecting the financial position or history of the Project as may be prepared for distribution to or use by the Board the HOA, or the Co-Owners.

12.5 Reserves for Repairs and Replacements. The Board and the HOA shall establish an adequate reserve fund to cover the cost of reasonably predictable and necessary major repairs and replacements of the Common Property and shall cause such reserve to be funded by regular monthly or other periodic assessments against the Units rather than by special assessments.

12.6 Condemnation. From and after the time a Mortgagee makes written request to the Board or the HOA therefor, the Board or the HOA shall notify such Mortgagee in writing in the event that there occurs any damage or loss to, or any taking of

A. the Common Property involving an amount in excess of, or reasonably estimated to be in excess of, Ten Thousand Dollars (\$10,000.00); or

B. the Unit covered by the Mortgage to such Mortgagee involving an amount in excess of, or reasonably estimated to be in excess of, One Thousand Dollars (\$1,000.00). Said notice shall be given within ten (10) days after the Board or said HOA learns of such damage, loss, taking or anticipated condemnation.

12.7 Priority as to Insurance Proceeds and Condemnation Awards. Nothing contained in this Master Deed shall give a Co-Owner, or any other party, priority over any rights of a Mortgagee pursuant to its Mortgage in the case of a distribution to such Co-Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Property.

12.8 Conflicting Provisions. In the event another provision or clause of this Master Deed deals with the same subject matter as is dealt with in any provision or clause of this Section, the provision or clause which results in the greatest protection and security for a Mortgagee shall control the rights, obligations or limits of authority as the case may be, applicable to the Board and HOA with respect to the subject concerned.

12.9 Restrictions on Amendments. No amendment to this Section which has the effect of diminishing the rights, protection or security afforded to Mortgagees shall be accomplished or effective unless

all of the Mortgagees of the individual Units have given their prior written approval to such amendment. Any amendment to this Section shall be accomplished by an instrument executed by the Board and filed for record in the Register of Deeds Office for Horry County, South Carolina. In any such instrument an officer of the HOA shall certify that any prior written approval of Mortgagees required by this Section as a condition to amendment has been obtained.

12.10 Notice of Eminent Domain Proceedings. In the event that eminent domain proceedings are commenced against the Project or any portion thereof, the Board shall give written notice of such proceedings to all Mortgagees of record. No first lien priority of any Mortgagee shall be diminished or otherwise disturbed by virtue of such proceedings.

ARTICLE 13 ADMINISTRATION BY DECLARANT

13.1 Interim Management and Administration. Until such time as control is turned over to the HOA, all references to HOA shall mean Declarant. Until such time as the HOA commences to function, the Declarant shall be responsible for the administration of the horizontal property regime and the HOA and until such time shall have all the duties and powers of the HOA including those of the Board of Directors and the Manager as specified in the Master Deed and the By-Laws and shall be performed by the Declarant and/or such other representative or agent as may be employed by the Declarant. The Declarant shall secure a Manager for the HOA who shall be entitled to reasonable compensation for its services until control and selection of a manager is turned over to the HOA. Any contract entered into by the Declarant or the HOA for the employment of a Manager shall not exceed a term of three (3) years and shall be terminable by either party with ninety (90) days or less written notice.

13.2 Turnover of Accounts. At such time as the affairs of the horizontal property regime are turned over to the HOA, the Declarant shall turn the books, records and accounts over to the HOA which shall be in balance.

ARTICLE 14 CONDEMNATION

14.1 Condemnation. If at any time or times during the continuance of this Project pursuant to this Master Deed all or

any part of the Project shall be taken or condemned by any public authority under power of eminent domain, the provisions of this Section shall apply. A voluntary sale or conveyance of all or any part of the Project in lieu of condemnation, but under threat of condemnation, shall be deemed to be a taking by power of eminent domain.

14.2 Representation by HOA. The HOA shall represent the Unit Owners in any condemnation proceedings with any condemning authority in regards to condemnation proceedings involving any part of the Project. Each Unit Owner appoints the HOA as attorney-in-fact for such purpose.

14.3 Proceeds. All compensation, damages and other proceeds resulting from any such taking by power of eminent domain (hereinafter the "condemnation award") shall be made payable to the HOA and shall be distributed by the HOA as herein provided.

14.4 Complete Taking. In the event the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall terminate and the condemnation award shall be allocated among and distributed to the Co-Owners in proportion to their respective Total Percentage Interest. Such distribution shall be made by check payable jointly to the respective Co-Owners and their respective Mortgagees, as appropriate.

14.5 Partial Taking. In the event less than the entire Project is taken by power of eminent domain, the following shall occur:

A. Allocation of Award. As soon as practicable, the HOA shall, reasonably and in good faith, apportion the condemnation award between compensation, severance damages or other proceeds and shall allocate such apportioned amounts and pay the same to the Co-Owners as follows:

(1) The total amount apportioned to the taking of or injury to the Common Property shall be allocated among and distributed to all Co-Owners (including Co-Owners whose entire Units have been taken) in proportion to their respective Total Percentage Interests;

(2) The total amount apportioned to severance damages shall be allocated among and distributed

to the Co-Owners of those Units that have not been taken, in proportion to their respective Total Percentage Interests;

(3) The respective amounts apportioned to the taking of or injury to a particular Unit shall be allocated and distributed to the Co-Owner of such Unit;

(4) The total amount apportioned to consequential damages and any other takings or injuries shall be allocated and distributed as the HOA determines to be equitable under the circumstances;

(5) If apportionment or allocation is already established by negotiation, judicial decree, statute or otherwise, the HOA shall employ such apportionment and allocation to the extent it is relevant and applicable; and

(6) Distribution of allocated proceeds shall be made by check payable jointly to individual Co-Owners and their respective Mortgagees, as appropriate.

B. Continuation and Reorganization If less than the entire Project is taken by power of eminent domain, condominium ownership pursuant hereto shall not terminate, but shall continue. If any partial taking results in the taking of an entire Unit, the Co-Owner thereof shall cease to be a Member of the HOA. The HOA shall reallocate the voting rights and the undivided interest in the Common Property and Commercial Unit appurtenant to such Unit in accordance with the Act.

C. Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the provisions hereof for cases of Damage or Destruction.

ARTICLE 15 OBSCOLESCENCE

15.1 Adoption of Plan. Co-Owners by unanimous vote of the total

votes of the HOA may agree that the Project is obsolete and may adopt a written plan for the sale or other disposition of the Project, provided that such plan has the unanimous written approval of all Mortgagees of record at the time of the adoption of such plan. Written notice of adoption of such plan shall be given to all Co-Owners.

15.2 Sale of Project. In the event of adoption of a plan for sale or other disposition in accordance herewith, the HOA shall forthwith record in the Register of Deeds Office for Horry County a notice setting forth such facts, and upon the recording of such notice by the HOA, the Project shall be sold or otherwise disposed of by the HOA as attorney in fact for all of the Co-Owners. Such action shall be binding upon all Co-Owners, and each Co-Owner shall have the duty to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary or appropriate to effect such sale or other disposition of the Project. The proceeds of such sale or disposition shall be apportioned among the Co-Owners in proportion to their respective Percentage Interests and such apportioned proceeds shall be paid into separate accounts, each such account representing one Unit. Each such account shall remain in the name of the HOA and shall be further identified by the Unit designation and the name of the Co-Owner. The HOA, as attorney in fact, shall use and disburse the total amount of each such account, without contribution from one account to another, first to the payment of valid tax and special assessment liens on the Unit in favor of any governmental assessing authority, second to the payment of assessments made pursuant to this Master Deed, third to the payment of holders of other liens or encumbrances on the Unit in the order of priority of their liens, and the balance remaining, if any, to the respective Co-Owner.

15.3 Restrictions on Sale. Notwithstanding anything to the contrary contained herein, no sale or other disposition of the Project or any portion thereof may be made in violation of the Act.

ARTICLE 16 MISCELLANEOUS

16.1 Submerged Property. All activities on or over, and all uses of submerged land or other critical areas located within the Project are subject to the jurisdiction of the South Carolina Coastal Council. Any activity or use of such property

must be authorized thereby. Each Owner is liable to the extent of his percentage ownership of the Common Property for any damages to, any inappropriate or un-permitted uses of, and any duties or responsibilities concerning any submerged land coastal waters, or other critical areas.

16.2 Application. All Co-Owners, tenants of Co-Owners, employees of Owners and tenants, or any other persons that may in any manner use the Project or any part thereof shall be subject to the Act and to this Master Deed and the Bylaws.

16.3 Compliance. Each Co-Owner shall comply strictly with the Bylaws and with administrative rules and regulations adopted pursuant thereto, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed or in the deed to the Unit of such Co-Owner. Failure to comply with any of the same shall be grounds for an action to require compliance maintainable by the Manager or the Board of Directors on behalf of the HOA or, in a proper case, by an aggrieved Co-Owner.

16.4 Waiver. No provision hereof shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

16.5 Conflicts. This Master Deed is intended to comply with the requirements of the Act and, in the event that any of the provisions hereof conflict with the provisions of the Act, the Act shall control.

16.6 Severability. The provisions of this Master Deed are severable and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder hereof.

16.7 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit or proscribe the scope of this Master Deed or the intent of any provision hereof.

16.8 Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine and the neuter and the singular and the plural whenever the context requires or permits.

16.9 Sub-Association Agreement. The herein regime is contained within a locality comprised of private subdivisions and condo projects which contain private roads and amenities. The Declarant reserves the right to itself, its successors and/or assigns, including the HOA, to submit the herein regime as a sub-association or to enter into a contractual agreement with one or more of the present HOA's in the herein community whereby the herein regime may use some of or all of the other community amenities, pay a proportion share of private road maintenance, and otherwise enjoy the benefits and share the responsibilities of the community. It is the intent at this time to enter into such an arrangement with Colonial Cottages HOA; however, the Declarant reserves the right to amend this decision.

IN WITNESS WHEREOF, Declarant has hereunto executed this Master Deed this 6th day of January, 1999.

NORTH POINTE LAND COMPANY, INC.

In The Presence Of:

Mary McCulloch
[Signature]

By: [Signature]
Floyd E. Allen, Pres.

By: [Signature]
James C. Landrum, Sec.

STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

PROBATE

Personally appeared before me the undersigned witness and made oath that (s)he saw the within named by Floyd E. Allen and James C. Landrum, its President and Secretary sign, seal and deliver the within Master Deed of Colonial Trace Horizontal Property Regime and that (s)he with the other witness witnessed the execution thereof.

Mary McCulloch

SWORN to and subscribed before me this 6th day of January, 1999.

[Signature]
Notary Public for South Carolina
My Commission Expires: 10-22-01

BYLAWS

OF

COLONIAL TRACE

HOMEOWNER'S ASSOCIATION, INC.

A Not for Profit Corporation

Pursuant to the provisions of the South Carolina Business Corporation Act, the Board of Directors of Colonial Trace Homeowner's Association, Inc., a South Carolina eleemosynary corporation, hereby adopts the following Bylaws for such corporation.

ARTICLE 1

NAME AND PRINCIPAL OFFICE

1.1 Name. The name of the eleemosynary corporation is Colonial Trace Homeowner's Association, Inc." hereinafter referred to as the "HOA".

1.2 Offices. The principal offices of the HOA shall be at Colonial Trace Horizontal Property Regime, a residential condominium project, hereinafter the "Project", situated upon the real property legally described on Exhibit A, attached to the Master Deed and located in Horry County, State of South Carolina, or as amended from time to time. The initial office shall be in Unit 15-D.

ARTICLE 2

DEFINITIONS

2.1 Definitions. Except as otherwise provided herein or required by the context hereof, all terms defined in the Master Deed of Colonial Trace Horizontal Property Regime, recorded in the Horry County Register of Deeds Office, hereinafter referred to as the "Master Deed", shall have such defined meanings when used in these Bylaws.

ARTICLE 3

MEMBERS

3.1 Membership. Membership in the HOA shall be determined in accordance with the Master Deed.

3.2 Annual Meetings. The annual meeting of members shall be held on the First Saturday in October each year at a time selected by Board, beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for the annual meeting of the members, or at any adjournment thereof, the Board of Directors ("Board") shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient.

3.3 Special Meetings. Special meetings of the members may be called by the Board, the President, or upon the written request of members holding not less than ten percent (10%) of the total votes of the HOA, such written request to state the purpose or purposes of the meeting and to be delivered to the Board or the President.

3.4 Place of Meetings. The Board may designate any place in Horry County, State of South Carolina, as the place of meeting for any annual meeting or for any special meeting called by the Board. A waiver of notice signed by all members may designate any place, either within or without the State of South Carolina, as the place for holding such meeting. If no designation is made, or if a special meeting is otherwise called, the place of the meeting shall be at the principal office of the HOA.

3.5 Notice of Meetings. The Board shall cause written or printed notice of the time, place and purpose of all meetings of the members (whether annual or special) to be delivered, not more than fifty (50) nor less than ten (10) days prior to the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his registered address, with first class postage thereon prepaid. Each member shall register with the HOA such member's current mailing address for purposes of notice

hereunder. Each registered address may be changed from time to time by notice in writing to the HOA. If no address is registered with the HOA, a member's Unit address shall be deemed to be his registered address for purposes of notice hereunder.

3.6 Members of Record. Upon purchasing a Unit in the Project, each Co-Owner shall promptly furnish to the HOA a certified copy of the recorded instrument by which ownership of such Unit has been vested in such Co-Owner, which certified copy shall be maintained in the records of the HOA. For the purposes of determining members entitled to notice of or to vote at any meeting of the members, or any adjournment thereof, the Board may designate a record date, which shall not be more than fifty (50) nor less than ten (10) days prior to the meeting, for determining members entitled to notice of or to vote at any meeting of the members. If no record date is designated, the date on which notice of the meeting is mailed shall be deemed to be the record date for determining members entitled to notice of or to vote at the meeting. The persons or entities appearing in the records of the HOA on such record date as the Co-Owners of record of Units in the Project shall be deemed to be the members of record entitled to notice of and to vote at the meeting of the members. In the event a Unit is owned by more than one person or by a corporation, trust or other entity, the individual entitled to cast the vote for that Unit shall be designated by a certificate filed with the Secretary of the HOA and signed by all joint Co-Owners of the Unit or by an authorized agent of the corporation or other entity. If no certificate is filed, the vote of such Unit shall not be considered.

3.7 Quorum. At any meeting of the members, the presence of members holding, or holders of proxies entitled to cast, more than fifty percent (50%) of the total votes of the HOA shall constitute a quorum for the transaction of business. In the event a quorum is not present at a meeting, the members present (whether represented in person or by proxy), though less than a quorum, may adjourn the meeting to a later date. Notice thereof shall be delivered to the members as provided above. At the reconvened meeting, the members and proxy holders present shall constitute a quorum for the transaction of business.

3.8 Proxies. At each meeting of the members, each member entitled to vote shall be entitled to vote in person or by proxy; provided, however, that the right to vote by proxy shall

exist only where the instrument authorizing such proxy to act shall have been authorized in writing. If a membership is jointly held, the instrument authorizing a proxy to act must have been executed by the designated member of record or that person's attorney thereunto duly authorized in writing. Such instrument authorizing a proxy to act shall be delivered at the beginning of the meeting to the Secretary of the HOA or to such other officer or person who may be acting as secretary of the meeting. The minutes of the meeting shall indicate whether the votes cast at the meeting were cast in person or by proxy.

3.9 Votes.

3.9.1 Class A: Each Owner of a Unit, with the exception of Declarant so long as Declarant is a Class B Member, shall be a Class A Member and shall be entitled to vote on all matters relating to the HOA or to the Project upon which a vote of the Co-Owners is conducted. The Class A membership shall be entitled collectively to cast One Thousand (1,000) votes on each such matter. These votes shall be allocated to the Co-Owners proportion to their respective Percentage Interests in the Common Property as set forth in the Master Deed. In the event a Unit is owned by more than one person or by a corporation, trust or other entity, the individual entitled to cast the vote for that Unit shall be designated by a certificate filed prior to the meeting with the Secretary of the HOA and signed by all joint Co-Owners of the Unit or by an authorized agent of the corporation or other entity. If no certificate is filed, the vote of such Unit shall not be considered.

3.9.2 Class B: The Declarant shall be the sole Class B Member. The Class B membership shall be entitled to Four Thousand (4,000) votes on each matter relating to the HOA or to the Project upon which a vote of the Co-Owners is conducted. The Class B Membership shall cease and be converted to Class A Membership upon the occurrence of the events described below.

3.9.3 Required Vote: The affirmative vote of a majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum was initially present shall be necessary for the adoption of any matter voted on by the members, unless a greater proportion is required by the Articles of Incorporation, these Bylaws, the Master Deed or South Carolina law.

3.10 Binding Effect. All agreements, decisions and determinations lawfully made by the HOA in accordance with the voting percentages established in the Act, the Master Deed or these Bylaws shall be deemed to be binding on all Co-Owners.

3.11 Dilution of Voting Interest and Termination of Class B Membership: The Project will be composed of Units to be developed in phases containing unequal numbers of Units. The Declarant may elect within the time limits prescribed herein to develop each such phase in accordance with the terms hereof. In the event that the Developer shall elect to proceed with one or more of the additional phases provided for herein, each such phase will be platted of record in the Office of the Clerk of Court for Horry County in accordance with the terms of this Master Deed. The Declarant shall notify the HOA in writing when the final phase of the Project has been so platted of record. By acceptance of a deed conveying a Unit, each Owner acknowledges that, upon the development by Declarant of such phases, the proportion of the total votes of existing Owners will decrease based upon the number of Units in the phases added. The Class B Membership shall cease and be converted to Class A Membership at such time as Declarant no longer retains a Controlling Interest, provided however, in no event shall Class B Membership cease and be converted to Class A Membership until the earlier of: (i) the receipt by the HOA of the written notice provided for above, or (ii) the expiration of the last of the time periods during which the Declarant may elect to develop additional phases. Nothing contained herein shall obligate the Declarant to develop any proposed phase of the Project unless such phase is subjected to this Master Deed.

3.12 Waiver of Irregularities. All inaccuracies and/or irregularities in calls or notices of meetings and in the manner of voting, form of proxies and/or method of ascertaining members present shall be deemed waived if no objection thereto is made at the meetings.

3.13 Informal Action by Members. Any action that is required or permitted to be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members entitled to vote with respect to the subject matter thereof.

3.14 Suspension of Membership: The Board may suspend the voting rights of any Member and the right of enjoyment of the Common Property of any person who:

3.14.1 Shall be subject to the Right of Abatement, as defined in the Master Deed;

3.14.2 Shall be delinquent in the payment of any assessment levied by the HOA or the Association pursuant to the provisions of the Master Declaration or the Master Deed; or

3.14.3 Shall be in violation of any of the rules and regulations of the HOA or the Association relating to the use, operation and maintenance of Common Property.

Such suspension shall be for the balance of the period in which said Member or person shall remain in violation, breach or default, as aforesaid, except that in the case of a violation described in Subsection (c) above, the suspension may be for a period not to exceed sixty (60) days after the cure or termination of such violation. No such suspension shall prevent an Owner's ingress or egress from his Unit.

3.15 Termination of Membership: Membership shall cease only when a person ceases to be an Owner.

3.16 Voting Procedures: The procedures for the election of Directors of the HOA and the resolution of such other issues as may be brought before the Membership of the HOA shall be governed by the Master Deed, the South Carolina Not for Profit Corporation Code, the Articles of Incorporation of the HOA, and these By-Laws, as each shall from time to time be in force and effect.

ARTICLE 4

BOARD OF DIRECTORS

4.1 General Powers. The property, affairs and business of the HOA shall be managed by its Board. The Board may exercise all of the powers of the HOA, whether derived from law, the Master Deed or the Articles of Incorporation, except such powers as are by law, by the Articles of Incorporation or these Bylaws, or by the Master Deed, vested solely in the members. The Board may by written contract delegate, in whole or in part, to a professional management organization or person such of its duties, responsibilities, functions and powers, or those of any officer, as are properly delegable.

4.2 Number, Tenure, and qualifications. The number of Directors of the HOA shall be five (5). At the first annual meeting of the members held after the adoption hereof, the members shall elect five (5) Directors to serve as follows: The two candidates receiving the highest number of votes shall be elected to serve for a term of two (2) years; and the three candidates receiving the next highest number of votes shall be elected to serve for a term of one (1) year. At each annual meeting thereafter, the members shall elect for a two (2) year term the number of Directors required to fill the number of vacancies created by the expiring terms of Directors. Directors must be members of the HOA or representatives of corporate or partnership members. Notwithstanding anything herein to the contrary, for so long as it owns a Controlling Interest, Declarant shall have the right to appoint all (or less than all) Directors. Such appointees need not be Co-Owners or members. Such appointees may be removed, with or without cause, by Declarant at any time, and from time to time, and a successor appointed by Declarant.

4.3 Regular Meetings. The regular annual meeting of the Board shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of the members. The Board may provide by resolution the time and place, within Horry County, South Carolina, for the holding of such additional regular meetings without other notice than such, resolution.

4.4 Special Meetings. Special meetings of the Board may be called by or at the request of any Director. The person or persons authorized to call special meetings of the Board may fix any place, within Horry County, South Carolina, as the place for holding any special meeting of the Board called by such person or persons. Notice of any special meeting shall be given at least four (4) days prior thereto by written notice delivered personally, or mailed to each Director at his registered address, or by Telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with first class postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of a meeting.

4.5 Quorum and Manner of Acting. A majority of the number of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. The act of a majority of

the Directors present at any meeting at which a quorum is present shall be the act of the Board. The Directors shall act only as a Board and individual Directors shall have no powers as such.

4.6 Compensation. No Director shall receive compensation for any services that he may render to the HOA as a Director; provided, however, that Directors may be reimbursed for expenses incurred in performance of their duties as Directors and, except as otherwise provided in these Bylaws, may be compensated for services rendered to the HOA other than in their capacities as Directors.

4.7 Resignation and Removal. A Director may resign at any time by delivering a written resignation to either the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any Director may be removed at any time for or without cause by the affirmative vote of more than fifty percent (50%) of the total votes of the HOA at a special meeting of the members duly called for such purpose and may be removed otherwise as provided by South Carolina law. Any Director appointed by Declarant may be removed at any time, with or without cause, by Declarant.

4.8 Vacancies and Newly Created Directorships. If vacancies shall occur in the Board by reason of the death or resignation of a Director, or if the number of Directors shall be increased, the Directors then in office shall continue to act and such vacancies or newly created Directorships shall be filled by a vote of the Directors then in office, though less than a quorum, in any way approved by such Directors at the meeting. Any vacancies in the Board occurring by reason of the member's removal of a Director may be filled by election of the members at the meeting at which such Director is removed. Any Director elected or appointed hereunder to fill a vacancy shall serve for the unexpired term of his predecessor or for the term of the newly created Directorship, as the case may be.

4.9 Informal Action by Directors. Any action that is required or permitted to be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

ARTICLE 5

OFFICERS

5.1 Number. The officers of the HOA shall be a President, a Secretary, a Treasurer and such other officers as may from time to time be appointed by the Board.

5.2 Election, Tenure and Qualifications. The officers of the HOA shall be chosen by the Board annually at the regular annual meeting of the Board. In the event of failure to choose officers at such regular annual meeting of the Board, officers may be chosen at any regular or special meeting of the Board. Each such officer (whether chosen at a regular annual meeting of the Board or otherwise) shall hold his office until the next ensuing regular annual meeting of the Board and until his successor shall have been chosen and qualified, or until his death, or until his resignation or removal in the manner provided in these Bylaws, whichever first occurs. Any one person may hold any two or more of such offices except that the President may not also be the Secretary or the Treasurer. No person holding two or more offices shall act in or execute any instrument in the capacity of more than one office. The President and the Secretary must be Directors.

5.3 Subordinate Officers. The Board may from time to time appoint such other officers or agents as it may deem advisable, each of whom shall have such title, hold office for such period, have such authority and perform such duties as the Board may from time to time determine. The Board may from time to time delegate to any officer or agent the power to appoint any such subordinate officers or agents and to prescribe their respective titles, terms of office, authorities and duties. Subordinate officers need not be members or Directors of the HOA.

5.4 Resignation and Removal. Any officer may resign at any time by delivering a written resignation to the President or the Board. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any officer may be removed by the Board at any time, for or without cause.

5.5 Vacancies and Newly Created Offices. If any vacancy shall occur in any office by reason of death, resignation, removal, disqualification or any other cause, or if a new office shall be created, such vacancies or newly created offices may be

filled by the Board at any regular or special meeting.

5.6 The President. The President shall preside at meetings of the Board and at meetings of the members. He shall sign on behalf of the HOA all documents and contracts and shall do and perform all other acts and things that the Board may require of him.

5.7 The Secretary. The Secretary shall keep the minutes of the HOA and shall maintain such books and records as these Bylaws, the Master Deed or any resolution of the Board may require him to keep. He shall be the custodian of the seal of the HOA, if any, and shall affix such seal, if any, to all papers and instruments requiring the same. He shall perform such other duties as the Board may require of him.

5.8 The Treasurer. The Treasurer shall have the custody and control of the funds of the HOA, subject to the action of the Board, and shall, when requested by the President to do so, report the state of the finances of the HOA at each annual meeting of the members and at any meeting of the Board. He shall perform such other duties as the Board may require of him.

5.9 Compensation. No officer shall receive compensation for any services that he may render to the HOA as an officer; provided, however, that officers may be reimbursed for expenses incurred in performance of their duties as officers and, except as otherwise provided in these Bylaws, may be compensated for services rendered to the HOA other than in their capacities as of officers.

ARTICLE 6

COMMITTEES

6.1 Designation of Committees. The Board may from time to time by resolution designate such committees as it may deem appropriate in carrying out its duties, responsibilities, functions and powers. The membership of each such committee designated hereunder may include at least one (1) Director. No committee member shall receive compensation for services that he may render to the HOA as a committee member; provided, however, that committee members may be reimbursed for expenses incurred in performance of their duties as committee members and (except as otherwise provided by these Bylaws) may be

compensated for services rendered to the HOA other than in their capacities as committee members.

6.2 Proceedings of Committees. Each committee designated hereunder by the Board may appoint its own presiding and recording officers and may meet at such places and times and upon such notice as such committee may from time to time determine. Each such committee shall keep a record of its proceedings and shall regularly report such proceedings to the Board.

6.3 Quorum and Manner of Acting. At each meeting of any committee designated hereunder by the Board, the presence of members constituting at least two-thirds of the authorized membership of such committee shall constitute a quorum for the transaction of business and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of such committee. The members of any committee designated by the Board hereunder shall act only as a committee and the individual members thereof shall have no powers as such.

6.4 Resignation and Removal. Any member of any committee designated hereunder by the Board may resign at any time by delivering a written resignation either to the President, the Board or the presiding officer of the committee of which he is a member. Unless otherwise specified therein, such resignation shall take effect upon delivery. The Board may at any time, for or without cause, remove any member of any committee designated by it hereunder.

6.5 Vacancies. If any vacancy shall occur in any committee designated by the Board hereunder, due to disqualification, death, resignation, removal or otherwise, the remaining members shall, until the filling of such vacancy, constitute the then total authorized membership of the committee and, provided that two or more members are remaining, may continue to act. Such vacancy may be filled at any meeting of the Board.

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification Against Third Party Actions. The HOA shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action,

suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the HOA) by reason of the fact that he is or was a Director, officer, employee or agent of the HOA, or is or was serving at the request of the HOA as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the HOA and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by an adverse judgment, order or settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the HOA and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

7.2 Indemnification Against Association Actions. The HOA shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the HOA to procure a judgment in its favor by reason of the fact that he is or was a Director, officer, employee or agent of the HOA, or is or was serving at the request of the HOA as a Director, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the HOA and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the HOA, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

7.3 Determination. To the extent that a Director officer, employee, or agent of the HOA has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to hereunder, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. Any other indemnification hereunder shall be made by the HOA only upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth herein. Such determination shall be made either (i) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding or (ii) by the Owners by the affirmative vote of at least fifty percent (50%) of the total votes of the HOA at any meeting duly called for such purpose.

7.4 Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding as contemplated in this Article may be paid by the HOA in advance of the final disposition of such action, suit or proceeding upon a majority vote of a quorum of the Board and upon receipt of an undertaking by or on behalf of the Director, officer, employee or agent to repay such amount or amounts unless it ultimately be determined that he is entitled to be indemnified by the HOA as authorized by this Article.

7.5 Scope of Indemnification. The indemnification provided for by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision in the HOA's Articles of Incorporation, Bylaws, agreements, vote of disinterested members or Directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The indemnification authorized by this Article shall apply to all present and future Directors, officers, employees and agents of the HOA and shall continue as to such persons who cease to be Directors, officers, employees or agents of the HOA and shall inure to the benefit of the heirs and personal representatives of all such persons and shall be in addition to all other rights to which such persons may be entitled as a matter of law.

7.6 Insurance. The HOA may purchase and maintain insurance on behalf of any person who was or is a Director, officer,

employee or agent of the HOA, or who was or is serving at the request of the HOA as a Director, officer, employee or agent of another corporation, entity or enterprise (whether for profit or not for profit), against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not the HOA would have the power to indemnify him against such liability under the laws of the State of South Carolina as the same may hereafter be amended or modified.

7.7 Payments and Premiums. All indemnification payments made, and all insurance premiums for insurance maintained, pursuant to this Article shall constitute expenses of the HOA and shall be paid with funds from the Common Expense Fund referred to in the Master Deed.

ARTICLE 8

FISCAL YEAR AND SEAL

8.1 Fiscal Year. The fiscal year of the HOA shall begin on the 1st day of January each year and shall end on the 31st day of December next following, except that the first fiscal year shall begin on the date of incorporation and end on the 31st day of December next following.

8.2 Seal. The Board may by resolution provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the words "Corporate Seal".

ARTICLE 9

Miscellaneous

9.1 Rules and Regulations. The Board may from time to time adopt, amend, repeal and enforce reasonable rules and regulations governing the use and operation of the Project to the extent that such rules and regulations are not inconsistent with the rights and duties set forth in the Articles of Incorporation, the Master Deed or these Bylaws. The members shall be provided by the Board with copies of all amendments and revisions thereof.

9.2 Method of Collecting. The manner of collecting from the members for the payment of the common expenses shall be as set

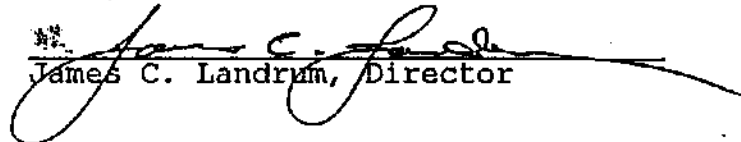
forth in the Master Deed.

9.3 Declaration. In the event that the terms of these By-laws shall conflict with the terms of the Master Deed with respect to any aspect of the HOA including without limitation, its membership, duties and powers, the terms of the Master Deed shall control.


IN WITNESS WHEREOF, the undersigned, consisting all of the directors of Colonial Trace Homeowner's Association, Inc. have hereunto set their hands and seals this 6th day of January, 1999.



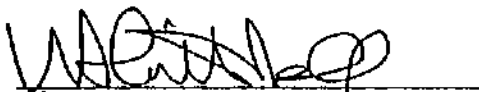
Floyd E. Allen, Director



James C. Landrum, Director



Witness



Witness


forth in the Master Deed.

9.3 Declaration. In the event that the terms of these By-laws shall conflict with the terms of the Master Deed with respect to any aspect of the HOA including without limitation, its membership, duties and powers, the terms of the Master Deed shall control.

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Floyd E. Allen, Director


James C. Landrum, Director


Witness

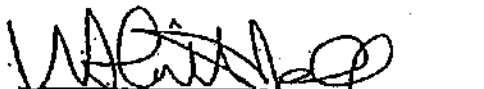

Witness

EXHIBIT "A"

LEGAL DESCRIPTION

ALL AND SINGULAR, all those certain pieces, parcels and tracts of land situate, lying and being in Little River Township, County of Horry, State of South Carolina which are designated as Parcel A, 0.19 acres more or less, and Building 15, 0.50 acres more or less, on that certain plat prepared for North Pointe Land Co. by Atlantic Land Surveying Co., Inc. dated December 14, 1998 and which said plat is recorded in the Register of Deeds Office for Horry County, South Carolina in Plat Book 160 at Page 11, reference being made to said plat as forming a part of this description.

TOGETHER with the non-exclusive easement rights of ingress and egress over the roads of Colonial Charters Subdivision as conveyed to North Pointe Land Co. heretofore in Deed Book 2019 at Page 858

Derivation: Deed Book 1937 at Page 1408.

EXHIBIT "B"

SITE PLAN:

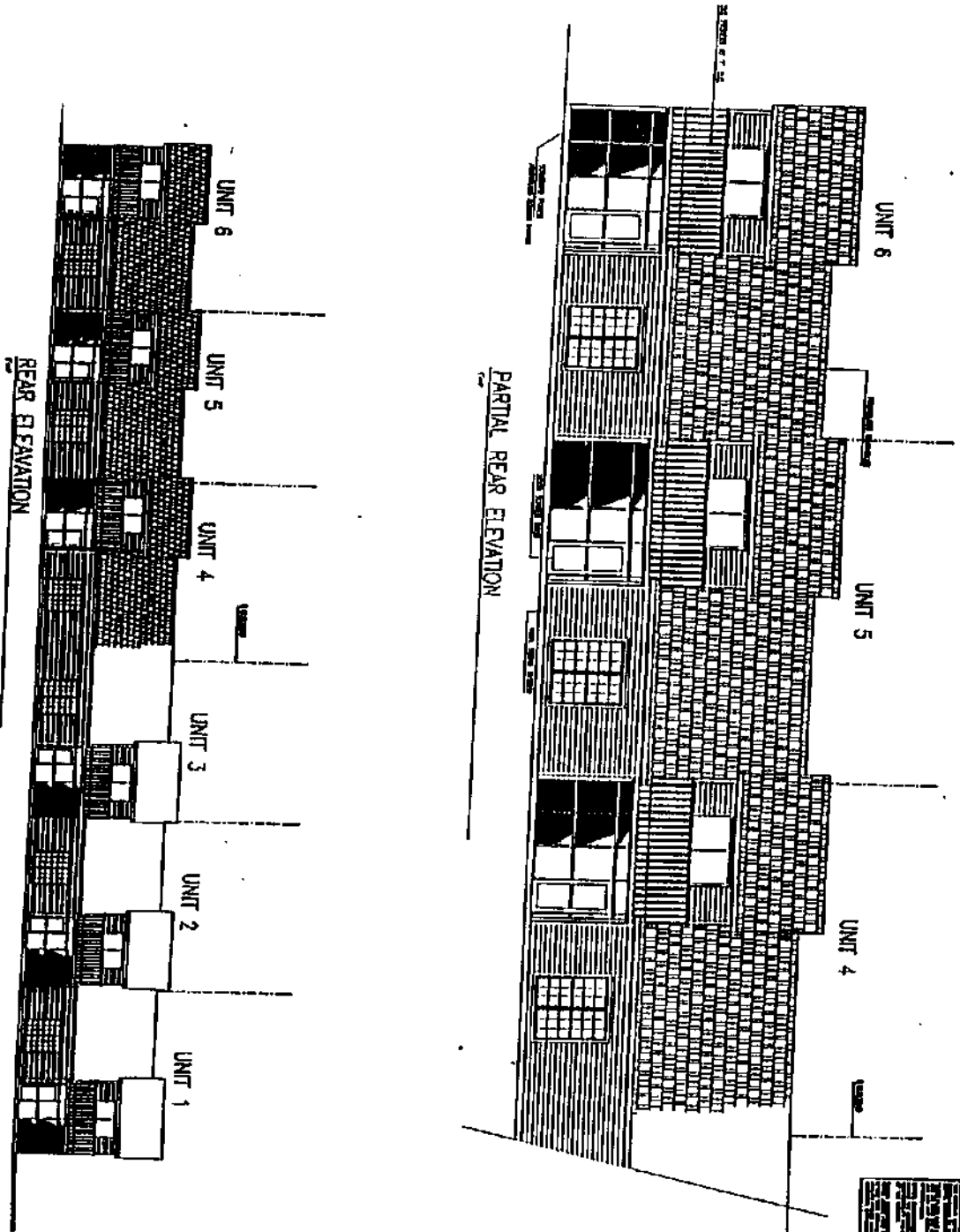
See that certain survey plat recorded in Plat Book 160 at Page 11 in the Register of Deeds Office for Horry County, which said plat is included herein be reference.

EXHIBIT "C"

FLOOR PLANS AND ELEVATION DRAWINGS:

The attached drawing show the units as numbers 1 thru 6. The numbers correspond as follows for the letters actually used to identify the units:

1/A
2/B
3/C
4/D
5/E
6/F



ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
 ALL MATERIALS AND FINISHES TO BE AS SHOWN ON THE SCHEDULE OF FINISHES.
 THE ARCHITECT ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE SURVEY OR THE LEGAL DESCRIPTION OF THE PROPERTY.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE STRUCTURE OR THE FOUNDATIONS THEREON.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE MECHANICAL, ELECTRICAL OR PLUMBING SYSTEMS.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE INTERIOR FINISHES.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE LANDSCAPE ARCHITECTURE.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE SIGNAGE.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE FURNITURE.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE LIGHTING FIXTURES.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE PAINTS AND COATINGS.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE HARDWARE.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE ACCESSORIES.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE FIXTURES.
 THE ARCHITECT'S OFFICE IS NOT RESPONSIBLE FOR THE DESIGN OF THE EQUIPMENT.
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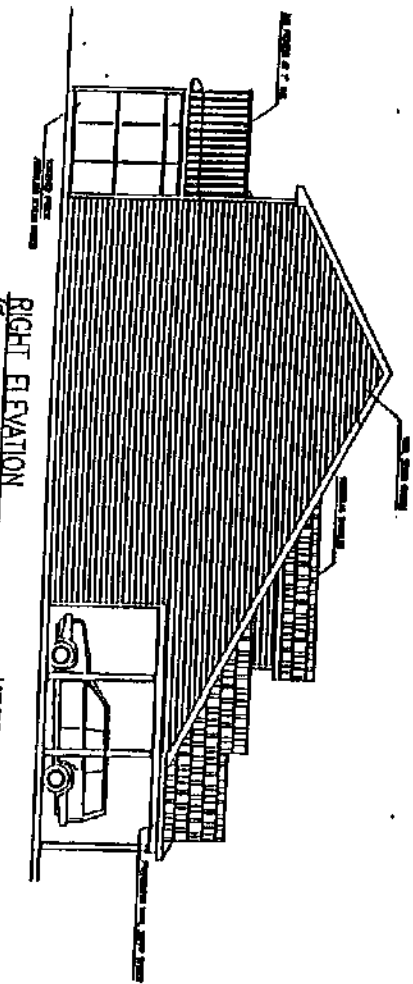
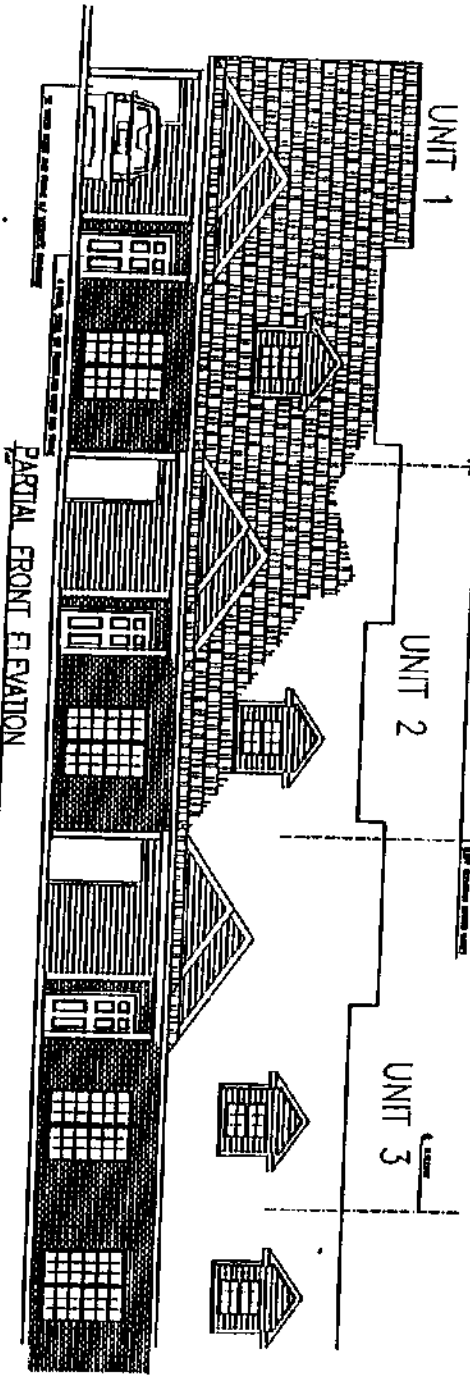
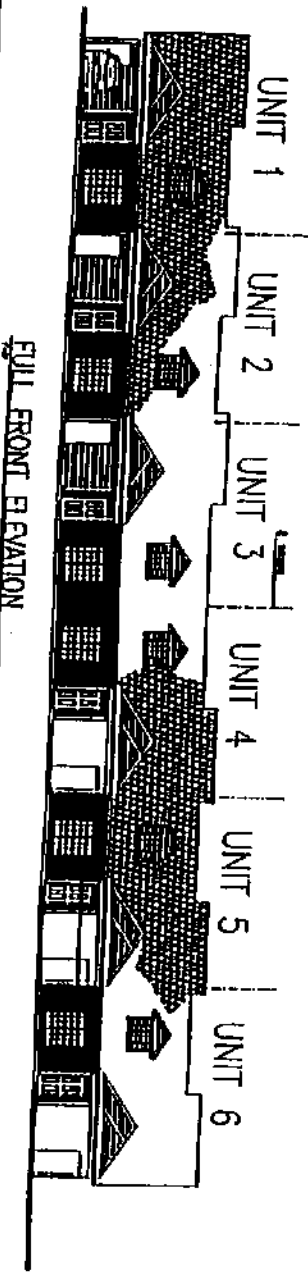
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Colonial Trace Horizontal Property Regime

near North Myrtle Beach



DESIGN, INC.
 ARCHITECTS
 1000 ...
 ...
 ...



ALL DIMENSIONS ARE IN FEET AND INCHES
 UNLESS OTHERWISE SPECIFIED
 ALL MATERIALS AND FINISHES TO BE AS SHOWN
 ON THE SPECIFICATIONS AND SCHEDULES
 ALL WORK TO BE DONE IN ACCORDANCE WITH THE
 LATEST EDITIONS OF THE BUILDING CODES AND
 ALL APPLICABLE REGULATIONS

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Colonial Trace Horizontal Property Regime

near North Myrtle Beach



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DESIGN, INC. 1000 N. MYRTLE BEACH BLVD. SUITE 1000 MYRTLE BEACH, FL 32909

DATE: 10/15/2014

PROJECT: COLONIAL TRACE HORIZONTAL PROPERTY REGIME

UNIT 1: 1000 SQ. FT. (APPROX.)

UNIT 2: 1000 SQ. FT. (APPROX.)

UNIT 3: 1000 SQ. FT. (APPROX.)

UNIT 4: 1000 SQ. FT. (APPROX.)

UNIT 5: 1000 SQ. FT. (APPROX.)

UNIT 6: 1000 SQ. FT. (APPROX.)

CONTRACT NO. 14-001

SCALE: AS SHOWN

NOT TO SCALE

ALL DIMENSIONS ARE IN FEET AND INCHES

ALL WALLS ARE 1/2" THICK UNLESS NOTED OTHERWISE

ALL DOORS ARE 36" WIDE UNLESS NOTED OTHERWISE

ALL WINDOWS ARE 48" WIDE UNLESS NOTED OTHERWISE

ALL CEILING HEIGHTS ARE 8' UNLESS NOTED OTHERWISE

ALL FLOOR FINISHES ARE TO BE DETERMINED BY THE OWNER

ALL INTERIORS ARE TO BE FINISHED TO THE OWNER'S SATISFACTION

ALL EXTERIORS ARE TO BE FINISHED TO THE OWNER'S SATISFACTION

ALL UTILITIES ARE TO BE INSTALLED IN ACCORDANCE WITH ALL APPLICABLE CODES AND REGULATIONS

ALL MECHANICAL, ELECTRICAL AND PLUMBING SYSTEMS ARE TO BE INSTALLED IN ACCORDANCE WITH ALL APPLICABLE CODES AND REGULATIONS

ALL STRUCTURAL ELEMENTS ARE TO BE INSTALLED IN ACCORDANCE WITH ALL APPLICABLE CODES AND REGULATIONS

ALL MATERIALS AND METHODS OF CONSTRUCTION ARE TO BE APPROVED BY THE ARCHITECT

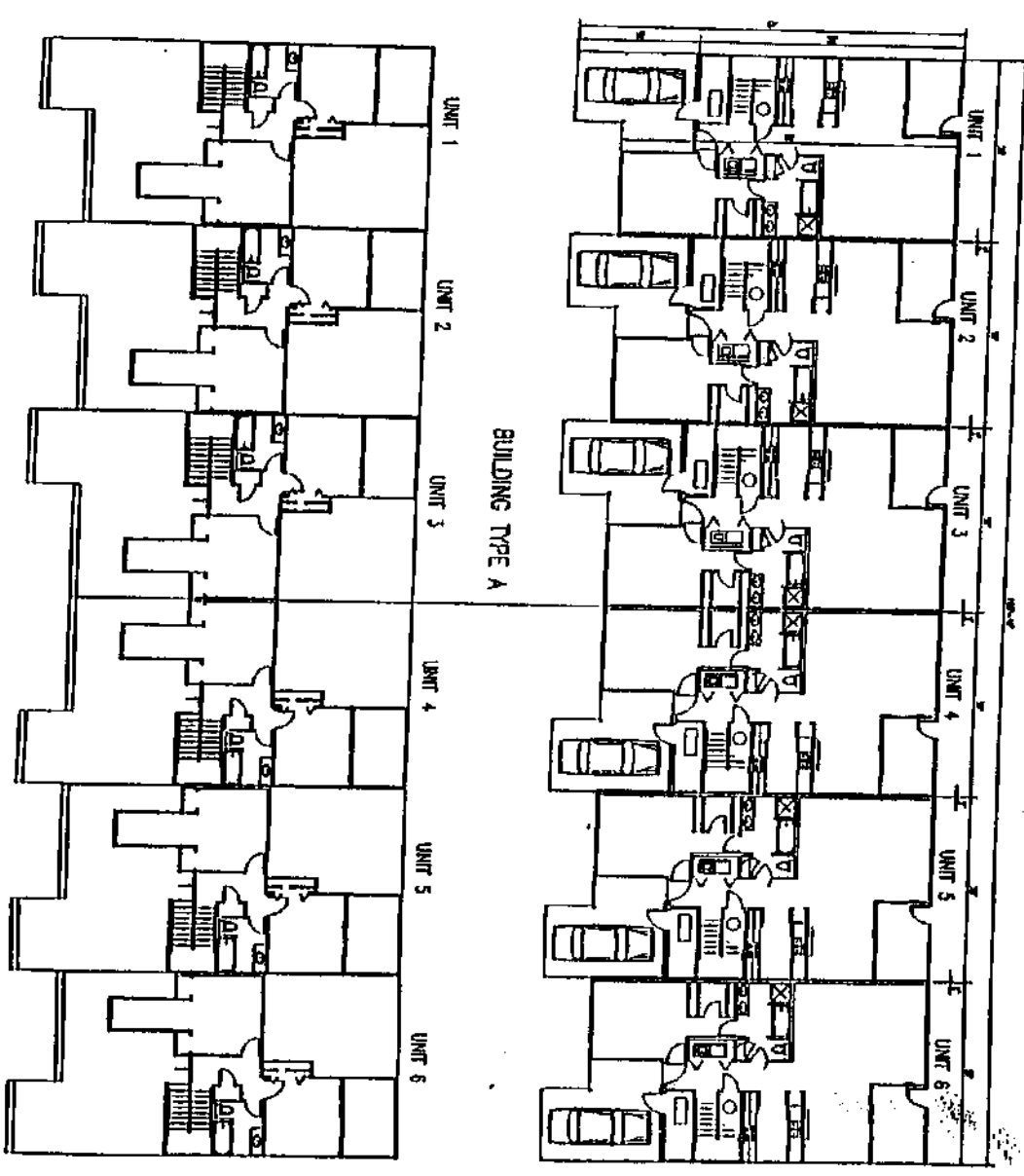
ALL WORK IS TO BE COMPLETED WITHIN THE SPECIFIED TIME FRAME

ALL COSTS ARE TO BE THE RESPONSIBILITY OF THE OWNER

ALL CHANGES TO THIS DRAWING MUST BE APPROVED BY THE ARCHITECT

ALL QUESTIONS SHOULD BE DIRECTED TO THE ARCHITECT

ALL RIGHTS ARE RESERVED BY DESIGN, INCORPORATED



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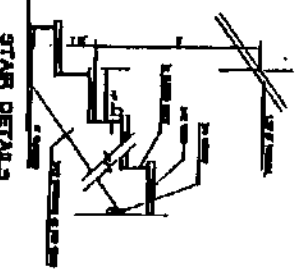
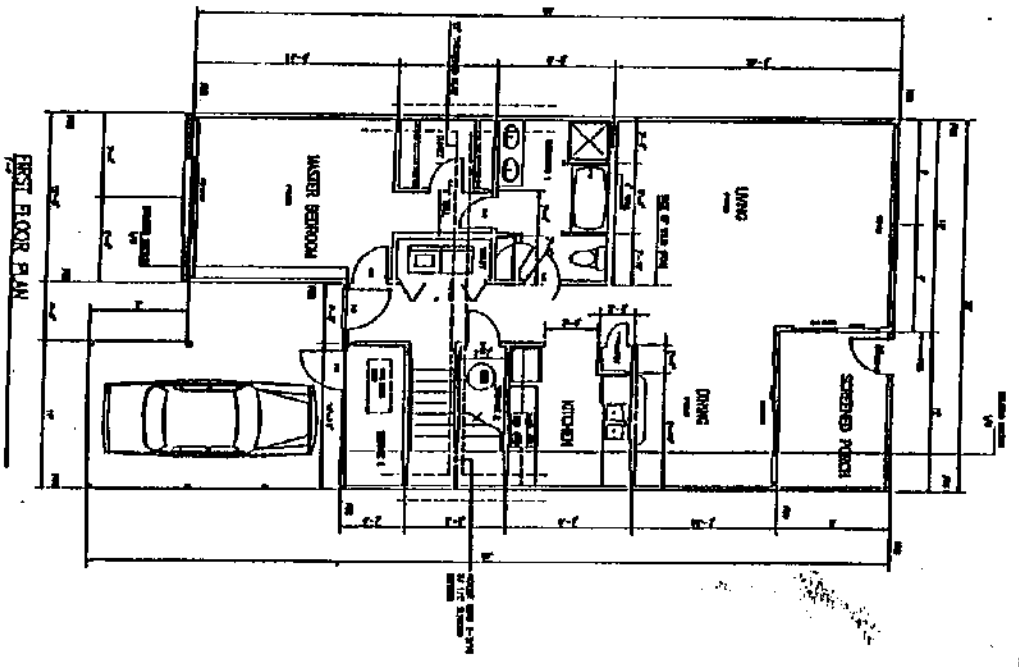
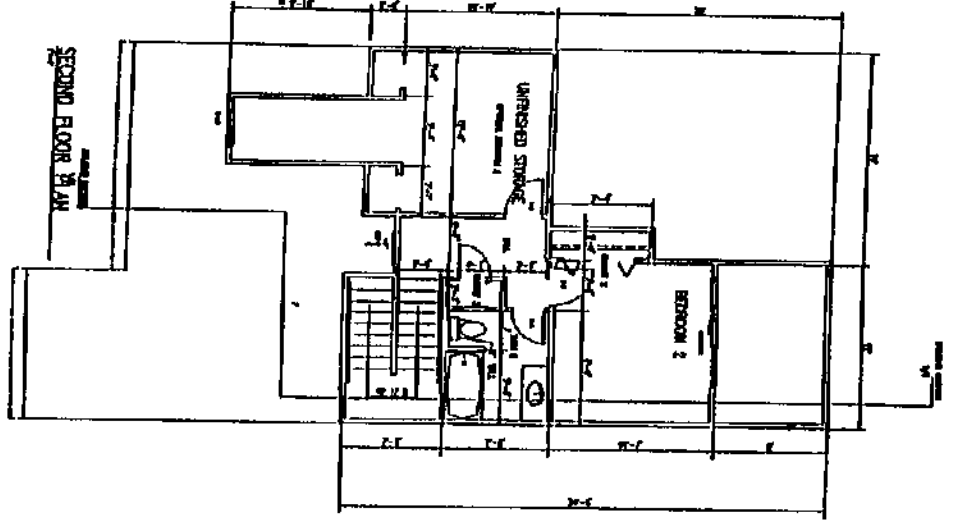
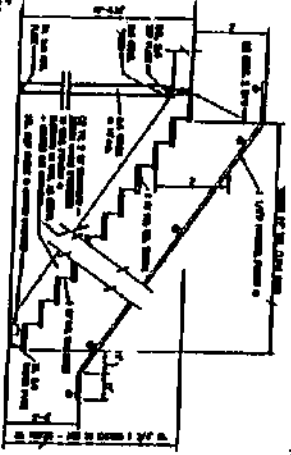
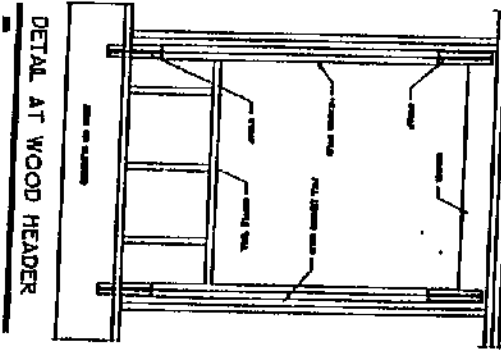
Colonial Trace Horizontal Property Regime

near North Myrtle Beach



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NO.	DESCRIPTION	QUANTITY	UNIT	PRICE	TOTAL
1	WOODEN CASEWORK	100	SQ. FT.	1.50	150.00
2	WOODEN STAIRS	1	SET	100.00	100.00
3	WOODEN FLOORING	100	SQ. FT.	1.00	100.00
4	WOODEN TRIM	100	LINEAL FT.	1.00	100.00
5	WOODEN DOORS	1	DOOR	100.00	100.00
6	WOODEN WINDOWS	1	WINDOW	100.00	100.00
7	WOODEN BENCH	1	BENCH	100.00	100.00
8	WOODEN CABINETS	1	SET	100.00	100.00
9	WOODEN STAIRS	1	SET	100.00	100.00
10	WOODEN FLOORING	100	SQ. FT.	1.00	100.00
11	WOODEN TRIM	100	LINEAL FT.	1.00	100.00
12	WOODEN DOORS	1	DOOR	100.00	100.00
13	WOODEN WINDOWS	1	WINDOW	100.00	100.00
14	WOODEN BENCH	1	BENCH	100.00	100.00
15	WOODEN CABINETS	1	SET	100.00	100.00
16	WOODEN STAIRS	1	SET	100.00	100.00
17	WOODEN FLOORING	100	SQ. FT.	1.00	100.00
18	WOODEN TRIM	100	LINEAL FT.	1.00	100.00
19	WOODEN DOORS	1	DOOR	100.00	100.00
20	WOODEN WINDOWS	1	WINDOW	100.00	100.00
21	WOODEN BENCH	1	BENCH	100.00	100.00
22	WOODEN CABINETS	1	SET	100.00	100.00
23	WOODEN STAIRS	1	SET	100.00	100.00
24	WOODEN FLOORING	100	SQ. FT.	1.00	100.00
25	WOODEN TRIM	100	LINEAL FT.	1.00	100.00
26	WOODEN DOORS	1	DOOR	100.00	100.00
27	WOODEN WINDOWS	1	WINDOW	100.00	100.00
28	WOODEN BENCH	1	BENCH	100.00	100.00
29	WOODEN CABINETS	1	SET	100.00	100.00
30	WOODEN STAIRS	1	SET	100.00	100.00



CAISON ENGINEERING CO., INC.
 ARCHITECTS
 1000 N. MYRTLE BEACH BLVD.
 MYRTLE BEACH, S.C. 29577

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Colonial Trace Horizontal Property Regime

near North Myrtle Beach

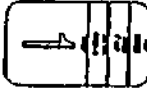


EXHIBIT "D"

PERCENTAGE OF OWNERSHIP INTEREST:

	Statutory Basic Value	Percentage of Undivided Ownership in Common Elements
Percentage of ownership Phase I Building 15/six units Total 6 units		
Each unit	\$10,000.00	1.666666
<hr/>		
Percentage of ownership if Declarant elects to proceed with Phase II Building 14/six units Total 12 units		
Each unit	\$10,000.00	.083333
<hr/>		
Percentage of ownership if Declarant elects to proceed with Phase III Building 13/six units Total 18 units		
Each unit	\$10,000.00	.055555
<hr/>		
Percentage of ownership if Declarant elects to proceed with Phase IV Building 12/six units Total 24 units		
Each unit	\$10,000.00	.041666
<hr/>		