

MASTER DEED

ESTABLISHING

HARBOUR FRONT VILLAS II

HORIZONTAL PROPERTY REGIME

HORRY COUNTY, SOUTH CAROLINA

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURTSHIDE BEACH, S.C. 29587-4607

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HORRY COUNTY
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THIS AGREEMENT CONTAINS A BINDING, IRREVOCABLE
AGREEMENT TO ARBITRATE AND IS SUBJECT TO ARBITRATION
PURSUANT TO TITLE 15, CHAPTER 48 (UNIFORM ARBITRATION ACT)
OF THE CODE OF LAWS OF SOUTH CAROLINA

2249/686

MASTER DEED
ESTABLISHING
HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
HORRY COUNTY, SOUTH CAROLINA

WHEREAS, this Master Deed is made by HARBOUR FRONT DEVELOPMENT, INC., a corporation duly organized and existing under the laws of the State of South Carolina, hereinafter referred to as Grantor, and

WHEREAS, Harbour Front Development, Inc., a corporation, is sole owner in fee simple of the real property and buildings and improvements thereon on which property is located in Horry County, South Carolina, and desires to submit the property as hereinafter more fully described to a Horizontal Property Regime (hereinafter sometimes called "Regime" or "Condominium") according to the laws of the State of South Carolina and subject to conditions and restrictions contained herein, and

WHEREAS, the Grantor desires to convey the property herein described pursuant and subject to certain protective covenants, conditions and restrictions, reservations, liens, and charges under the South Carolina Horizontal Property Act (Act) and as hereinafter set forth,

NOW, THEREFORE, Harbour Front Development, Inc., a corporation, for itself and its successors, heirs and assigns, subject to matters set forth herein, hereby submits the property described in Exhibits A, B, C, D, and E (hereinafter sometimes called the "Property") which is attached hereto and incorporated herein by reference together with all personal property of the Grantor on the said real estate and used in connection with operation of the within Regime, to a Horizontal Property Regime according and subject to the terms and provisions of the Horizontal Property Act of the State of South Carolina Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as amended, (hereinafter sometimes referred to as the "Act") as it is now constituted, provided, however, that such submission shall be and is made subject further to the conditions, provisions, and restrictions contained herein, including exhibits attached hereto and incorporated herein by reference (Exhibits A, B, C, D, E, F, G, and H), all of which shall be covenants, conditions, and restrictions which shall run with the land and shall bind and inure to the benefit of the Grantor, its

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successors, and assigns and all subsequent owners of any interest in the Property, their grantors, successors, heirs, executors, administrators, personal representatives, designees, or assigns.

ARTICLE I

DEFINITIONS

Unless a contrary definition is provided by the Act or is clearly required by the context hereof in order to effectuate the purpose and intent of the within Master Deed, the following definitions of terms shall apply to the within Master Deed, but in the case of any conflict between the definitions of the Act and the within Master Deed, the provisions of the Act shall control:

A. Apartment means a part of the property intended for independent residential use, including one or more rooms or enclosed spaces located in a building and with a direct exit to a public street or to a common area leading to such a street.

B. Assessment means a Co-Owner's prorata share of the Common Expenses from time to time as assessed against a Co-Owner by the Association.

C. Association means the Council of Co-Owners as defined by the Act and also means HARBOUR FRONT VILLAS II Homeowner's Association, Inc., the corporation formed by which the Council of Co-Owners shall operate the Condominium.

D. Common Elements means the General and Limited Common Elements defined herein and in the Act.

E. Common Expenses means the expenses for which the Apartments Co-Owners are liable to the Association and include (a) expenses of administration, expenses of insurance, operation, repair, replacement of the Common Elements, and/or portions of the Apartments which are the responsibility of the Association, if any; (b) expenses declared Common Expenses by provisions of this Master Deed; (c) all valid charges against the Regime as a whole; (d) any other expenses declared by the Act to be Common Expenses.

F. Common Surplus means the excess of all receipts of the Association, including but not limited to Assessments over the amount of Common Expenses, and not otherwise reserved or designated for a specific use.

G. Condominium Ownership means the individual ownership of an individual Apartment within a Building structure

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and a common right to share, with other Co-Owners, in the General and Limited Common Elements of the Property.

H. Co-Owner means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof who owns an Apartment within a Building, (sometimes referred to as Unit Owner.)

I. General Common Elements means and includes (a) the land in fee simple on which the Buildings stand; (b) the foundations, main walls, roof, halls, stairways, elevator, entrance, and exits or communication ways; (c) the yards and landscaped areas, hot tub, swimming pool and pool shed, if any; (d) all unnumbered parking spaces, if any, all compartments or installments of central services such as power, lights, cold water, refrigeration, water tanks, pumps, sewage lines, and the like that serve two or more Apartments; and (e) all other elements of the Property rationally of common use or necessary to its existence, upkeep, and safety.

J. Grantor shall mean Harbour Front Development, Inc., a South Carolina corporation, doing business in the County of Horry, its successors, and assigns, (sometimes referred to as "Developer").

K. Limited Common Elements means and includes those Common Elements which are reserved for the use of a certain Apartment to the exclusion of other Apartments.

L. Majority of Co-Owners means fifty-one (51%) percent or more of the basic value of the Property as a whole.

M. Mortgagee means a bank, savings and loan, or an insurance company, or a title insurance company, or pension trust and real estate investment trust, or other private and governmental institutions which are regularly engaged in the business of mortgaging, and/or financing, or a subsidiary of any of the foregoing or a designee of any of the foregoing, owning an institutional mortgage or mortgages on one or more Apartments and/or any of the foregoing which acquires an institutional mortgage herein defined by assignment or those mesne assignments from a non-institutional mortgagee. (Mortgagee is sometimes referred to as Institutional Mortgagee).

N. Record shall mean to enter of record in the office of the Register of Deeds for Horry County, South Carolina.

O. Master Deed means the deed establishing the Regime and all exhibits thereto.

P. Property means and includes that property shown as

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contained within HARBOUR FRONT VILLAS II Horizontal Property Regime as described in the Exhibits hereto and includes the land, the buildings, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto and subject to all easements, rights of way and rights of use as described herein and in the Exhibits or are of record, (sometimes referred to as Condominium Property).

Q. Act means the Horizontal Property Act of S.C. Title 27, Chapter 31 of the South Carolina Code of Laws, 1976, as it exists on the date hereof.

R. Documents mean this Master Deed and all Exhibits annexed hereto as they may be amended from time to time.

S. Exhibits mean the exhibits to this Master Deed, as they may be amended from time to time.

T. Board of Directors means the Board of Directors or other body in charge of the Council of Co-Owners.

U. Building means as defined in the Act.

V. By-Laws means the By-Laws of the Council of Co-Owners of HARBOUR FRONT VILLAS II Horizontal Property Regime, as they exist from time to time.

W. Condominium means the HARBOUR FRONT VILLAS II Horizontal Property Regime and the Property and Apartments included as shown in this Master Deed and the Exhibits hereto.

X. Condominium Unit or Unit means an individual Apartment as defined herein and as described in the Exhibits hereto together with an undivided share of the Common Elements, vote, Common Surplus and liability for Common Expenses and other assessments appurtenant thereto.

Y. Occupant means any person or persons residing in an Apartment.

Z. Council Of Co-Owners means all the Co-Owners as defined in the Act.

ARTICLE II

NAME

The PROPERTY shall hereinafter be named HARBOUR FRONT VILLAS II HORIZONTAL PROPERTY REGIME (hereinafter sometimes called "Regime" or "Condominium").

ARTICLE III

PROPERTY RIGHTS

Section 1. Identification of Units. The Condominium consists essentially of fifteen (15) Apartments in one (1) building designated as Building E, other improvements and certain lands as the same are described in the Exhibits and designated thereon as Phase A. Additional Buildings (Buildings F, G, and H) land and improvements, may, in the Grantor's discretion, be constructed and be made a part of the Condominium as hereinafter described. For the purposes of identification, each Apartment in the Condominium is identified by number and name and is delineated and described in the Exhibits hereto which are made a part of this Master Deed. No two Apartments have the same identifying number and name. The identifying number and name of each Apartment is also the identifying number and name of the Unit (comprising both the Apartment and the undivided share of the Common Elements, vote, Common Surplus and obligation for Common Expenses and other assessments appurtenant thereto). The Exhibits contain a survey of the land, a graphic description of the improvements showing where the Buildings are located and the location of the Apartments within, and together with this Master Deed, set forth the location, dimensions and size of the Common Elements and of each Apartment.

The aforesaid Buildings and Apartments therein and other improvements are constructed substantially in accordance with such plot plans, descriptions and surveys contained in the Exhibits.

Section 2. Ownership of a Unit. Ownership of a Unit includes title to an Apartment and an undivided interest in the Common Elements and the Common Surplus (if any). Any attempt to divide a Unit by separating title to an Apartment from the undivided interest in the Common Elements and the Common Surplus (if any) shall be void. A transfer of ownership of an Apartment shall be a transfer of the Unit of which the Apartment is a part. The Unit Owner has an unrestricted perpetual right of ingress and egress to his or her unit. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an individual interest in the common elements will be void, unless the unit to which that interest is allocated is also transferred.

The undivided interests in the Common Elements and the Common Surplus (if any) which the Owners of the Apartments in Building D are acquiring are set forth, as percentages, in the Exhibits. In the event that additional Common Elements and Apartments are made a part of the Condominium, such undivided interest will be adjusted as provided in the Exhibits.

Section 3. The Common Elements. Neither the Council of Co-Owners, any Co-Owner, the Developer, nor any other party who owns an interest in the Common Elements shall have the right to bring any action for partition or division of the Common Elements.

ARTICLE IV

PLOT PLAN, SITE PLAN, AND FLOOR PLANS

The plot plan and site plan showing the location of the Buildings and other improvements and certified to by an engineer or architect licensed to practice in the State of South Carolina is attached hereto as Exhibit "B" and incorporated herein by reference. The floor plans of the Buildings showing graphically the dimensions, area, and location of each Apartment to be sold in fee simple and the dimensions, area, and location of the General Common Elements and Limited Common Elements affording access to each Apartment and certified to by an engineer or architect licensed to practice in the State of South Carolina are attached hereto as Exhibit "D". The area of each Apartment to be sold in fee simple is also shown in the description of Apartments contained in Exhibit "C" attached hereto and incorporated herein by reference.

ARTICLE V

DESCRIPTION OF APARTMENTS

A general description of the fifteen (15) Apartments which are to be sold in fee simple and the designation of said Apartments by numbers and names together with an expression of their location, area, and other data necessary for their identification is set forth on Exhibit "C" attached hereto and incorporated herein by reference. The Apartments are more particularly located, described, and designated on the set of floor plans attached hereto as Exhibit "D" and incorporated herein by reference, and include the foundation, main walls, roof, all exterior finishes and interior as hereinafter described.

In addition to the description of each Apartment as may be seen by reference to exhibits attached hereto, including, without limitations, Exhibits "C" and "D", the interior of each Apartment is described as being bound by the unfinished surface by its lower most floor, upper most ceiling, and parametric walls. Specifically included in each Apartment are the finished surfaces of the Apartment, paint, plaster, wallpaper (if any), tiles, paneling (if any), sheetrock or other drywall material, acoustic or ceiling tile, carpeting, and interior non-load-bearing walls contained within the

boundaries of each Apartment as shown on the floor plans attached hereto, together with all interior doors, the main entrance door, windowpanes, windowframes, sliding glass doorframes, sliding glass panels, window screen, frames, light fixtures, installed bathroom and kitchen appliances, piping in connection therewith and installed heating and air conditioning devices and attachments measured from the interior of the Apartment up to, but not including the point at which the unfinished surface of the lower most floor, upper most ceiling, and parametric walls of the Apartment is reached. Specifically excluded in each Apartment are the load-bearing columns (if any) located within the area bound by the parametric walls of the Apartment. The owner of each Apartment shall be responsible for maintenance, repair, and upkeep of the Apartment and its appurtenances subject to rules, regulations, covenants, and conditions set forth or incorporated herein by reference. Notwithstanding ownership of the Apartments no Apartment Co-Owner may do anything or take any action which does or might change the exterior appearance of the Property without the consent of the Association and/or the Board of Directors as more fully described in Exhibit "F" attached hereto and made part of this Master Deed.

ARTICLE VI

DESCRIPTION OF COMMON ELEMENTS

The description of the Common Elements of the Regime include both the General Common Elements and the Limited Common Elements are defined herein and in the Act as follows:

(a) The parcel of land described in Exhibit "A" and shown on Exhibit "B" attached hereto; and (b) those portions of the property not otherwise herein defined as being embraced within the fifteen (15) individual apartments, including but not limited to foundations (Building Structure), roof, floors, ceilings, perimeter walls, load bearing interior walls, partitions, walls enclosing common pipes, and other common facilities, slabs, elevators, stairways, entrances and exits or communication ways, pipes, wires, conduits, public utility lines (including the space actually occupied by the above outside of the building), and all as are more particularly shown in Exhibits "A", "B", "C" and "D" attached hereto; and (c) all improvements to the premises constructed or to be constructed such as utilities, walkways, plants, trees, shrubs, lawns, gardens, fencing, etc., located on said parcels of land; and (d) parking facilities as shown on Exhibit "B" attached hereto, (e) all other elements of the Buildings not included within the Apartments constructed or to be constructed on the aforesaid parcel of land rationally of common use or necessary to their existence, upkeep, and

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safety and in general all other devices or installations existing for the common use, and (f) all other Property of the Regime whether land, building, improvement, personal Property, or otherwise included in the fifteen (15) apartments as more particularly described in Article V and which will be sold to the individuals in fee simple; and (g) all assets of Harbour Front Villas II Homeowner's Association, Inc. (a Non-Profit Corporation organized for the purposes of carrying out the powers, common duties, and obligations of the Co-Owners as defined in the Act); and (h) easements through Apartments for conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services to Apartments and the General Common Elements; and (i) an easement of support in every portion of an Apartment which contributes to the support of the Building; and (j) easements through the Apartments and Buildings and General or Limited Common Elements; and (k) installation for the furnishings of utility services to more than one Apartment and/or Building or to the General Common Elements or to an Apartment and/or Building other than the one containing the installation, which installation shall include conduits, ducts, plumbing, wiring, and other facilities for the rendering of such services.

ARTICLE VII

UNDIVIDED SHARE OF COMMON ELEMENTS

The ownership of each Apartment shall include an undivided share in and to the Common Elements as defined herein and as set forth in Exhibit "E" attached hereto and incorporated by reference herein. It is the intention of the Grantor hereby to provide that the Common Elements in the Regime shall be owned by the Co-Owners of the Apartments as tenants in common and the undivided share of each Co-Owner being as stated above. The Association shall have the power to determine the use to be made of the Common Elements from time to time provided that such shall not discriminate against any Co-Owner. The Association, through its Board of Directors, may establish reasonable charges to be paid to the Association for the use of Common Elements not otherwise inconsistent with the Act or other provisions of this Master Deed or any exhibits hereto. The General and Limited Common Elements are shown graphically in Exhibits "B", "C" and "D" referred to here and above.

ARTICLE VIII

LIMITED COMMON ELEMENTS

Portions of the Common Elements are hereby set aside and reserved for the restricted use of certain Apartments to the

exclusion of other Apartments, and such portions shall be known and referred to herein as Limited Common Elements. The Limited Common Elements restricted to the use of certain Apartments are those portions of any walls deemed to be Common Elements and which are within the individual Apartments and certain other areas so designated pursuant to Article XIX.

ARTICLE IX

PARKING SPACES

Section 1. Except as provided in Article XIX, parking spaces shall not be reserved solely for the use of the Occupants of particular Apartments nor shall they be numbered unless otherwise agreed upon by all Co-Owners and the Mortgagees of their Apartments (in which case such reserved parking spaces shall be Limited Common Elements); provided, however, the Occupants of each Apartment shall be entitled to the use of at least one (1) parking space and such additional parking spaces as may be determined by the Board of Directors.

ARTICLE X

ADMINISTRATION OF THE REGIME

Section 1. The Regime shall be administered by a Council of Co-Owners organized as a South Carolina non-profit corporation known as Harbour Front Villas II Homeowner's Association, Inc., (hereinafter called the "Association") having its principal office in Longs, South Carolina which shall act by and on behalf of the Co-Owners of the Apartments in the Regime in accordance with this instrument, the By-Laws of the Association annexed hereto as Exhibit "F" and in accordance with the Act, as amended. The By-Laws and the Charter attached as Exhibit "F" and "G" form an integral part of the plan of ownership herein described and shall govern the conduct and affairs of the Co-Owners of the Regime (who are the members of the Association) and shall be construed in conjunction with the provisions of the Master Deed. The management and representation of the Association shall be delegated to the Board of Directors as is more fully described in Exhibit "F" and "G" of this Master Deed.

Section 2. Pursuant to the Act the Association is hereby designated as the form of administration of the Regime, and the Association is hereby vested with the rights, powers, privileges and duties necessary or incidental to the proper administration of the Regime, the same being more particularly set forth in the By-Laws and Charter of the Association hereto attached as Exhibits "F" and "G". The

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Association shall also be empowered and is hereby empowered to exercise any of the rights, powers, privileges or duties which may, from time to time, be established by law or which may be delegated to it by the Co-Owners of Apartments in the Regime.

Section 3. The Co-Owner of an Apartment shall automatically, upon becoming the Co-Owner of an Apartment be a member of the Association, and shall remain a member of said Association until such time as his/her or its ownership ceases for any reason, at which time, his/her or its membership in said Association shall automatically cease. Other than as an incident to a lawful transfer of the title to an apartment, neither membership in the Association nor any share in the assets of the Association shall be transferable, and any attempted transfer shall be null and void.

Section 4. Reasonable regulations concerning the use of the Property may be made and amended from time to time by the Association in the manner provided in its By-Laws. Copies of such regulations and amendments thereto shall be furnished by the Association to all Co-Owners of Apartments and residents of the Regime upon request.

Section 5. Notwithstanding the duty of the Association to maintain and repair parts of the Condominium, the Association shall not be liable to Co-Owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the Property to be maintained and repaired by the Association, or caused by the elements or other Co-Owners or persons.

ARTICLE XI

DEVELOPMENT PLAN

(a) Grantor has included within the Condominium certain Property and improvements including one (1) Building containing fifteen (15) apartments in Phase A numbered and named E1, E2, E3, E4, E5, E6, E7, E8, E9, E10, E11, E12, E13, E14, and E15, the same being shown and designated in the Exhibits hereto. The ownership of each Apartment shall include an undivided share in and to the Common Elements as defined herein and as set forth in Exhibit "E" attached hereto and incorporated by reference herein. Voting rights and values shall also be determined by reference to the percentage set forth for each Apartment as shown in Exhibit "E".

(b) The Grantor, reserves the right to annex and include additional property, improvement and Apartments and to amend this Master Deed by its sole action for the purposes

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of creating Phases B, C, and D of the Condominium. Phase B, if so annexed, will include property and improvements including Building F containing twelve (12) dwelling apartments numbered F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11 and F12. Should the Grantor determine to so annex and include Phase B, it hereby covenants that the necessary annexation and amendment to the Master Deed and the election to proceed with Phase B shall be made not later than December 31, 2005, and the necessary annexation and amendment to the Master Deed shall be filed with the Register of Deeds for Horry County, South Carolina, not later than that date. Phase C, if so annexed, will include Property and improvements including Building G containing twelve (12) dwelling Apartments numbered G1, G2, G3, G4, G5, G6, G7, G8, G9, G10, G11, and G12. Should the Grantor determine to so annex and include Phase C, it hereby covenants that the necessary annexation and amendment to the Master Deed and the election to proceed with Phase C shall be made not later than December 31, 2006, and the necessary annexation and amendment to the Master Deed shall be filed with the Register of Deeds of Horry County, South Carolina, no later than that date. Phase D, if so annexed, will include Property and improvements including Building H containing fifteen (15) dwelling Apartments numbered H1, H2, H3, H4, H5, H6, H7, H8, H9, H10, H11, H12, H13, H14, and H15. Should the Grantor determine to so annex and include Phase D, it hereby covenants that the necessary annexation and amendment to the Master Deed and the election to proceed with Phase D shall be made not later than December 31, 2007 and the necessary annexation and amendment to the Master Deed shall be filed with the Register of Deeds of Horry County, South Carolina, no later than that date. Phases B, C, and D, if included, will not increase the proportionate amount of the Common Expenses payable by the Co-Owners of HARBOUR FRONT VILLAS II. Should Phases B, C, and D be included, the percentage interest in the Common Elements of each Co-Owner in HARBOUR FRONT VILLAS II shall be reduced and each of the Co-Owners of HARBOUR FRONT VILLAS II and Phases B, C, and D shall own an undivided interest as indicated in the Exhibits attached hereto. Likewise voting rights and values shall also be determined by references to the percentages set forth for each Apartment as shown in Exhibit "E".

(c) Ownership in the Common Elements and Common Surplus, prorata share of Common Expenses due, voting rights and values, and the percentages attributable to each Apartment in the event of completion of HARBOUR FRONT VILLAS II, Phase A or Phases A and B, or Phases A, B and C, or Phases A, B, C and D, as shown in the Exhibits.

ARTICLE XII

PARTITIONING

To further implement this plan of Condominium ownership, to make feasible the ownership and sale of Apartments in the Regime, to preserve the character of the Condominium and to make possible the fulfillment of the purpose of cooperative living intended, the Grantor, its successors and assigns, by reason of this Master Deed, and all future Co-Owners of Apartments in the Regime by their acquisition of title thereto, covenant and agree as follows: Each Apartment shall, for all purposes, constitute a separate parcel of real property which may be owned in fee simple and which may be leased, conveyed, devised, inherited, transferred, or encumbered along with its allocated percentage in the Common Elements, in the same manner as any other parcel of real property, independently and all other Apartments; subject only to the provisions of this Master Deed, the Charter, and By-Laws of the Association and the Act. No part of any Apartment or any Common Elements shall be leased, conveyed, devised, inherited, transferred or encumbered apart from the whole of said Apartment and its co-relative percentage in the Common Elements.

ARTICLE XIII

AMENDMENT OF THE MASTER DEED

This Master Deed may be amended at the regular or any special meeting of the Council of Co-Owners of the Condominium, called and convened in accordance with the By-Laws, upon the affirmative vote of two-thirds (2/3) of all the Voting Members of the Council of Co-Owners; provided, however, that this Master Deed may not be cancelled nor any amendment be made hereto having as its effect a termination of the Condominium without written agreement of all of the Co-Owners in the Condominium and all Mortgagees holding mortgages of record upon the Condominium or any portion thereof, as provided in The Act.

Notwithstanding the foregoing, the Grantor has reserved the right to annex additional sections and amend the Master Deed for the purpose of annexing additional sections in the manner set forth in this Master Deed and the Exhibits which right is reserved unto it, its successors and assigns. Future improvements will be consistent with the initial improvements in terms of quality of construction and in structure type. No approval shall be required of any Co-Owner(s) or Mortgagee(s) or other creditor or person holding any interest whatsoever in the Condominium for the Grantor or its successors and assigns to exercise such right of

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annexation.

All amendments hereto shall be recorded and certified as required by The Act. No amendment(s) shall change any Unit, any Apartment or the proportionate share of the Common Expenses or Common Surplus attributable to each Unit, nor the voting rights of any Unit, except upon addition of additional phases as herein provided, unless all Co-Owners of the Condominium and all Mortgagees holding any mortgages or other liens upon the Property of any part(s) thereof shall join in the execution of such amendment. No amendment shall be passed which shall impair or prejudice the rights and/or priorities of any Mortgagee or change the provision of this Master Deed with respect to Mortgagees without the written approval of all Mortgagees of record.

No amendment shall change the rights and privileges of Grantor, its successors, heirs and assigns, without written approval and consent of the Grantor, or its successors, heirs or assigns.

Notwithstanding the foregoing provisions of this Article, the Grantor reserves the right to alter the interior design and arrangement of all Apartments and to alter the boundaries between Apartments as long as the Grantor owns all the Apartments so altered; however, no such change shall increase the number of Apartments nor alter the boundary of the Common Elements except the party wall between any Apartments, without amendment of this Master Deed in the manner herein set forth. If the Grantor shall make any changes in Apartments as provided in this paragraph, such changes shall be reflected by an amendment of this Master Deed with a survey and plot plan attached reflecting such authorized alteration of Apartments and said amendment need only be executed and acknowledged by the Grantor and any holder of mortgage(s) encumbering the said altered Apartments. Such survey shall be certified in the manner required by the Act.

Notwithstanding the foregoing provisions of this Article, it is understood and agreed that as of the time this Master Deed is dated and recorded in the public records of Horry County, South Carolina, all of the improvements shown on the Exhibits may not be completed; however, said improvements shall be as and located as described and shown in the Exhibits; provided, however, that all improvements within any Phase must be completed within fourteen (14) months of the inclusion of that Phase within the Condominium; provided, however, said time may be extended by virtue of delays caused by acts of God, acts of governmental authorities, strikes, labor conditions or any other condition(s) beyond the Developer's control.

ARTICLE XIV

EASEMENTS

Each Person who acquires an interest in an Apartment shall be deemed, thereby, to agree that (i) if any portion of an Apartment shall encroach upon any portion of the Common Elements or another Apartment or any portion of the Common Elements shall encroach upon any Apartment, there shall exist a valid easement for such encroachment and for the maintenance and repair of the same so long as it stands; and (ii) in the event a Building or other improvement or an Apartment is partially or totally destroyed and the reconstruction thereof shall create an encroachment on portions of the Common Elements or on any Apartment, there shall exist a valid easement for such encroachment and the maintenance thereof.

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The property submitted to a horizontal property regime hereby and to be subsequently so submitted is subject to all conditions, limitations, restrictions, reservations and all other matters of record, the rights of the United States of America, the State of South Carolina and any governmental authority or agency, including those pertaining to the use and ownership of any submerged lands and any lands lying below the natural high water line of the surrounding bodies of water, any taxes, applicable zoning ordinances which now exist or are hereafter adopted and easements for ingress and egress, for pedestrian and vehicular purposes and for utility services and drains which now exist or are hereafter granted by the Grantor for the benefit of such persons as the Grantor designates. The Grantor shall have the right to grant easements and designate the beneficiaries thereof for such time as it determines in its sole discretion. When the Grantor relinquishes such right, the Council of Co-Owners shall be empowered to grant such easements. While the Grantor has the right to grant easements, the consent and approval of the Council of Co-Owners to the granting thereof shall not be required. No easement shall be granted by the Grantor or the Council of Co-Owners if as a result thereof any Buildings or other improvement in the Condominium would be structurally weakened or the security of any mortgages of record would be adversely affected without the affected Mortgagee or Mortgagees written consent.

Those easements of ingress and egress across the Property which are of record, are shown in the Exhibits or in the records of the Register of Deeds of Horry County, South Carolina. The rights of all Owners shall be subject to all such easements as presently exist or as are hereinafter granted.

The Council of Co-Owners, all present and future Owners and Occupants, the Developer and their respective heirs, successors, assigns and designees are hereby granted an easement over, through and across and a license to use the paved areas of the Common Elements in Phase A and subsequent phases, and are further granted a pedestrian easement over, through and across the Common Elements upon such paths and ways as are suitable for pedestrian traffic and a license to use the same in Phase A and subsequent Phases.

ARTICLE XV

CERTAIN RIGHTS OF GRANTOR

Section 1. Notwithstanding any other provisions herein, so long as the Grantor continues to own any of the Apartments, the following provisions shall be deemed to be in full force and effect, none of which shall be construed so as to relieve the Grantor from any obligations as a Co-Owner to pay Assessments as herein set forth as to each Apartment owned by the Grantor after the construction on said Apartment has been completed and it is included in the Condominium.

a. The Grantor shall have the right at anytime to sell, transfer, lease or relet any Apartment(s) which the Grantor continues to own after this Master Deed has been recorded, without regard to any restrictions, if any, relating to the sale, transfer, lease or form of lease of Apartments contained herein and without the consent or approval of the Council of Co-Owners or any other Co-Owner being required.

b. During the period of time in which structures within the regime are under construction by the Grantor and not completed, no dues shall be charged against the Grantor as the Co-Owner of Apartments until both the completion of said Apartments and its inclusion in the Condominium and the dues shall be assessed against the Co-Owners (including the Grantor) of those Apartments in that Phase which shall have been completed, proportionately, inter se, as herein set forth.

c. Without limiting the foregoing, the Grantor shall have the power, but not the obligation, acting alone, at any time (and from time to time) so long as the Grantor owns at least one Apartment to amend the Master Deed to cause the same to conform to the requirements of the Federal National Mortgage Association and/or the Federal Home Loan Mortgage Corporation, as set forth, respectively, in "FNMA Conventional Home Mortgage Selling Contract Supplement" and "Seller's Guide Conventional Mortgages", as the same may be amended from time to time.

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14887, SURFSIDE BEACH, S.C. 29587-4887

d. The Grantor shall have the rights (i) to use or grant the use of a portion of the Common Elements for the purpose of aiding in the sale or rental of Apartments; (ii) to use portions of the Property for parking for prospective purchasers or lessees of Apartments and such other parties as the Grantor determines; (iii) to erect and display signs, billboards and placards and store and keep the same on the Property; (iv) to distribute audio and visual promotional material upon the Common Elements; and (v) to use any Apartment which it owns as a sales and/or rental office, management office or laundry and maintenance facility.

e. In order to provide the Condominium with, among other things, adequate and uniform water service, sewage disposal service, utility services and television reception, the Grantor reserves the exclusive right to contract for the provision of such services. The Grantor, as agent for the Council of Co-Owners and the Co-Owners, has entered into or may enter into arrangements, binding upon the Council of Co-Owners, and the Co-Owners, with governmental authorities or private entities for furnishing such services. The charges therefor will be Common Expenses.

f. Subject to the approval of the Council of Co-Owners the Grantor reserves the right to enter into, on behalf of and as agent for the Council of Co-Owners and the Co-Owners, agreements with other Persons for the benefit of the Condominium, the Council of Co-Owners and the Co-Owners. The provisions of any such Agreement shall bind the Council of Co-Owners and the Co-Owners.

Section 2. Subject to applicable law the Grantor acknowledges that all contractual warranties in its favor set forth in the building construction contracts are limited warranties for material and equipment in the Apartment and shall accrue to the benefit of the Co-Owner of such Apartment along with all limited warranties, if any, provided by the manufacturer or supplier of appliances, air conditioning, heating utility systems in the Apartment. SUBJECT TO APPLICABLE LAW THE CLOSING OF TITLE OR OCCUPANCY OF THE APARTMENT SHALL CONSTITUTE ACKNOWLEDGMENT BY THE APARTMENT CO-OWNER THAT THE GRANTOR MAKES NO OTHER IMPLIED OR EXPRESSED WARRANTIES RELATING TO THE APARTMENT AND/OR THE COMMON AREAS AND FACILITIES EXCEPT FOR SUCH LIMITED WARRANTY AS MAY BE SET FORTH BY SEPARATE INSTRUMENT.

ARTICLE XVI

PROVISIONS RESPECTING CONSTRUCTION LENDER

Notwithstanding anything to the contrary contained in this Master Deed, until the satisfaction of record of any construction mortgage given by Grantor upon the Property as

presently constituted to secure a loan with which to develop the improvements for the Property such as would be commonly classified as a construction loan mortgage (hereinafter referred to as the "Construction Mortgage") the following provisions shall be a part of this Master Deed and shall supersede any inconsistent provisions contained heretofore in this Master Deed.

1. Whenever the consent of the Grantor is required under this Master Deed, the written consent of the holder of the Construction Mortgage (hereinafter referred to as "Construction Mortgage") shall also be required.

2. In the event that the Developer shall violate any of its obligations as a Co-Owner, the Council of Co-Owners shall be required to give Construction Mortgagee written notice of such failure or violation, and the Council of Co-Owners shall be prohibited from instituting any suit or exercising any other remedy against the Grantor for any such failure or violation until it has given Construction Mortgagee ten (10) days' prior written notice of its intention to file such suit or exercise such remedy during which time Construction Mortgagee shall have the right to cure any such failure or violation.

3. Construction Mortgagee shall be given written notice by the Council of Co-Owners of any meeting of the Co-Owners together with the agenda of such meeting.

4. No amendment shall be made to this Master Deed or to the By-Laws of the Council of Co-Owners, which would alter the rights of Construction Mortgagee or in any other way affect the security of Construction Mortgagee without its joinder and written consent to such amendment.

5. If Construction Mortgagee either assumes possession of any portion of the Property or Common Elements upon which said Construction Mortgage is a lien or acquires title to unsold Property upon foreclosure of the Construction Mortgage, by purchase of the unsold Property at foreclosure sale, or by deed in lieu of foreclosure, Construction Mortgagee and its successors and assigns shall have and enjoy all of the rights, privileges, and exemptions granted to Grantor by this Master Deed and/or by the By-Laws.

ARTICLE XVII

RIGHTS OF LENDER

Section 1. Notwithstanding any other provision hereof any mortgagee of record, (including, but not limited to, the Construction Mortgagee while such construction mortgage shall remain unsatisfied), shall:

- (i) Upon request, be permitted to inspect the books and

records of the Council of Co-Owners, during normal business hours;

(ii) Upon request, receive a copy of any audit performed for the Council of Co-Owners;

(iii) Upon request, receive written notice of all meetings of the Council of Co-Owners, and be permitted to designate a representative to attend and observe all such meetings;

(iv) Receive written notification from the Council of Co-Owners of any default by any of its mortgagors in the performance of his obligations to the Council of Co-Owners which is not cured within thirty (30) days;

(v) To consent to any changes in the provisions of the Master Deed and/or By-Laws that raise previously assessed amounts by twenty-five (25%) percent;

(vi) To consent to change in the provisions of the Master Deed and/or By-Laws that pertain to reduction of reserves for maintenance.

(vii) To consent to any changes in the provisions of the Master Deed and/or By-Laws governing fidelity insurance.

(viii) To consent to any changes in the provisions of the Master Deed and/or By-Laws governing imposition of any restrictions on the leasing of units; and

(ix) To consent to any changes in the provisions of the Master Deed and/or By-Laws governing decision by the Association (if said regime count of 50 or more units) to establish self-management if professional management has otherwise been required.

Section 2. Notice to the Board of Directors. A Co-Owner who mortgages his Unit shall notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the Note and Mortgage with the Board of Directors.

ARTICLE XVIII

EXPENSES AND COMMON SURPLUS

The Common Expenses of the Condominium and the monetary obligations of the Co-Owners under any agreements entered into by the Council of Co-Owners shall be shared by the Co-Owners in the percentages set forth in the Exhibits. Such percentages shall not be altered because of any increase or decrease in the purchase price or square footage of an

Apartment or because of its location, but shall be adequate only upon the inclusion of an additional section in the condominium and then in the manner set forth in the Exhibits.

Each Co-Owner's interest in the Common Surplus (if any) shall be equal to his interest in the Common Elements.

ARTICLE XIX

REDESIGNATION AND RESTRICTION OF COMMON ELEMENTS

Section 1. Assignment of Limited Common Elements. A portion of the Common Elements may be marked on the Plans as "Common Elements which may be assigned as Limited Common Elements". Grantor may assign such a Common Element as a Limited Common Element by unilaterally executing and recording an appropriate amendment to this Master Deed or to the Plans. If a Co-Owner acquires the right to the exclusive use of such a Limited Common Element prior to settlement on the Apartment, the Grantor shall evidence the Co-Owner's right to such an assignment in the deed to the Apartment. The Grantor may, but need not, evidence the Co-Owner's right to such an assignment in a separate written agreement with the Co-Owner.

Section 2. Designation of Reserved Common Elements. The Board of Directors shall have the power in its discretion to: (i) designate from time to time certain Common Elements as Reserved Common Elements; (ii) grant reserved rights thereon to the Association or to any or less than all of the Co-Owners for the use and maintenance thereof. Such designation by the Board shall not be construed as a sale or disposition of the Common Elements.

ARTICLE XX

MISCELLANEOUS

Section 1. Invalidity. The invalidity of any part of the Master Deed or exhibits attached hereto shall not impair or affect the validity or enforceability of the remainder of the Master Deed and in such event all the other provisions of this Master Deed shall continue in force and effect as if such invalid provision shall have never been included.

Section 2. Waiver. No provisions contained in the Master Deed shall be deemed to have been abrogated or waived by reason of any failure to enforce the same irrespective of the number of violations or breaches which may occur. Law controlling the Master Deed and By-Laws attached hereto shall be construed under and controlled by the laws of the State of South Carolina.

Section 3. Severability. It is the intention of the Grantor that the provisions of this Master Deed and its exhibits are severable so that if any provision, condition, covenant or restriction thereof shall be invalid or void under any applicable federal, state, or local law, the remainder shall be unaffected thereby.

Section 4. Captions. Captions in this document are inserted as a matter of convenience and for reference only, and in no way define, limit, extend or describe the scope of this document or the intent of any provision hereof.

Section 5. Conflicts. In the event that any of the provisions of this Master Deed conflict with the provisions of the Act, the Act shall control.

Section 6. Termination. All the Co-Owners or the sole Co-Owner of the Property may waive the Regime and regroup the records of the Condominium with the Common Elements; provided that the Condominium is unencumbered or, if encumbered that all the creditors on whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the Property owned by the debtors.

Any action to terminate the legal status of the regime and project other than after substantial destruction or condemnation must be agreed to and approved by Unit Owners who represent sixty-seven (67%) percent of the allocated vote in the Association.

Said consent must also be approved by sixty-seven (67%) percent of the votes of the unit estate subject to mortgages.

Section 7. Taxes. Taxes, assessments, and other charges of this State, of any political subdivision, of any special improvement district, or of any other taxing or assessing authority shall be assessed against and collected on the Apartment which shall be carried on the tax books as separate and distinct entities for that purpose, and not on the buildings or Property as a whole.

Section 8. Condemnation.

(a) General. Whenever all or any part of the property shall be taken by any authority having the power of condemnation or eminent domain, each Co-Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Insurance Trustee. Unless otherwise required by law at the time of such taking, any award made therefore shall be disbursed by the Insurance Trustee, as hereinafter provided

in this Section 8.

(b) Common Area. If the taking is confined to the Common Area and Facilities on which improvements shall have been constructed and if at least seventy-five (75%) percent of the total vote of the Association shall decide within 60 days after such taking to replace said improvements, or any part thereof, on the remaining land included in the Common Area and Facilities and according to plans therefore to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Trustee shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the property is to be repaired or reconstructed as provided for in Article X of the By-Laws hereof; subject, however, to the right hereby reserved to the Association which may be exercised by a majority of the total vote thereof to provide for the disbursement by the Trustee of the remaining proceeds held by it (after payment of all costs incident to such replacement) to the Co-Owners or any one or more of them in amounts disproportionate to the Percentage Interest appurtenant to their Units established herein, which disproportionate amounts shall correspond with the disproportionate damages sustained by the Co-Owners or any one or more of them and their respective mortgagees as their interest may appear as the Association may determine. If at least seventy-five (75%) percent of the total vote of the Association shall not decide within 60 days after such taking to replace such improvements or if the taking is confined to the Common Area and Facilities on which no improvement shall have been constructed, then the Association or the Trustee, as the case may be, shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of the improvements taken, including the right reserved to the Association to provide for the disbursement by the Trustee of the remaining proceeds held by it to the Owners in disproportionate amounts and their respective mortgagees as their interest may appear.

(c) Units. If the taking includes one or more Apartments, any part or parts thereof or the Limited Common Area and Facilities, or parts thereof, to which an Apartment has exclusive use then the award shall be disbursed and all related matters, including, without limitation, alteration of the Percentage Interest appurtenant to each Apartment shall be handled pursuant to and in accordance with the consent of all Co-Owners expressed in a duly recorded amendment to this Master Deed. In the event that such an amendment shall not be recorded within 90 days after the taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired

or reconstructed as provided for in Article X of the By-Laws herein, whereupon the Condominium will be terminated in the manner therein prescribed, provided, however, in the event the Condominium is not terminated and such Apartment or Apartments are replaced, the proceeds shall be paid to the Apartment Owner or Owners and their respective mortgagee as their interest may appear.

Section 9. Notices. Whenever notices are required to be sent hereunder, the same may be delivered to each Co-Owner either personally or by mail addressed to such Co-Owner at his place of residence in the Condominium unless the Co-Owner has by written notice, duly receipted for, specified a different address. Proof of such mailing or personal delivery by the Council of Co-Owners shall be given by affidavit of the person mailing or personally delivering such notice. Notices to the Council of Co-Owners (including the Board of Directors) shall be delivered by mail to the Secretary of the Council of Co-Owners at the Secretary's address within the Condominium or, in the case of the Secretary's absence, then to the President of the Council of Co-Owners at his address in the Condominium; provided, however, that the Council of Co-Owners may specify a different address by written notice delivered to all Co-Owners Institutional Mortgagees of record, and any third party affected thereby. Notices to the Grantor shall be sent by mail to Harbour Front Development, Inc., Post Office Box 1618, North Myrtle Beach, South Carolina 29598. All notices shall be deemed delivered when mailed. Any party may change his or its mailing address by written notice duly receipted for. The change of the mailing address of any party as specified herein shall not require an amendment to this Master Deed. Notices required to be given the personal representative of a deceased Co-Owner may be delivered either personally or by mail to such party at his or its address appearing in the records of the probate court wherein the estate of such deceased Co-Owner is being administered.

Section 10. Singular, Plural, Gender. Whenever the context so permits, the use of the plural shall include the singular, the singular the plural, and the use of any gender shall be deemed to include all genders.

Section 11. Approval of Master Deed. The Council of Co-Owners by its execution of this Master Deed approves the provisions hereof and all covenants, terms, conditions, duties and obligations hereof and Exhibits hereto and the Act. Each Co-Owner by virtue of acceptance of a Deed of Conveyance of an Apartment and/or any portion of or interest in the Common Elements and other parties by virtue of their occupancy of Apartments or use of the Common Elements, hereby approve the foregoing and do agree to be bound by all the

HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
PHASE A
HORRY COUNTY, SOUTH CAROLINA
EXHIBIT A
NARRATIVE DESCRIPTION OF PROPERTY

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-1607

EXHIBIT "A"

HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME, PHASE A

HORRY COUNTY, SOUTH CAROLINA

NARRATIVE DESCRIPTION OF PROPERTY:

ALL THAT CERTAIN piece, parcel or tract of land situate, lying and being in the County of Horry and State of South Carolina, containing 0.91 acres, more or less, and being more particularly shown and delineated as Phase "A", on a plat entitled "Plat of As-Built of Harbour Front Villas II Horizontal Property Regime, Phase A" for Harbour Front Development, Inc. by Atlantic Land Surveying Co., dated March 13, 2000, revised March 23, 2000 and recorded in the office of the Register of Deeds for Horry County in Plat Book 1169 at Page 2, said plat being incorporated by reference herein as a part of this description.

According to said plat the property is more particularly described as follows:

BEGINNING at the northernmost point where the property intersects with the Yacht Basin and Phase "C" of Harbour Front Villas HPR, S65°27'15"E for a distance of 259.80 feet to a point; thence N50°12'47"E for a distance of 243.04 feet to a point; thence S29°49'00"E for a distance of 254.53 feet to a point; thence turning N61°02'00"E for a distance of 88.00 feet to the point of beginning.

ALSO: A non-exclusive divisible appurtenant easement and right-of-way for pedestrian and vehicular ingress and egress to, from, over and across that certain property known as the "Entrance to Coquina Harbour" and more particularly described as follows:

"Entryway to Coquina Harbour" means:

BEGINNING at a point on U.S. Highway 17 at the northeasterly corner of the road and running South 22 degrees 40' East 533.0 feet to a point; thence turning and running South 67 degrees 20' West 42.41 feet to a point; thence turning and running South 12 degrees 00' West 106.77 feet along the radius 452.06 feet; thence 106.81 feet along the same radius to a point; thence 320.40 feet along a radius of 702.0 feet to a point; thence turning and running 217.35 feet in a southeasterly direction along a radius of South 136.50 feet to a point; thence turning and running South 31 degrees 23' West 28.0 feet to a point; thence turning and running North

36 degrees 58' West 96.74 feet to a point; thence turning and running 141.11 feet along a radius of 164.50 feet to a point; thence turning and running North 60 degrees 39' West 13.0 feet to a point; thence turning and running 27.26 feet on a radius of 177.50 feet to a point, continuing 301.68 feet on a radius of 661.0 feet to a point, continuing 40.24 feet along a radius of 230.53 feet to a point; continuing 315.22 feet along a radius of 732.20 feet to a point; thence turning and running North 22 degrees 40' West 359.23 feet to a point on Highway 17; thence turning and running North 71 degrees 57' East 100/34 feet to the beginning corner as shown on that certain plat recorded in Plat Book 97 at Page 212, Horry County records.

ALSO: A non-exclusive divisible appurtenant easement and right-of-way for pedestrian and vehicular ingress and egress to, from, over and across that certain property known as "50' easement for ingress and egress to Building E as shown on plat by Atlantic Land Surveying Co., dated March 13, 2000, revised March 23, 2000, recorded in Plat Book 169 at Page 2, Horry County records.

ALSO: pursuant to rights reserved to the Grantor in Article XIV of the Master Deed of Harbour Front Villas II Horizontal Property Regime, dated March 24, 2000 and recorded in Deed Book 2249 at Page 486, Horry County records, a non-exclusive divisible appurtenant easement for vehicular parking and for pedestrian and vehicular ingress and egress to, from, over and across that certain property shown and delineated as Phase "C" on a plat entitled "Plat of As-built of Harbour Front Villas Horizontal Property Regime, Phase C" for Harbour Front Development, Inc. by Atlantic Land Surveying Co., dated January 7, 1999 and recorded in the office of the Register of Deeds for Horry County in Plat Book 160 at Page 97, said plat being incorporated by reference herein as a part of this description.

For a further description of the above-described HARBOUR FRONT VILLAS II, Phase A, reference is had to the above mentioned plat of record and in case of conflict, if any, between said plat and the above metes and bounds description, the said plat shall be controlling.

The aforesaid real property and the particular improvements thereon, which are hereby committed (and the location of such improvements) are shown and described on the attached surveys, plot plans and building plans, which are incorporated in the description by reference and which constitute, together with this description, Exhibit "A" to the Master Deed of HARBOUR FRONT VILLAS II Horizontal Property Regime, Phase A. The improvements consisting of one (1) building within which fifteen (15) Apartments are located

and the location of individual Apartments within the building, is located as shown and described upon the aforesaid parts to this Exhibit, which locations and descriptions are also incorporated in this description by reference. Each Apartment has appurtenant to it an undivided interest in the Common Elements as shown and described on the attached surveys, plot plans, building plans and descriptions, and as described in the Master Deed to which this is an Exhibit. All areas not contained within the Apartments and Buildings as the term "Apartment" is defined in the aforesaid Master Deed, constitute Common Elements. Improvements which constitute Common Elements are the streets and driveways, sidewalks, parking areas, all corridors and halls providing access or such halls and corridors, and all other improvements not contained within or part of any apartment(s).

This conveyance is expressly made subject to all easements, reservations, and rights-of-way of record, including those contained within the Master Deed and Exhibits thereto, as shown on this Exhibit and all other of record.

I hereby certify that the meets and bounds narrative of the above parcels describe a true and accurate survey of the premises, and the location of Common Elements as shown on the site plan.

By: James J. Tyl
Registered Land Surveyor
No. 9057

DATE: 3/30/00, 2000

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14697, SURFSIDE BEACH, S.C. 29587-4697

HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
PHASE A
HORRY COUNTY, SOUTH CAROLINA
EXHIBIT B
PLOT PLAN & SITE SHOWING THE LOCATION OF
BUILDINGS AND IMPROVEMENTS
See Plat Book 169 at Page 2

THE FLOYD LAW FIRM PC, ATTORNEYS & COUNSELORS AT LAW, P.O. DRAWER 14807, SURFSIDE BEACH, S.C. 29587-1607

HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
PHASE A
HORRY COUNTY, SOUTH CAROLINA
EXHIBIT C
NARRATIVE DESCRIPTION OF APARTMENTS
AND
LIMITED AND GENERAL COMMON ELEMENTS

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-1607

EXHIBIT C

HARBOUR FRONT VILLAS II

HORIZONTAL PROPERTY REGIME

PHASE A

HORRY COUNTY, SOUTH CAROLINA

NARRATIVE DESCRIPTION OF APARTMENTS AND LIMITED AND GENERAL COMMON ELEMENTS:

In each unit, the unit comes equipped with basic appliance packages consisting of a refrigerator, a range with oven, a range hood, a dishwasher, a central heating and air conditioning system, a hot water heater and a garbage disposal.

The units are described hereinbelow. They include (a) the spaces enclosed by the unfurnished surfaces of the perimeter and interior walls, ceilings and floors thereof, including vents, doors, windows and such other structural elements that ordinarily are regarded as enclosures of space; (b) interior dividing walls and partitions (including the space occupied by such walls, or partitions); (c) the decorated inner surfaces of such perimeter and interior walls, ceilings and floors, consisting (as the case may be) of wallpaper, paint, plaster, carpeting, tiles and all other furnishing materials and fixtures affixed or installed and for the sole and exclusive use of any unit (commencing at the point of disconnection from the structural body of the building and from utility lines, pipes, or systems serving the Unit). No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall system designated for the service of any particular unit or building, nor any property of any kind, including fixtures and appliances within any unit, which are not removable without jeopardizing the soundness, safety and usefulness of the remainder of the building shall be deemed to be a part of any unit.

1. E1, E6, and E11 Units: These are three bedroom and two bath units located with the entrance on the first, second and third floors respectively.

The front door enters into a foyer area with a bedroom with a window on each side of the hall. Continuing down the hall there is a full bathroom to the right and the kitchen to the left. Within the kitchen is the entry into the laundry/storage

area. Continuing down the hall to the left is the air handler. Straight ahead is the Dining Area/Living Room with sliding glass doors to the screen porch. There is also a storage room on the left end of the screen porch. Off from the Living Room is the Master Bedroom with a walk-in closet and a full bathroom. The Master Bedroom also has a sliding glass door with access to the screen porch that is the entire length of the unit.

2. E5, E10 and E15 Units: These are three bedroom and two bath units but a mirror image of Unit D1, D6 and D11 located with the entrance on the first, second and third floors respectively.
3. E2, E7, E12 Units: These are two bedroom and two bath units located on the first, second and third floors respectively with two units per floor. The front door enters into a foyer area with a morning room with a window on the immediate left with the kitchen wrapping around the pantry and extending forward with an open counter with the sink. On the right is a hall area with a utility room on the left for a washer and dryer that also contains the hot water heater and air handler. Straight ahead is a three fixture bathroom and to the right is a bedroom with a closet and a window. Going back in the hall at the kitchen and continuing straight ahead is the dining and living room area with a sliding glass door that leads to screen porch. There is also a storage room on the right end of the porch. To the right is the master bedroom that has a walk-in closet and a three fixture bathroom. There is also a sliding glass door at the end of the room that leads to a screened porch that is the width of the entire unit.
4. E3, E4, E8, E9, E13, and E14 Units: These are two bedroom and two bath units located on the first, second and third floors respectively with two units per floor but are the mirror image of the E2, E7, and E12 Units.

AREAS:

Three Bedroom Unit

All units have 1733 square feet.

Two Bedroom Unit

All units have 1253 square feet.

SPECIFICATIONS COMMON TO ALL APARTMENTS

All Apartments are equipped with carpet and vinyl floor coverings, painted sheetrock walls except for baths and kitchens which have wallpaper, and a smoke alarm. Each unit is separated from other units by a one hour rated firewall.

ARRANGEMENT OF ALL APARTMENTS

The arrangement of individual dwelling units in Building E as viewed from the entry side of the building is as follows:

THIRD FLOOR	E11	E12	E13	E14	E15
SECOND FLOOR	E6	E7	E8	E9	E10
FIRST FLOOR	E1	E2	E3	E4	E5

All areas not included in the description of the units are considered to be a part of the common areas.

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HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
PHASE A
HORRY COUNTY, SOUTH CAROLINA
EXHIBIT D
FLOOR PLANS AND SPECIFICATIONS

See Condominium Cabinet "C" at Page 798

HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
PHASE A
HORRY COUNTY, SOUTH CAROLINA
EXHIBIT E
PROPERTY RIGHTS AND PERCENTAGE OF INTEREST

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-4607

EXHIBIT E
HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
PHASE A

PROPERTY RIGHTS AND PERCENTAGE OF INTEREST

Each Co-Owner owns, in addition to his Apartment, an interest in the Common Elements of the Property, which percentage ownership interest has been determined and computed by taking as a basis the value of each individual apartment in relation to the value of the property as a whole. Such percentage interest in the Common Elements of each Co-Owner shall vary; however, provided that the Developer proceeds with subsequent phases of development. There are four (4) proposed sections of development: Phase A consists of fifteen (15) Apartments in Building E. Phase B consists of an additional twelve (12) Apartments in Building F and additional Common Elements making a total of twenty-seven (27) Apartments. Phase C consists of an additional twelve (12) Apartments in Building G and additional Common Elements making a total of Thirty-nine (39) Apartments. Phase D consists of an additional fifteen (15) Apartments in Building H and additional Common Elements making a total of fifty-four (54) Apartments.

The percentage of the interest in the Common Elements of each Co-Owner of an apartment at each stage of development is shown hereinbelow in this Exhibit. The percentage of the undivided interest in the Common Elements appurtenant to each Apartment represented is shown depending on whether only Phase A, or Phases A and B or Phases A, B, and C or Phases A, B, C and D are included within the Condominium hereinbelow in this Exhibit. Such percentage of the undivided interest in the Common Elements appurtenant to each Apartment has been computed by taking as a basis the value of the individual apartment in relation to the value of the property as a whole.

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14007, SURFSIDE BEACH, S.C. 29587-4007

SCHEDULE "A"

TO

EXHIBIT "E"

HARBOUR FRONT VILLAS II

<u>UNIT NUMBER</u>	<u>STATED VALUE</u>	<u>PHASE A PERCENTAGE</u>	<u>PHASES A&B PERCENTAGE</u>	<u>PHASES A, B&C PERCENTAGE</u>
E1	160,000	7.8431	4.3011	2.9630
E2	120,000	5.8824	3.2258	2.2222
E3	120,000	5.8824	3.2258	2.2222
E4	120,000	5.8824	3.2258	2.2222
E5	160,000	7.8431	4.3011	2.9630
E6	160,000	7.8431	4.3011	2.9630
E7	120,000	5.8824	3.2258	2.2222
E8	120,000	5.8824	3.2258	2.2222
E9	120,000	5.8824	3.2258	2.2222
E10	160,000	7.8431	4.3011	2.9630
E11	160,000	7.8431	4.3011	2.9630
E12	120,000	5.8824	3.2258	2.2222
E13	120,000	5.8824	3.2258	2.2222
E14	120,000	5.8825	3.2258	2.2222
E15	160,000	<u>7.8430</u>	4.3011	2.9630
		100.0000		
F1	160,000		4.3011	2.9630
F2	120,000		3.2258	2.2222
F3	120,000		3.2258	2.2222
F4	160,000		4.3011	2.9630
F5	160,000		4.3011	2.9630
F6	120,000		3.2258	2.2222
F7	120,000		3.2258	2.2222
F8	160,000		4.3011	2.9630
F9	160,000		4.3011	2.9630
F10	120,000		3.2258	2.2222
F11	120,000		3.2258	2.2222
F12	160,000		<u>4.3011</u>	2.9630
			100.0000	

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-4607

<u>UNIT NUMBER</u>	<u>STATED VALUE</u>	<u>PHASE A PERCENTAGE</u>	<u>PHASES A&B PERCENTAGE</u>	<u>PHASES A,B&C PERCENTAGE</u>
G1	160,000			2.9630
G2	120,000			2.2222
G3	120,000			2.2222
G4	160,000			2.9630
G5	160,000			2.9630
G6	120,000			2.2222
G7	120,000			2.2222
G8	160,000			2.9630
G9	160,000			2.9629
G10	120,000			2.2222
G11	120,000			2.2222
G12	160,000			2.9629
				<u>100.0000</u>

TOTAL -	PHASE A -----	\$ 2,040,000.00
	PHASES A & B -----	3,720,000.00
	PHASES A, B & C -----	5,400,000.00

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-1607

<u>UNIT NUMBER</u>	<u>STATED VALUE</u>	<u>PHASES A B, C & D PERCENTAGE</u>
E1	160,000	2.1505
E2	120,000	1.6129
E3	120,000	1.6129
E4	120,000	1.6129
E5	160,000	2.1505
E6	160,000	2.1505
E7	120,000	1.6129
E8	120,000	1.6129
E9	120,000	1.6129
E10	160,000	2.1505
E11	160,000	2.1505
E12	120,000	1.6129
E13	120,000	1.6129
E14	120,000	1.6129
E15	160,000	2.1505
F1	160,000	2.1505
F2	120,000	1.6129
F3	120,000	1.6129
F4	160,000	2.1505
F5	160,000	2.1505
F6	120,000	1.6129
F7	120,000	1.6129
F8	160,000	2.1505
F9	160,000	2.1505
F10	120,000	1.6129
F11	120,000	1.6129
F12	160,000	2.1505
G1	160,000	2.1505
G2	120,000	1.6129
G3	120,000	1.6129
G4	160,000	2.1505
G5	160,000	2.1505
G6	120,000	1.6129
G7	120,000	1.6129
G8	160,000	2.1505
G9	160,000	2.1505
G10	120,000	1.6129
G11	120,000	1.6129
G12	160,000	2.1505

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14697, SURFSIDE BEACH, S.C. 29587-1697

<u>UNIT NUMBER</u>	<u>STATED VALUE</u>	<u>PHASES A B, C & D PERCENTAGE</u>
H1	160,000	2.1505
H2	120,000	1.6130
H3	120,000	1.6130
H4	120,000	1.6130
H5	160,000	2.1505
H6	160,000	2.1505
H7	120,000	1.6130
H8	120,000	1.6130
H9	120,000	1.6130
H10	160,000	2.1505
H11	160,000	2.1505
H12	120,000	1.6130
H13	120,000	1.6130
H14	120,000	1.6130
H15	160,000	<u>2.1506</u>
		100.0000
TOTAL -	PHASES A, B, C & D -----	\$ 7,440,000.00

located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

b. _____ Upon dissolution of the corporation, consistent with law, the remaining assets of the corporation shall be distributed to:_____.

7. If the corporation is a mutual benefit corporation (box (c) of #3. is checked), complete either (a) or (b), whichever is applicable, to describe how the [remaining] assets of the corporation will be distributed upon dissolution of the corporation.

a. _____ Upon dissolution of the mutual benefit corporation, the [remaining] assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefitting or serving.

b. X Upon dissolution of the mutual benefit corporation, the [remaining] assets, consistent with law, shall be distributed to the Association's successor as governing entity of the Condominium, or if the Condominium be terminated, after payment of all debts and expenses, divided as provided according to the percentage ownership interests of the Co-Owners in the Common Elements and disbursed as provided in The Act and/or the Master Deed, provided, however, the residual of any property of any nature owned by the Association not held by it on behalf of the Co-Owners or any of them, shall, if appropriate, be turned over to one or more organizations described in Sections 501(e)(3) and 170(c) of the Internal Revenue Code and from South Carolina Income Tax, or to the Federal, State or Local Government for exclusively public purposes.

8. The optional provisions which the non-profit corporation elects to include in the Articles of Incorporation are as follows (See §33-31-202(c) of the 1976 South Carolina Code, the applicable comments thereto, and the instructions to this form): See attached Schedule "A".

9. The name and address (with zip code) of each incorporator is as follows (only one is required):

EXHIBIT F
BY-LAWS OF
HARBOUR FRONT VILLAS II
HOMEOWNER'S ASSOCIATION, INC.

a non-profit corporation existing under
the laws of the State of South Carolina

-providing for-

THE ADMINISTRATION OF
HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME

BY-LAWS OF
HARBOUR FRONT VILLAS II
HOMEOWNER'S ASSOCIATION, INC.

a non-profit corporation existing under
the laws of the State of South Carolina

THE ADMINISTRATION OF
HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME

ARTICLE I

Section 1. Applicability. These are the By-Laws of HARBOUR FRONT VILLAS II Homeowner's Association, Inc., a non-profit corporation existing under the laws of the State of South Carolina (hereinafter called the "Association"), which has been organized for the purpose of administering a horizontal property regime established pursuant to the Horizontal Property Act of South Carolina (hereinafter called the "Act"), which is identified by the name HARBOUR FRONT VILLAS II HORIZONTAL PROPERTY REGIME (hereinafter called "Regime" or "Condominium"), said Regime being located at 109 Charter Drive, Longs, Horry County, South Carolina, being more particularly described in the Master Deed establishing the Regime. The definitions contained in the Master Deed dedicating Harbour Front Villas II to the Horizontal Property Regime, of which these By-Laws form a part, shall be applicable to these By-Laws.

Section 2. Ratification. All Apartment lessees, occupants or persons in possession thereof, present or future, and all persons using the facilities of the Condominium and/or the premises thereof shall be bound by the provisions hereof. The mere acquisition, lease, or occupancy of an Apartment shall be deemed conclusive as an acceptance and ratification of these By-Laws by any such new Co-Owner, lessee, or Occupant, as the case may be.

Any Co-Owner who sells, leases, or otherwise transfers his/her or its Apartment shall require from the purchaser, lessee, or transferee a statement in the Deed of Sale, lease or transfer, as the case may be, that he knows and will comply fully with the provisions of the Horizontal Property Act, the Master Deed, the Charter, and these By-Laws and other principles of the Horizontal Property Regime.

ARTICLE II

Section 1. Council of Co-Owners. All of the owners of Apartments contained within the Condominium acting as a group in accordance with the Horizontal Property Act, the Master Deed, the Charter and these By-Laws, shall constitute the Council of Co-Owners which shall have the responsibility of administering the Condominium; reviewing an annual budget or budgets for the expenses of said Condominium; establishing the methods of collecting the contributions of the Condominium expenses, charges, special assessments and fees payable by each Co-Owner concerning these expenses; of imposing the special quotas (if any) to the Co-Owners of the Apartment (i) whose tenants or visitors or guests without impeding or encroaching on the lawful rights of the other Co-Owners, regularly makes such intensive use of any Limited or General Common Elements as to cause the operation, maintenance or repair expenses of said Limited or General Common Elements to exceed those which should reasonably be incurred in the normal and regular use of said facility; or, (ii), who, because of the nature of the activity which he/she lawfully carries out in an Apartment in accordance with the purpose assigned to it in the Master Deed, causes certain Common Expenses in excess of such as would be incurred if said activity were not carried out in the Apartment in question; passing on claims that Co-Owners may present before special meetings; approving the execution of special works and improvements and assessments; and performing all acts that may be required to be performed by the Council of Co-Owners, by the Horizontal Property Act, and the Master Deed and the Charter. Except as to those matters which either the Horizontal Property Act or the Master Deed specifically require to be performed by the vote of the Co-Owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in these By-Laws.

Section 2. Annual Meeting. The first annual meeting of the Association shall take place within four (4) months after either when seventy-five (75%) percent of all the Apartments of the Condominium have been sold by the Grantor or three (3) years from the recordation of the Master Deed, whichever shall first occur. Thereafter, the Association shall hold the annual meeting at the same time and on the same date and month of each succeeding year unless the date falls on a legal holiday and then it will be held on the following working day. In said meeting a majority of Co-Owners as herein defined, shall elect the Board of Directors for the Association. In addition, the Co-Owners shall have the right to consider and pass on any new matters or subject which may be brought before them.

Section 3. Special Meetings. The President or Vice President or by a majority of the Board of Directors, or upon

written request of Co-Owners who represent at least Fifty-One (51%) percent of the percentages of participation in the General Common Elements as stated in Exhibit "E" which is attached and made a part of the Master Deed may call special meetings at any time. The call of the meeting shall be signed by the person or persons making it. The notice shall be in writing and shall state forth the date, the time, place of the meeting, and the matters to be considered and shall be delivered as early as possible at Apartments belonging to each Co-Owner by general mail addressed to the place designated for such purposes by the Co-Owners who do not reside in the Condominium, but in no instance shall the notice be mailed less than seven (7) days prior to the date of the meeting. It will always be each Co-Owner's responsibility to notify the Association of a current mailing address.

Section 4. Notice of Annual Meeting. The President or the Secretary shall deliver to each Co-Owner the notice for the regular annual meeting at least ten (10) days prior to the date of the meeting, but not more than thirty (30) days prior to the date of the meeting. Such notice shall be in writing to each member at his or her address as it appears on the books of the Association. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of the meeting may be waived before or after the meeting.

Section 5. Quorum. A quorum at Council of Co-Owner meetings shall consist of Co-Owners with fifty-one (51%) percent or more of the basic value of the Condominium Property, as a whole, as set forth in the Master Deed and Exhibit "E" thereto. The acts approved by of fifty-one (51%) percent, a quorum being present, shall constitute a decision of the Co-Owners and shall be binding upon the Co-Owners, except where approval of a greater percentage is required by the Act, the Master Deed establishing the Regime, the Charter of the Association, or these By-Laws.

Section 6. Voting. Each Co-Owner shall have a vote equal to his or her percentage ownership in the Regime property as a whole as set forth in Exhibit "E" to the Master Deed. If an Apartment is owned by one person, his or her right to vote shall be established by the recorded title to his or her apartment. If any Apartment is owned by more than one person, those having interest in said Apartment shall appoint a single person to represent their interest and to vote their percentage at any meeting of the Association. When one or more units belong to, or are owned by a corporation, partnership, or other business entity, the entity shall designate one of its officers, partners, agent, or trustee to attend the meeting and exercise the right to vote

corresponding to it. The Board of Directors at its discretion may request that a certificate of appointment be signed by a duly authorized officer, general partner or trustee or agent as the case may be, and filed with the Secretary of the Association prior to any voting. The certificate should designate the person entitled to cast the vote of an Apartment. If such a certificate is requested by the Board, it should be on file with the Secretary of the Association at least twenty-four (24) hours prior to any annual or special meeting, and if said certificate is not on file such Co-Owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

Any Co-Owner who owes two (2) or more Assessment installments shall be temporarily deprived from executing the right to vote at the meetings of the Association until the debt is fully paid. At each meeting of the Association, the Treasurer shall have available a list of the Co-Owners who owe two (2) or more installments and said list shall be presumed to be correct unless proven erroneous.

Section 7. Proxies. Votes may be cast in person or by proxy. A proxy may be made by any person entitled to vote and shall be valid for such period as provided for by law, unless a shorter period is designated in the proxy, and must be filed with the Secretary before the appointed time of the meeting or any adjournment thereof.

Section 8. Lack of Quorum. When a quorum is not obtained at a meeting to adopt a decision, for lack of attendance of the Co-Owners, the majority present, either in person or proxy, may adjourn the meeting from time to time until a quorum is present.

Section 9. Agenda. The order of business in a regular meeting of the Council of Co-Owners shall be the following:

- A. Roll Call and Certifying of Proxies;
- B. Proof of Notice and Waiver of Notice (if any);
- C. Approval of Minutes;
- D. Report of Officers;
- E. Report of Committees;
- F. Election of Ballot Inspectors;
- G. Election of Directors;
- H. Unfinished Business;
- I. New Business;
- J. Adjournment;

Section 10. Meeting Place. The meetings of the Association shall be held at HARBOUR FRONT VILLAS II, 109 Charter Drive, Longs, Horry County, South Carolina, if space is available in the building or at any other convenient

location in to be determined from time to time by the Board of Directors.

Section 11. Majority. At least one-half (1/2) of the Co-Owners whose Apartment represents at least fifty-one (51%) percent of the value in the General Common Elements in accordance with the percentages assigned to the Apartments pursuant to Exhibit "E" to the Master Deed shall constitute a majority of Co-Owners.

Section 12. Roster of Unit Owners. Each Co-Owner shall file with the Association a copy of the deed or other document showing his ownership. The Association shall maintain such information. The Association may rely upon the accuracy of such information for all purposes until notified in writing of changes therein as provided above. Only Co-Owners of record on the date notice of any meeting requiring their vote is given shall be entitled to notice of and to vote at such meeting, unless prior to such meeting other Co-Owners shall produce adequate evidence, as provided above, of their interest and shall waive in writing notice of such meeting. No Co-Owner shall be entitled to vote or to be counted for purposes of determining a quorum if delinquent in the payment of Assessments as elsewhere herein provided.

ARTICLE III

Section 1. The Board of Directors. The Board of Directors of the Association (hereinafter called the "Board") shall be composed of not less than three (3) nor more than five (5) persons who shall be required to be Co-Owners in good standing of Apartments in the Condominium, as the Association of Co-Owners shall decide and shall constitute the executive organ of the Condominium Association, provided, however, the initial Board shall not be required to be Co-Owners. Co-Owners who are more than thirty (30) days delinquent in the payment of Common Expenses may not be nominated for election to the Board of Directors. All Directors must be a Co-Owners.

Section 2. Powers and Duties. The Board shall have the following powers and duties:

A. Care, upkeep, and surveillance of the Condominium relating to the good government, administration, and operations of the Regime and especially in regard to General and Limited Common Elements.

B. To prepare and approve and to submit to the Council of Co-Owners for their review only the annual general budget of foreseeable expenditures and receipts and to fix the proportionate contribution corresponding to each Co-Owner separate from the general budget or budgets.

C. To direct the financing matters concerning the collection and payments and to keep a book with a detailed account, in chronological order, of the receipts and expenditures affecting the property and its administration and specifying the maintenance and repair expenses of the Association, and to have available for examination by all the Co-Owners, at convenient hours and days that shall be set for general knowledge, said books as well as the vouchers accrediting the entries made.

D. To open a bank account in the name of the Council of Co-Owners, into which it shall deposit all the receipts of the Condominium, making the deposits, and to draw checks against said account to meet all necessary payments, but taking care not to draw them to bearer and that each one has its corresponding voucher and receipt.

E. To arrange for a yearly audit or review of the Association's books by either a Certified Public Accountant or public accountant, to be determined by the Board. In the event the project consist of 50 or more units said financial statements must be auditable within 120 days of the Associations' fiscal year end.

F. To care for the maintenance of the Property and order the ordinary repairs; and as to the special maintenance, to adopt the necessary measures, forthwith notifying the Association.

G. To keep the book of Co-Owners in which shall be entered the names and other data of the Co-Owners of the Apartments as well as the succeeding transfers or leases that may take place in connection with those Apartments.

H. To comply and enforce compliance with the provisions of the Horizontal Property Act and of the Master Deed, the Charter, and of the By-Laws and of the resolutions of the Association.

I. To increase or reduce the assessment for Common Expenses and to fill vacancies of members of the Board of Directors subject to these By-Laws.

J. Designation and dismissal of the personnel necessary for the maintenance and operation of the Condominium, the General Common Elements and the Limited Common Elements.

K. Any other powers and duties that may be assigned thereto by the By-Laws of the Association, Master Deed, Charter or Act as well as any and all other powers and duties as may be necessary for the administration and management of the affairs of the Association not reserved by law to the Co-Owners. The Board of Directors may delegate such duties and powers to a management agent as it may deem proper or convenient.

L. To employ a management agent under terms and conditions approved by the Board, provided, however, that any contract with a management agent must include a provision allowing the Association to terminate said contract without

penalty by an advance notice of no more than ninety (90) days. This provision does not apply to service contracts.

Section 3. Term. The term of the first Board elected at the first regular annual meeting of the Association shall be three (3) years for one director, two (2) years for one director, and one (1) year for one director. If more than three directors are elected, then the fourth director shall serve a term of two (2) years and the fifth director shall serve a term of one (1) year. At the expiration of the term of each director, his successor shall be elected for a term of three (3) years.

Section 4. Location of Meetings. All meetings of the Board shall be held at HARBOUR FRONT VILLAS II, 109 Charter Drive, Longs, South Carolina, if possible, and if not, at a convenient location to the Board, to be decided by and at the discretion of the Board of directors.

Section 5. Vacancies. Vacancies of the Board resulting from any cause other than removal by the Association shall be filled by a majority of the remaining Directors, and any person so appointed shall hold office until their successor shall have been duly elected and qualified in the next annual meeting of the Council of Co-Owners. The term of the Director elected in the next annual meeting shall be for the remaining term of the vacated position.

Section 6. Removal. At any regular or special meeting of the Association duly called, one or more of the directors may be removed with or without cause by sixty-six and two-thirds (66-2/3) of the Co-Owners and a successor elected to fill the vacancy. A director whose removal shall have been proposed by the Co-Owners shall have the right to be heard at the meeting at which his removal shall be considered.

Section 7. Regular and Special Board Meetings. The Board of Directors shall hold such special Board of Directors meetings as may be called by the President, or by a majority of directors, provided, however, that the Board shall hold at least one (1) regular meeting which shall take place within ten (10) days of their election to elect officers and take care of other business.

Section 8. Notice of Regular and Special Board Meetings. Notice for a regular or special Board of Directors meeting shall be given to each Director personally, by mail, telegraph, or telephone at least three (3) days prior to the date for the meeting and shall state the time, date, place and purpose of the meeting.

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-1467

Section 9. Waiver of Notice. On or before any meeting of the Board of Directors, any Director may waive notice thereof in writing and any such waiver shall be deemed a notice given as provided herein. The presence of a Director at a meeting shall be deemed a waiver of notice. No notice shall be necessary for a meeting at which all Directors shall be present and any matter may come before such meeting.

Section 10. Board Quorum. A majority of the Board shall constitute a quorum at a meeting of the Board of Directors and any action taken at such a meeting shall be taken as an action of the Board. A meeting at which less than a quorum shall be present may be adjourned by the Directors present from time to time until a quorum shall be present. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

Section 11. Fidelity Insurance. In addition to any powers heretofore granted to the Board by these By-Laws, the Board shall have the power to require the giving of Fidelity Insurance by any official or any employee dealing or having to do with funds, monies, or valuables of the Council of Co-Owners and the Association shall pay the premiums therefor.

Section 12. Compensation. Directors or officers shall not be entitled to any compensation or per diem for their services unless a majority of the Co-Owners (other than Grantor) so approve.

ARTICLE IV.

Section 1. Officers. The principal officers of the Association shall be a president who shall be a director, a vice president who shall be a director, and a secretary/treasurer who shall be a director, all of which shall be elected by the Board of Directors. If the Board consists of more than three members, the office of Secretary/Treasurer shall be separated into two offices.

Section 2. Removal of Officers. Any officer may be removed by a majority of Board of Directors affirmatively voting to do so, and any person removed as a director shall also be deemed to be removed as an officer. Vacancies caused by removal or resignation of any officer shall be filled by a majority of the remaining directors appointing any Co-Owner to hold the office subject until their successor shall have been duly elected and qualified at the next annual meeting of Co-Owners.

Section 3. President. President shall be the chief executive officer of the Council of Co-Owners and shall preside at all meetings of the Association and of the Board. The President shall have the powers and duties normally reposed in his office and/or delegated to him by the Board, including but without limitation thereto the execution of documents, deeds and papers for and on behalf of the Association, and the appointment of committees from and among the Co-Owners to help in the management of the affairs of the Association.

Section 4. Vice President. The Vice President shall perform the duties of the President in the absence or incapacity of the latter and such other duties as may be required of the Vice President from time to time by the Board. If the office of Vice President is not occupied, the Treasurer will fill this role.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have the following duties and powers:

A. Shall prepare the call to meetings of the Association and of the Board and notify the same.

B. Shall prepare minutes of the meetings of the Association and of the Board and enter them in the corresponding book.

C. Shall certify the minutes of each meeting;

D. Shall issue, as they appear in the minute book, all certificates which may be necessary with the approval of the Board of Directors.

E. Shall communicate to all absent Co-Owners all resolutions adopted in the manner herein provided for the notice of the calls to the meetings of the Association.

F. Shall have custody of all documents concerning the meetings of the Association and of the Board and keep them at the disposal of the Co-Owners.

G. Shall have any other functions that may logically fall within the jurisdiction of the Secretary, because of the nature of the office, and such others as may be assigned to the Secretary by the By-Laws or the Association.

Section 6. Treasurer. The Treasurer shall:

A. Have custody of the funds and securities of the Association and shall keep full and accurate accounts of receipts and disbursements in the books belonging to the Association and shall deposit all monies, securities, and valuables in the name of and to the credit of the Association with such depositories as may be designated from time to time by the Board.

B. Keep books in such a manner as to accurately reflect receipts, accounts receivable, payments and accounts payable.

C. Disburse the funds of the Association as may be ordered by the Board pursuant to these By-Laws.

D. Collect the assessment from the Co-Owners and report the status of the collections and delinquencies to the Board.

E. Have check co-signature authority along with the President of the funds of the Association.

F. These duties may be assigned to an administrator (manager) if so approved by the Board of Directors.

ARTICLE V

Section 1. Liability and Indemnification of Officers and Directors. Council of Co-Owners shall indemnify every officer and director of the Board of Directors against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the Co-Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Co-Owners of Apartments) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights which any officer or director of the Association may have. The Board of Directors may and shall, if reasonably available, purchase liability insurance to insure all directors, officers, or agents past and present against all expenses and liabilities as set forth above. The premiums for such insurance shall be paid by the Association as part of the Common Expenses.

ARTICLE VI

FISCAL MANAGEMENT

Section 1. Finances. The funds of the Association shall be deposited in such banks and with such depositories as may be determined from time to time by resolution of the Board and shall be withdrawn only by checks and demands for

money signed by an officer or officers designated by the Board who shall also sign the obligations of the Association. The signature of an officer will not be required by an administrator (managing agent) who may be employed by the Board if it is demonstrated that the administrator carries appropriate fidelity insurance at the administrator's own expense and that the bond may not be cancelable without thirty (30) days notice to the Board.

Section 2. Fiscal Year. The fiscal year of the Association shall be the calendar year, but may be changed by the Board of Directors from time to time.

Section 3. Assessments. The making and collection of assessments against Co-Owners for Common Expenses shall be pursuant to the following provisions:

A. Each year, and no later than thirty (30) days on or before the beginning of a fiscal year, the Board of Directors shall prepare and adopt a budget for review by the Council of Co-Owners.

B. A general budget for the Condominium should be prepared containing an estimate of the total amount it considers necessary to pay the cost of utility services, maintenance, management (if any), operation, repair and replacements of the Limited and General Common Elements and those parts of the Apartments as to which it may from time to time be the responsibility of the Board of Directors to maintain, repair, and replace, and the cost of wages, materials, insurance premiums, services, supplies, and any other expenses that may be declared to be Common Expenses by the Act, by the Master Deed, by the Charter, by these By-Laws, or a resolution of the Council of Co-Owners, and which will be required during the ensuing fiscal year for the administration, operations, maintenance, and repair of the Condominium and the rendering to the Co-Owners of all related services. The general budget may also include:

(i) The cost of the maintenance or repair of any Apartment in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance or value of the project or is otherwise in the interest of the general welfare of all Co-Owners of the Condominium; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Co-Owner of the Apartment proposed to be maintained and provided further that the cost thereof shall be assessed against the Apartment on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said Apartment at which time the assessment shall become due and

payable and a continuing lien and obligation of said owner in all respects as provided in these By-Laws.

(ii) Any amount necessary to discharge any lien or encumbrance levied against the project, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against the Common Elements rather than the interest therein of the owner of any individual Apartment.

(iii) The Board of Directors may also include in the budget such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Association, a general operation reserve, or reserve for contingency or such other reserves as may be established by the Board of Directors.

C. Initial Capital Payment. (i) Upon taking office, the first Board of Directors elected or designated pursuant to these By-Laws shall determine the budget, as defined in this Section, for the period commencing thirty (30) days after such selection and ending on the last day of the fiscal year in which such selection occurs. Assessments shall be levied and become a lien against each Co-owner during such period as provided in Section 9 of this Article.

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(ii) The Grantor, as the agent of the Board of Director, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated monthly assessment for Common Expenses for such purchaser's Unit. The Grantor will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine, but said amounts are not to be considered as advance payments of regular assessments. The Declarant may not use said funds for its own benefit or expenses or to decrease any amount due from it while it is in control of the association

D. (i) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Co-Owner's obligation to pay his allocable share of the Common Expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Co-Owner shall continue to pay each monthly installment at the monthly rate established for the previous fiscal year until notified of the monthly payment which is due more than ten (10) days after such new annual or adjusted budget is adopted.

(ii) Accounts. All sums collected by the Board of Directors with respect to assessments against the Co-Owners or from any other source may be commingled into a single

fund or held for each Co-owner in accordance with his Percentage interest.

Section 4. Notice of Assessment. The Board of Directors shall send to each Co-Owner a copy of the budget or budgets, in a reasonably itemized form which sets forth the amount of the Common Expenses payable by each Co-Owner, at least ten (10) days prior to the beginning of the fiscal year to which the budget applies. The said budget shall constitute the basis for determining each Co-Owner's contribution for the Common Expenses of the Association.

Section 5. Payment of Assessments.

A. The total amount of the estimated funds required for the operation of the Property set forth in the general budget for the fiscal year adopted by the Board of Directors shall be Assessed against each Co-Owner in proportion to his or her respective percentage value in the Common Elements as set forth in Exhibit "E" of the Master Deed, and shall be a lien against each Co-Owner's Apartment as follows: All sums assessed by the Board of Directors or the management agent, if any, as specified in these By-Laws, but unpaid, for a share of Common Expenses chargeable to any Apartment shall constitute a lien on such Apartment prior to all other liens except only (i) tax liens on Apartments and, (ii) mortgage or other liens duly recorded covering the Apartment. Such lien may be foreclosed by suit by the Board of Directors or their agent as specified in the By-Laws and acting on behalf of the Council of Co-Owners, in like manner as a mortgage of real property. In any foreclosure, the Board of Directors or its agent, acting on behalf of the Council of Co-Owners, shall have the power to bid on the Apartment at foreclosure sale and to acquire, lease, or mortgage and convey the same.

Where the Mortgagee of any mortgage of record or other purchaser of an Apartment obtains title at the foreclosure sale of such a mortgage, such acquirer of title, his successors and assigns shall not be liable for the share of Common Expenses of assessments by the Co-Owners chargeable to such Apartment accruing after the date of recording such mortgage but prior to the acquisition of title to such Apartment by such acquisition. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectable from all of the Apartment Co-Owners, including such acquirer, his successors and assigns. Future assessments will be the responsibility of purchaser of the unit estate at the foreclosure sale.

On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, such Co-Owner shall be obligated to pay to

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the Board of Directors or the management agent (as determined by the Board of Directors), one-twelfth (1/12th) of the Assessment for such fiscal year made pursuant to the foregoing provisions. The Board may also collect Assessments on a quarterly or annual basis as they determine from time to time. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited according to each Co-Owners's percentage value in the Common Elements pursuant to Exhibit "E" of the Master Deed to the installments due in the succeeding months of that fiscal year.

B. All Co-Owners shall be obligated to pay the Common Expense assessed by the Board of Directors. No Co-Owner may exempt himself or herself from liability of Assessments or carrying charges by waiving the use or enjoyment of any of the Common Elements or by abandoning any Apartment he or she owns. The Assessments shall be made prorata according to the value of the Apartment as stipulated in the Master Deed.

C. The Board of Directors of the Association shall make reasonable efforts to fix the amount of the Assessment against each Apartment for each Assessment period at least ten (10) days in advance of such date or period and shall, at that time, prepare a roster of the membership and Assessments applicable thereto which shall be kept by the Treasurer of the Association. The omission of the Board of Directors, before the expiration of any Assessment period, to fix Assessments for that or the next period shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any Co-Owner from the obligation to pay the Assessment. The Assessment fixed for the preceding period shall continue until a new Assessment is fixed.

Section 6. Proviso. Provided, however, that until Harbour Front Development, Inc., a South Carolina corporation, the Grantor of the Apartments within the Condominium has annexed all phases as herein set forth the total Assessments of each Co-Owner of HARBOUR FRONT VILLAS II apartments will not be established. The Budget per Exhibit "H" of the Master Deed is a projected full occupancy Budget. Provided, however, that until Harbour Front Development, Inc., a South Carolina corporation, the Grantor of the Apartments within the Condominium has sold and closed all of the units in a particular phase of the Condominium Project the total Assessments of Grantor for the units not sold and closed in said phase shall be the amount of the assessment per unit set aside for "Reserves" as shown on the Budget per Exhibit "H" of the Master Deed. Provided, however, that the Grantor guarantees to be responsible for any deficit in funding the maintenance fees collected from Co-Owners based on the budget which is attached to the Master Deed as Exhibit

"H". The Grantor additionally agrees that of the Assessments collected from each Co-Owner, including the Grantor's unsold Apartments that the proportionate amount which is attributable to the reserves per Exhibit "H" will be subtracted from the Assessments which are collected from each Co-Owner to be set aside in a reserve account. The remaining amount will be utilized for the operating and maintenance costs of the Condominium with any deficit to be made up by Grantor until the sale and closing of all the units in said phase.

Section 7. Special Assessments for Capital Improvements. This section shall apply solely to capital improvements to be made on the Condominium and shall not be applied towards reserve line items. In addition to the regular Assessments authorized by this Article, the Association may levy in any Assessment year a special Assessment or Assessments, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project, including the necessary fixtures and personal property related thereto, provided that any such Assessment shall have the assent of the Co-Owners representing fifty-one (51%) percent of the total value of the project. A meeting of the Co-Owners shall be duly called for this purpose; written notice of which shall be sent at least seven (7) days but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 8. Reserves. The Board of Directors shall build up, maintain and periodically review reasonable reserves for working capital, operations, and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against reserves. If the reserves are inadequate for any reason, including non-payment of any Co-Owner's Assessment, the Board of Directors may at any time levy a further Assessment, which shall be assessed against the Co-Owners according to their respective percentage assigned in the Common Elements, and which may be payable in a lump sum or in installments as the Board of Directors determines. The Board of Directors shall serve notice of any such further Assessment on all Co-Owners by a statement in writing giving the amount and reason therefor, and such further Assessment on all Co-Owners by a statement in writing giving the amount and reason therefor, and such further Assessment shall, unless otherwise specified in the notice, become effective with the next monthly amount. The payment and collection of the Assessment made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of Assessments in these

By-Laws and the Act, including, without limitation, the right reserved to the Board of Directors to accelerate payment of Assessments and the right to recover attorney's fees and costs.

Section 9. Collection of Assessments and Default.

A. The Board of Directors may take prompt action to collect any Assessments for Common Expenses due from any Co-Owner which remain unpaid for more than [REDACTED] to payment thereof.

B. Any regular or special Assessment levied pursuant to these By-Laws, or any installment thereof, which is not paid on the first day of each month, shall be in default. The Assessment shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the Apartment belonging to the Co-Owner against whom such Assessment is levied. The Assessment shall bind such Apartment in the hands of the then Co-Owner, his/her or its heirs, devisees, personal representatives and assigns. The sale or transfer of the unit estate would have no effect on the lien, unless foreclosure of the first mortgage is involved. The personal obligations of the Co-Owner to pay such Assessment shall, however, remain his/her or its personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any Assessment levied pursuant to these By-Laws, or any installment thereof, may be maintained without foreclosing or waiving the lien herein pursuant to the Master Deed or these By-Laws, and any installment thereof, which is not paid within ten (10) days after it is due, may, upon resolution of the Board of Directors, bear interest at the prevailing rate not to exceed the lawful rate of interest according to South Carolina law. The member obligated to pay this delinquent Assessment, may, by resolution of the Board of Directors, be subject to such penalty or "late charge" as the Board of Directors may fix prior to the fiscal period in which nonpayment occurs. The Association may bring an action at law against the Co-Owner personally obligated to pay the same or foreclose and/or enforce the lien against the Apartment then belonging to said Co-Owner in the manner now or hereinafter provided for the foreclosure of mortgages or other liens on real property in the State of South Carolina, and subject to the same requirements, both substantive and procedural, or as may otherwise from time to time be provided by law, in either of which events interest, costs and reasonable attorney's fees shall be added to the amount of each Assessment. Upon the sale or conveyance of an Apartment, all unpaid Assessments against a Co-Owner for his or her prorata share in the Common Expenses shall be paid out of the sales price or by the acquiescence in preference over

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any other Assessments or charges of what-ever nature except the following:

(1) Assessments, liens, and charges for taxes past due and unpaid on the Apartment.

(2) Payments due under mortgage instrument or encumbrances duly recorded.

In the event any proceeding to foreclose the lien for any Assessment due the Association pursuant to this Article is commenced with respect to any Apartment, upon resolution of the Board of Directors, the Co-Owner may be required to pay a reasonable rental for such Apartment and the Association shall be entitled to the appointment of a receiver to collect the same.

C. Upon default in the payment of two or more monthly installments in succession of any Assessment levied for the Assessment year pursuant to the Master Deed and/or these By-Laws, or any other installment thereof, the entire balance of said yearly or other Assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 10. Additional Default. Any recorded first mortgage secured by an Apartment in the Condominium shall provide that any default by the mortgagor in the payment of any Assessment levied pursuant to these By-Laws, or any installment thereof shall likewise be a default in such mortgage (or the indebtedness secured thereby). Failure to include such a provision in any such mortgage shall not affect the validity or priority thereof and the protection extended to the holder of such mortgage (or the indebtedness secured thereby) by reason of such failure shall not be altered, modified or diminished by reason of such failure.

ARTICLE VII

Section 1. Compliance and Default. In the event of a violation (other than non-payment of an Assessment) by a Co-Owner of the provision of the Horizontal Property Act and/or the Master Deed and/or the By-Laws as the same may be amended from time to time, the Association may notify the Co-Owner and its Mortgagee, if any, in writing of said default and if such violation shall continue for a period of thirty (30) days from the date of notice, the Association shall have the election to file (a) an action at law to recover damages on behalf of the Association and/or the remaining Co-Owners; (b) an action to enforce performance on the part of the defaulting Co-Owner; or (c) an action for such relief as may be necessary. If the Court decides in favor of the Association, the defaulting Co-Owner shall reimburse the Association the attorney fees, court costs, and expenses incurred in bringing the action. Failure of the Association to file any such action within thirty (30) days

from the date a written request therefor from any Co-Owner shall authorize any Co-Owner to bring action in the manner aforesaid on behalf of the Association. Any violation which the Board may find to be a hazard to the health or peace of the Co-Owners may be corrected immediately as an emergency by the Association and the cost thereof shall be charged to a Co-Owner as an Assessment which shall be a lien against said unit to the same extent, force and effect as if the charge were a part of the Common Expense.

Section 2. Liability. Each and every Co-Owner shall be responsible for the expenses of any maintenance, repair, or replacement rendered necessary by his act, negligence or carelessness, or that of any member of his family or their guests, employees, licensees, or invitees, but only to the extent that such expenses are not met by proceeds of insurance carried by the Association. Such liability shall include without limitation any increase in insurance rates occasioned by use, misuse, occupancy, or abandonment of any Apartment by a Co-Owner.

ARTICLE VIII

SURVIVAL OF LIABILITY

The termination of ownership of an Apartment in the Condominium shall not relieve or release the former Co-Owner from any liability or obligation incurred under or in any way connected with the Apartment during the period of ownership or impair any rights or remedies of the Association against such former Co-Owner arising out of or in any way connected with such ownership and/or with the obligations incidental thereto.

ARTICLE IX

USE RESTRICTIONS

Section 1. Rules and Regulations. The Board may from time to time adopt or amend rules and regulations governing and restricting the use and maintenance of Limited and General Common Elements provided, however, that copies of the rules and regulations shall be furnished each Co-Owner prior to the time the same shall become effective and that the same shall be posted in a conspicuous place in the Condominium. No amendments or changes to the rules and regulations shall be made that may be in conflict with any clauses or provisions of the Master Deed or these By-Laws. Nothing in this Article or otherwise herein set forth shall be construed from prohibiting the Grantor from the use of any Apartment which Grantor owns or leases for promotion, marketing, or

display purposes as model apartments, or from leasing any Apartment or Apartments which Grantor owns.

Section 2. Co-Owner Responsibility. The rules and regulations contained hereinafter shall be in effect until added to or amended by the Board of Directors and/or the Association and shall apply to and be binding upon any Co-Owners and tenants or lessees or guests. The Co-Owners, tenants, and lessees or guests shall obey the rules and regulations at all times and shall use their best efforts to see that they are observed in full by their families, guests, invitees, servants, and persons over whom they may exercise control and supervision.

Section 3. Residential Use. Except for the areas of the Condominium designated for recreational use, all Condominium Apartments shall be used for private residential purposes exclusively except such temporary non-residential uses as may be permitted by the Board of Directors from time to time. Furthermore, no Apartment may be occupied by more than the permitted number of heads of household and their family pursuant to county and state zoning regulation and law. No improper, offensive or unlawful use shall be made of the Property nor any part thereof; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of such Property shall be the same as the responsibility for the maintenance and repair of the Property concerned.

Section 4. Obstruction. The entrances, passages, corridors, stairways, garage and parking area and other Limited and Common Elements of the Condominium shall not be obstructed, encumbered, or used for any purposes other than ingress and egress to and from the Condominium and/or Apartment and other purposes for which they are intended and no carriages, bicycles, mopeds, wagons, carts, chairs, benches, tables, toys, or other objects, or things, regardless of the nature thereof shall be left or stored therein.

Section 5. Persons. No person shall play or loiter in the hallways, corridors, stairways, or other public areas of similar nature of the Condominium.

Section 6. Storage. Personal property of the Co-Owners shall be stored in their respective Apartments.

Section 7. Articles. No garbage cans, supplies, no bottles, or other articles shall be placed in the corridors, on the balconies, decks, patios, on the stairways, on any

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other Limited or General Common Elements of the Condominium, nor shall lines, cloths, clothing, curtains, windows, doors, or balconies, patios, or exposed on any part of the windows, doors, or balconies, decks, patios, or be exposed on any part of the Limited or General Common Elements unless written permission is obtained for the Council of Co-Owners.

Section 8. Debris. Limited and General Common Elements shall be kept free of rubbish, debris, garbage, or unsightly material.

Section 9. Safety. Co-Owners shall take reasonable precautions not to permit anything whatsoever to fall from his/her Apartment nor shall he sweep or throw from the Apartment or other part of the Condominium any dirt or substance into the corridors, halls, balconies, decks, patios, or other similar areas in the Condominium.

Section 10. Trash. Refuse, rubbish, and garbage shall be disposed of and in a manner provided for and not placed outside in the corridors, hallways, balconies, decks, patios, or stairways, etc. at any time or for any reason.

Section 11. Windows. The Co-Owners of any Apartment shall, at his own expense, clean, repair and maintain both the interior and exterior surfaces of all windows. Drapes or shades covering the windows in individual Apartments shall be completely lined with white lining, except those drapes or shades used in the model units for such time as they are used as model units.

Section 12. Employees of the Association. Employees of the Association (if any) shall not be sent out of the Condominium by Co-Owners at any time for any purpose other than by the Board of Directors. Neither shall employees of the Association come in and service or repair or replace items that are the responsibility of the Co-Owners while working for the Association.

Section 13. Fire Equipment. Fire prevention and fire fighting equipment throughout the Condominium shall not be tampered with.

Section 14. Parking. The parking spaces, and facilities shall be used exclusively for parking of automobiles except upon written consent of the Board of Directors and then only in designated areas. Except as herein provided no trailers, tractors, campers, wagons, or trucks that exceed three-quarter ton) or other commercial type motor vehicles shall be parked therein except vehicles while loading and unloading at any designated loading area. No repair work on motor vehicles shall be carried out in the parking spaces

except emergency repair. Automobiles or other allowed motor vehicles shall not be washed in the parking spaces or upon the grounds of the Condominium except in designated areas.

Section 15. Noises. No Co-Owner shall make or permit any disturbing noises in the Limited or General Common Elements and/or his Apartment by the Co-Owner, his family, servants, employees, agents, visitors, guests, invitees, licensees, tenants, or lessees, nor do or permit to be done by such persons anything that will interfere with the rights, comfort, or convenience of the remaining Co-Owners or occupants. No Co-Owner shall play any musical instrument, phonograph, radio, television, or sound amplifier in such a manner or volume so as to disturb or annoy any other Co-Owner or occupant.

Section 16. Pets. Pets shall be kept or maintained in or about the Condominium Apartments only if the Co-Owner is granted a conditional license to maintain one (1) pet by the Association. Such a license will be granted subject to the following conditions and reservations:

A. Acceptable Pets: The only pets to be permitted on the Condominium property shall be dogs when fully grown will be under thirty (30) pounds and cats, small birds, and fish.

B. It shall be the responsibility of the Co-Owner to pay for any and all costs involved in restoring to the original new condition any damage caused to the Condominium property by a pet.

C. A Co-Owner shall be financially responsible for any personal injury or personal property damage caused to any Co-Owner, tenant, guest, employee of the Association, or to any member of the public as a result of the Co-Owner's maintenance of a pet.

D. Pets must be carried in arms or on a leash when taken in and out of the building.

E. Pets shall not be permitted in the public rooms under any circumstances. Pets must not be curbed near the buildings, walkways, shrubbery, pool area, gardens, planting areas, open areas, or other public space, and pets must be walked off the Condominium property.

F. Guests, tenants, and visitors of a Co-Owner shall not be permitted to bring any pets onto the Condominium property other than those allowed in Section 16A.

G. The Board of Directors may, upon their sole determination, revoke or terminate the above conditional license if a pet is either vicious or is annoying other Co-Owners or occupants or is otherwise a nuisance.

Section 17. Advertisements. No ads, signs, posters, or advertisement of any kind shall be posted on the walls, windows, or doors in the interior or exterior of the Limited or General Common Elements.

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Under no circumstances will signs offering the Apartments for rent or sale be posted on the interior or exterior of the Apartments or upon the Limited or General Common Elements except in form and in such location as provided by the Association. The provisions of this subsection shall not be applicable to the Grantor or institutional holder of any first mortgage which comes into possession of any Apartment by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure.

Section 18. Leasing of Apartments. Apartments may be rented according to the following provisions:

A. Copies of all leases shall be deposited with the Association.

B. Tenants shall abide by the Association's rules and regulations and failure to do so shall result in the immediate eviction of the offending tenant or tenants.

C. The minimum rental lease period or term for an apartment shall not be less than seven (7) days.

D. The lease for any Apartment within the Condominium shall contain provision to the effect that the rights of the tenant to use and occupy the Apartment shall be subject to and subordinate in all respects to the provisions of the Master Deed and these By-Laws and to other reasonable rules and regulations:

Section 19. Air Conditioning Units. No Co-Owner shall install or cause to be installed window units or wall air conditioning units. Only condenser units tied into an approved system, and approved in writing by the Board of Directors of the Association may be placed on the balconies or decks and patios.

Section 20. Hazard. Nothing shall be done or maintained in any Apartment or upon any Limited or General Common Element which will increase the rate of insurance on any Apartment or on the Limited or General Common Elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any Apartment which would be in violation of any law. Barbecuing is absolutely prohibited upon any General or Limited Common Element, balconies, decks patios, or in any Apartments, provided, however, that barbecuing is permitted in the areas designated for same as shown on Exhibit "B".

Section 21. Commercial Activities. No Apartment or Limited or General Common Elements shall be used for commercial activities of any character. This subsection shall not apply to the use of the Limited or General Common Elements and of Apartments owned by the Grantor for display,

marketing, promotional or sales purposes or as "model" apartments.

Section 22. Recreational Vehicle Parking. No boats or trailers shall be placed, parked, or left on the Common Elements of the Condominium thereof except as provided in Section 14 above.

Section 23. Wiring. No radio or television or C. B. installation or other wiring shall be installed. Any installation or wiring made without consent is liable to be removed without notice and at the cost of the Co-Owner for whom such wiring was installed.

Section 24. Exterior Walls and Balconies. No Co-Owner shall paint, modify, attach to, or improve the exterior walls or balconies of his Apartment except with previous written consent of the Board of Directors of the Association.

Section 25. Awnings. No blinds, shades, glass, jalousies, ironwork, screen, awnings, panels, or covering shall be affixed or attached to the outside of the building or the exterior windows, doors, or balconies, landecks, patios, or interior doors leading onto the corridors without the previous written consent of the Board of Directors of the Association.

Section 26. Time Sharing. Subject to applicable law no time sharing or vacation time sharing plans are permitted to be entered into by any Co-Owner or their agents, tenants, guests, or invitees. Further, subject to applicable law no Co-Owner may sell his or her Apartment on a time share plan (even though the purchaser received an undivided fee simple deed) or lease his or her Apartment on a vacation time share leasing plan which otherwise means arranging, planning, or similar device whereby membership agreement, lease, rental agreement, licenses, use agreement, security, or other means whereby a tenant and/or purchaser receives a right to use accommodations or Apartment or facilities or any of the above, but does not receive an undivided fee simple interest in the property for a specific period of time during any given year.

Section 27. Right of Access to Apartments. The Board of Directors or its designated agent may retain a passkey to have access to each Apartment from time to time during reasonable hours as may be necessary for the maintenance, repair, replacement of any of the Common Elements therein or accessibility therefrom, or making emergency repairs therein necessary to prevent damage to the Common Elements, Limited Common Elements, or any other Apartment or Apartments with the Condominium. No Apartment Co-Owner shall alter any lock

or install new locks on any door of the premises without providing Board of Directors a key.

Section 28. Use of Common Elements. Each Co-Owner, tenant, or occupant of an Apartment may use the elements held in common in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other Co-Owners, tenants, or occupants.

Any violations of any of these preceding rules shall be sufficient to bring judicial action against the violator. Action can be filed by the Board of Directors on behalf of the Co-Owners and the Board shall be entitled to recover any reasonable court costs and attorney fees from the violator, which sum shall be charged to the same extent, force, and effect as if the charge were a part of the Common Expense.

ARTICLE X

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain insurance for all Limited and General Common Elements and all Apartments against loss or damage by fire or other hazards, including extended coverage, all risk, vandalism and malicious mischief, in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any hazard; provided, however, the Association has the right to require each Co-owner to have the responsibility for said insurance. The Association shall also obtain a public liability policy covering all the Limited and General Common Elements and all damage or injury caused by the negligence of the Association or any of its agents, which public liability policy shall have at least a \$1,000,000 single person limit as respects bodily injury and property damage, a \$1,000,000 limit per occurrence, and a \$50,000 minimum property damage limit. In addition, except as herein set forth, premiums for all such insurance shall be Common Expenses of the Association. The policies whether obtained by the Association or the Co-owner as the case may be, may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance equals at least the full replacement cost. The Board of Directors may obtain such other insurance as the Board of Directors shall from time to time determine to be desirable for the Condominium.

Each Co-Owner shall also have the responsibility for insuring against loss or damage by fire or other casualty for all personal property and liability within his or her Apartment. All such insurance shall be for the full

replacement cost, but allow for a reasonable deductible. All such policies shall provide for certificates of insurance to be furnished to the Association and shall further provide that the policy may not be cancelled or terminated except upon at least thirty (30) days written notice to the Association and to the respective Mortgagees, if any.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for each of the Co-Owners through the Board of Directors (see Section 2). Such insurance shall be governed by the provisions hereinafter set forth:

A. All policies shall be written with a company licensed to do business in South Carolina unless otherwise approved by the Association's Board of Directors and holding a rating of AA or better in the financial category as established by Best's Insurance Reports if such company is available and, if not available, the best rating possible or its equivalent rating.

B. All policies shall be for the benefit of the Co-Owners and their Mortgagees as their interests may appear and shall name said Mortgagee as loss payee.

C. Provision shall be made for the issuance of a certificate of insurance to each Co-Owner and his or her Mortgagee, if any, which shall specify the amount of each insurance attributable to the particular Co-Owner's interest in the Limited and General Common Elements.

D. Exclusive authority to adjust losses under policies hereafter in force on the property obtained by the Association shall be vested in the Association's Board of Directors; provided, however, that no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

E. In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Co-Owners or their mortgagees.

F. The Association's Board of Directors shall conduct at least once every three (3) years an insurance review which shall include a replacement cost appraisal without respect to depreciation, of all insurable improvements on the Limited and General Common Elements.

G. The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

- (1) A waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Co-Owners, and their respective servants, agents, and guests;

- (2) A waiver by the insurer of its right to repair, and reconstruct instead of paying cash;
- (3) That no policy may be cancelled, invalidated or suspended on account of any one or more Co-Owners;
- (4) That no policy may be cancelled, invalidated or suspended on account of the conduct of any Director, officer or employee of the Association, or its duly authorized management without prior demand in writing delivered to the Association to cure the defect and a copy of such demand on the Association be delivered to the Mortgagee and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Co-Owner or Mortgagee;
- (5) That any "other insurance" clause in any policy exclude individual Co-Owners' policies from consideration.

Section 2. Insurance Trustee.

A. The Board of Directors may have the right to designate any bank, trust company, management agent, savings and loan association, building loan association, insurance company, or any institutional lender, or itself, as the Insurance Trustee, and all parties beneficially interested in such insurance coverage shall be bound thereby. The Insurance Trustee at the time of the deposit of such policies and endorsements shall acknowledge that the policies and any proceeds thereof will be held in accordance with the terms of these By-Laws.

B. The duty of the Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein for the benefit of the Co-Owners and their mortgagees, in the following shares, but which shares need not be set forth on the records of the Trustee:

(1) Proceeds on account of damage to Common Elements shall consist of an undivided share for each Co-Owner, such share being the same as the undivided share of such Co-Owner in the Common Elements appurtenant to his or her Apartment.

(2) Proceeds on account of damage to building and Apartments whether said damage is repaired or not shall be held for the Co-Owners thereof in proportion to the cost of repairing the damage suffered by each Co-Owner, which costs shall be determined by the Association, whether or not said insurance has been purchased by the Association or Co-owners.

(3) In the event a Mortgagee endorsement has been issued as to an Apartment, the share of the Co-Owner shall be held in trust for the Mortgagee and the Co-Owner as to their interests may appear; provided, however, that no Mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

C. Proceeds of insurance policies including policies purchased by the Association or Co-Owners received by the Trustee shall be distributed to or for the benefit of the beneficial Co-Owners in the following manner:

(1) All expenses of the trustee shall be paid or provisions made for payment.

(2) If the damaged property for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds after repairs shall be paid to defray the costs thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Co-Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an Apartment and may be enforced by him.

(3) If it is determined in a manner elsewhere provided, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds remaining after repairs shall be distributed to the beneficial owners, remittances to Co-Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an Apartment and may be enforced by him.

D. Reconstruction or Repair after Casualty.

(1) In the event of fire or other disaster or casualty resulting in damage to the buildings and other improvements of the Regime which the Board of Directors of the Association shall determine to be two-thirds (2/3) or less of the then total value of the Property of the Regime (excluding land), the net proceeds of all insurance collected shall be made available for the purpose of restoration or replacement. When such insurance proceeds are insufficient to cover the cost of such reconstruction or replacement, the balance of such costs shall be assessed against the Co-Owners in the case of damage to Common Elements and against the Co-Owners who own the damaged Apartments in the case of damage to Apartments. Such assessments on account of damage to Common Elements shall be in proportion to the Co-Owner's share in the Common Elements, and assessments against Co-Owners for damage to Apartments shall be in proportion to the costs of reconstruction and repair of their respective Apartments.

(2) In the event that Building and other improvements of the Regime are damaged or destroyed, if more than two-thirds (2/3) of the then total value of the Property of the Regime (excluding land) as determined by the Board of

Directors of the Association, the members of the Association shall be polled in writing via United States mail by the Association as to whether the Regime shall be waived or the damaged property reconstructed and repaired. The Regime shall be waived unless within sixty (60) days after the mailing of such notices all of the Co-Owners, as well as all of the record owners of encumbrances, agree in writing to repair and reconstruct the Building and other improvements of the Regime. If the election is to reconstruct or replace, payment of the costs thereof shall be made as provided for in Section 2 of this Article. If the decision is to waive the Regime and not to reconstruct and replace, all sums recovered from insurance shall be paid over to the Co-Owners in the proportion in which they own the Common Elements and to their respective mortgagees as their interest may appear.

(3) The Trustee (if any) may rely upon a certificate of the Association to determine whether or not the damaged property is to be reconstructed or repaired or whether the Regime is to be waived.

(4) If the damage is only to those parts of an Apartment for which the responsibility of maintenance and repair is that of the individual Co-Owner, then the Co-Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

(5) Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

(6) Any reconstruction or repair must be substantially in accordance with the plans and specifications of the original improvements which are shown on the exhibits attached to the Master Deed; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is the Building, also by the Co-Owners who own at least seventy-five (75%) percent of the Common Elements, including the Co-Owners of all damaged Apartments. The approvals herein required shall not be unreasonably withheld.

ARTICLE XI

MAINTENANCE

Section 1. Association Responsibilities. The Association shall maintain, repair, and replace as a Common Expense all Limited and General Common Elements, including but not limited to the General Common Elements contributing to the support of the building which portion shall include,

but not be limited to loan bearing columns and load bearing walls, roofs, etc.; all conduits, ducts, plumbing, wiring, and other facilities for furnishing of the utility services that serve two (2) or more apartments, or ingress and egress contained in any and all portions of the Limited or General Common Elements. All incidental damages caused to an Apartment or Limited Common Element by such work by the Association shall be promptly repaired by the Association.

Section 2. Co-Owners Responsibilities. Except for maintenance requirements herein imposed upon the Association, the Co-Owner of any Apartment shall at his own expense maintain and repair all interior of the Apartment and any and all equipment, appliances, fixtures, windows or doors therein situate and its other appurtenances, including, without limitation, any porch, deck, patio and/or balcony to such Apartment reserved for exclusive use by the Co-Owner of a particular Apartment in good order, condition, and in a clean and sanitary condition. Including or in addition to the foregoing, the Co-Owner of any Apartment shall, at his own expense, maintain, repair or replace secondary electrical fixtures and lines, and heating and air conditioning equipment, whether within or without the Apartment so long as it serves one Apartment, light fixtures, refrigerators, hot water heaters, dishwashers, disposals, ranges indoor/outdoor carpeting on balcony, porches or decks or patio, and/or other equipment that may be in or appurtenant to such Apartment. Secondary electrical fixtures, lines, and plumbing lines mean those systems which serve one Apartment alone. Primary electrical fixtures and lines (and plumbing lines) shall be repaired by the Association. The exterior portion of outside doors (including doorbells and doorknockers if applicable), outside doorframes, door runners, windows and screens adjacent to the Apartment shall be the Co-Owner's responsibility. The Co-Owner of any Apartment shall also at his own expense, maintain any other Limited Common Elements which may be appurtenant to such Apartment and reserved for his exclusive use in a clean, orderly, and sanitary condition. Provided, however, that it shall not be the responsibility of the Co-Owners to replace such items referred to above if the insurance policy or policies owned by the Association insure such casualties, in which event, the responsibility for replacement will be the Association's. If the casualty is due to the Co-Owner(s) negligence, then any deductible shall be paid by the Co-Owner(s) and be a lien on their unit until paid.

Easements are reserved through each of the Apartments for the benefit of any adjoining Apartment as may be required for structural repair and for electrical lines and conduits, hearing, air conditioning and ventilating ducts, water lines,

drain pipes and other appurtenances to such utility systems in order to adequately serve each of such.

There is reserved to the Association, or its delegate, the right of entry to any Apartment and an easement for access therein, when and as necessary, in connection with any repairs, maintenance, or construction for which the Association is responsible, or for which any Apartment owner is responsible hereunder. Any damage caused by such entry shall be repaired at the expense of the Association. Provided, however, that if such entry is made to perform any obligations for which the Apartment owner is responsible, such entry and all work done shall be at the risk and expense of such Apartment owner.

The Board of Directors may charge each Apartment owner for the expense of all maintenance, repair or replacement to the Limited or General Common Elements rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or employees, agents, licensees or lessees. The payment and collection of any charge made pursuant to the foregoing provisions shall be in accordance with the terms providing for payment and collection of Assessments in these By-Laws and the Horizontal Property Act.

Section 3. Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with comparative building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

ARTICLE XII

ARCHITECTURAL CONTROL

Section 1. Architectural Control Committee. Except for the original construction and except for purposes of proper maintenance and repair or as otherwise in these By-Laws provided it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, plant, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, walls, aerials, antennas, radio or television broadcasting or receiving devices, or make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of his/her or its Apartment or upon any of the General Common Elements or Limited Common Elements within the project or to combine or otherwise join two or more Apartments, or to partition the same after combination, or to remove or alter any windows or

exterior doors of any Apartment, or to make any change or alteration within any Apartment which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other Co-Owner, materially increase the cost of operating or insuring the Condominium or impair any easement, until the complete plans and specifications, showing the location, nature, shape, height, form of change (including without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any alterations on the cost of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by an architectural control committee designated by it.

TIE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-4607

Section 2. Architectural Control Committee - Operation. The Architectural Control Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article. In no event shall the powers and duties herein provided in any way alter or affect the ultimate control or powers of the Board of Directors as provided in these By-Laws.

Section 3. Approvals, Etc. Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within ninety (90) days (other than those requiring Council approval) after such plans and specifications (and all materials and information required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE XIII

PARLIAMENTARY RULES

Robert's Rules of Order (Latest Edition) shall govern the conduct of the Association's meeting when not in conflict with the Charter and the By-Laws of the Association, the Master Deed establishing the Condominium or with the laws of the State of South Carolina.

ARTICLE XIV

AMENDMENTS

These By-Laws may be amended in the following manner:

A. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

B. A resolution for the adoption of the proposed amendment shall be presented to a meeting of the Council of Co-Owners. Such approval shall be by Co-Owners representing at least two-thirds (2/3) of the total basic value of the Property, as set forth in Exhibit "E" attached to the Master Deed.

C. Proviso. Provided, however, that no amendment shall discriminate against any Co-Owner nor against any Apartment or class or group of Apartments unless the Co-Owners so affected shall consent. No amendment shall be made which is in conflict with the Act, the Charter of the Association or the Master Deed establishing the Condominium.

D. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with formalities of a deed. The amendment shall be effective when such certificate and a copy of the amendment are recorded in the Office of the Register of Deeds for Horry County, South Carolina.

ARTICLE XV

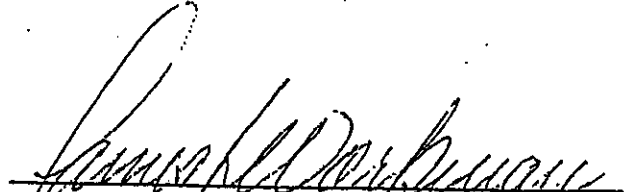
CORPORATE SEAL


The seal of the corporation shall consist of two concentric circles between which is the name of the Association, and in the center of which is inscribed "Seal", and such seal as impressed on the margin hereof is adopted as the corporate seal of the Association.

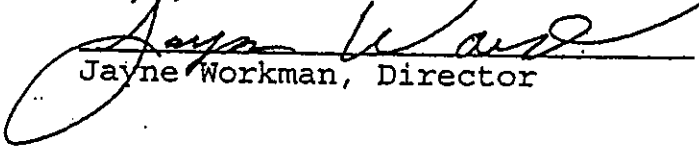
ARTICLE XVI

CONFLICTS

These By-Laws are subordinate and subject to all provisions of the Master Deed and to the Horizontal Property Act. In the event of any conflict between these By-Laws and the Master Deed, the Master Deed shall control.


James Workman, Director

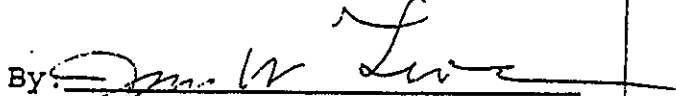

Jeffrey W. Tuton, Director

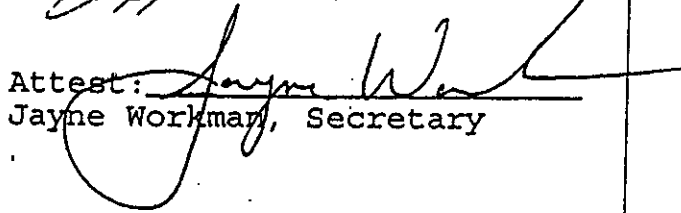

Jayne Workman, Director

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-4607

The foregoing was adopted as By-Laws of HARBOUR FRONT VILLAS II HOMEOWNER'S ASSOCIATION, INC., a non-profit corporation, existing under the laws of the State of South Carolina, at the first meeting of the Board of Directors on 31st day of March, 2000.

HARBOUR FRONT VILLAS II
HOMEOWNER'S ASSOCIATION, INC.

By: 
Jeffrey W. Tuton, President

Attest: 
Jayne Workman, Secretary

HARBOUR FRONT VILLAS II
HORIZONTAL PROPERTY REGIME
HORRY COUNTY, SOUTH CAROLINA

EXHIBIT G

CHARTER

OF

HARBOUR FRONT VILLAS II
HOMEOWNER'S ASSOCIATION, INC.

SCHEDULE "A"

HARBOUR FRONT VILLAS II

HORIZONTAL PROPERTY REGIME

CHARTER

OF

HARBOUR FRONT VILLAS II

HOMEOWNER'S ASSOCIATION, INC.

The undersigned hereby associate themselves for the purpose of forming a non-profit corporation under the laws of the State of South Carolina, and certify as follows:

ARTICLE I - NAME

The name of the corporation shall be HARBOUR FRONT VILLAS II HOMEOWNER'S ASSOCIATION, INC. For convenience, the corporation shall herein be referred to as the "Association".

ARTICLE II - PURPOSE

The Association is organized for the purpose of providing a form of administration for HARBOUR FRONT VILLAS II, a Horizontal Property Regime (hereinafter called "Regime" or "Condominium"), established by Harbour Front Development, Inc., a South Carolina corporation, (hereinafter called "Grantor") pursuant to the Horizontal Property Act of South Carolina (hereinafter called the "Act") on lands located on Fairway Drive, Longs, Horry County, South Carolina, being more particularly described in the Master Deed establishing the Regime.

ARTICLE III - POWERS

The powers of the Association shall include the following provision:

1. The Association shall have all of the common law and statutory powers of a non-profit corporation which are not in conflict with the laws of South Carolina or the terms of this Charter.

2. All of the powers and duties prescribed for the "Council of Co-Owners" set forth in the Act, and all such other powers and duties reasonably necessary to operate the Condominium pursuant to the Master Deed, the By-Laws, this Charter shall be exercised exclusively by the Board of

Directors, its agent, contractor, or employees, subject only to approval by the Co-Owners when such is specifically required, including but not limited to the following:

(a) To review and collect assessments against members as Co-Owners to defray the costs, expenses and losses of the Condominium.

(b) To use its proceeds of assessments in the exercise of power and duties.

(c) To maintain, repair, replace, improve and operate the Condominium Property.

(d) To purchase insurance upon the Condominium Property and insurance for the protection of the Association and the Co-Owners.

(e) To reconstruct improvements after casualty.

(f) To make and amend reasonable regulations respecting the use of the Condominium Property; provided, however, that all such regulations and amendments to the Master Deed, By-Laws, and this Charter thereto shall be approved by members owning at least 66-2/3% of the Common Elements of the Condominium before such shall become effective.

(g) To enforce by legal means the provisions of the Act, the Master Deed and the Regulations promulgated for the use of the Condominium Property.

(h) To contract if desired for the management of the Condominium and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the Master Deed to have approval of the Board of Directors of the Association or of the Co-Owners.

(i) To employ personnel to perform the services required for proper operation of the Condominium and to terminate such employment.

(j) To place and foreclose any lien for unpaid assessments in like manner as any mortgagee of real property, as provided in the By-Laws.

3. All funds and the titles of all properties, if any, acquired by the Association and the proceeds thereof shall be held for the Co-Owner in accordance with the provisions of the Act and the Master Deed and Exhibit thereto.

4. The Association will not take steps which will serve to facilitate the transaction of specific business by its members or promote the private interest of any Co-Owner, or engage in any activity which would constitute a regular business of a kind ordinarily carried on for profit, and no part of the net earnings of the Association shall inure to the benefit of any private individual.

ARTICLE IV - MEMBERS

The qualification of members, the manner of their admission and voting by Co-Owners shall be as follows:

1. The Co-Owner of each of the Fifteen (15) Apartments in the Condominium and apartments subsequently added by additional phases up to a total of fifty-four (54) apartments, shall be a Member of the Association, and no other persons or entities shall be entitled to membership. The Association shall have only as many memberships as there are Apartments, with each Member having voting rights as set forth in the Master Deed and Exhibits thereto and in accordance with the Act. Voting rights will be exercised in the manner provided by the By-Laws of the Association.

2. Change of membership in the Association shall be established by recording in the office of the Register of Deeds for Horry County, South Carolina, of a deed or other instrument establishing a change of record title to an Apartment in the condominium and the delivery to the Association of a certified copy of such instrument, the new Co-Owner designated by such instrument thereby becoming a Member of the Association. The membership of the prior Co-Owner shall be thereby terminated.

ARTICLE V - DIRECTORS

1. The affairs of the Association will be managed by a Board consisting of the number of Directors determined by the By-Laws, but not less than three Directors, and in the absence of such determination shall consist of three Directors.

2. Directors of the Association shall be elected at the annual meeting of the Members in the manner determined by the By-Laws. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided in the By-Laws.

3. The first election of Directors shall not be held until either seventy-five (75%) percent of all of the Apartments of the Condominium have been sold by the Grantor or three (3) years from the recordation of the Master Deed, whichever shall first occur. The Directors herein named shall serve until the first election of Directors, and any vacancies in their number occurring before the first election shall be filled by the remaining Directors.

4. The names and addresses of the members of the first Board of Directors, who shall hold office until their successors are elected and have qualified, or until renewed, are as follows:

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607 SUPERSIDE BEACH, S.C. 29587-4607

NAMES

ADDRESSES

James Workman	Post Office Box 1618 N. Myrtle Beach, SC 29598-1618
Jeffrey W. Tuton	Post Office Box 1618 N. Myrtle Beach, SC 29598-1618
Jayne Workman	Post Office Box 1618 N. Myrtle Beach, SC 29598-1618

ARTICLE VI - OFFICERS

The affairs of the Association shall be administered by the officers designated in the By-Laws. The officers shall be elected by the Board of Directors at its first meeting following the annual meeting of the Members of the Association, which officers shall serve at the pleasure of the Board of Directors. The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

President	- Jeffrey W. Tuton
Vice President	- James Workman
Treasurer/Secretary	- Jayne Workman

ARTICLE VII - INDEMNIFICATION

The Association shall indemnify every officer and director of the Board of Directors against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the Co-Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be owners of Apartments) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liabilities to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association or former officer or director of the Association may be entitled.

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SUNSHINE BEACH, S.C. 29587-1607

ARTICLE VIII - BY-LAWS

The first By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided in the By-Laws.

ARTICLE IX - TERM

The term of the Association shall be perpetual.

ARTICLE X - INCORPORATORS

The undersigned Petitioners, being two or more of the officers or agents of HARBOUR FRONT VILLAS II HOMEOWNER'S ASSOCIATION, INC., declare that they were authorized and directed to apply for incorporation in the manner and for the purposes as stated hereinabove.

NAMES

ADDRESSES

James Workman

Post Office Box 1618
N. Myrtle Beach, SC 29598-1618

Jeffrey W. Tuton

Post Office Box 1618
N. Myrtle Beach, SC 29598-1618

Jayne Workman


Post Office Box 1618
N. Myrtle Beach, SC 29598-1618

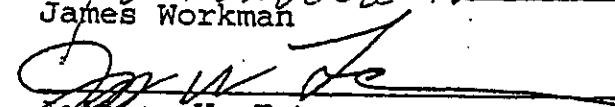
ARTICLE XI - DISSOLUTION

Termination of the Condominium shall automatically dissolve this Association. It may also be dissolved in the manner provided by law. Upon dissolution those funds held by the Association for the Co-Owners shall be turned over to the Association's successor as governing entity of the Condominium, or if the Condominium be terminated, after payment of all debts and expenses, divided as provided according to the percentage ownership interests of the Co-Owners in the Common Elements and disbursed as provided in The Act and/or the Master Deed, provided however, the residual of any property of any nature owned by the Association not held by it on behalf of the Co-Owners or any of them, shall, if appropriate, be turned over to one or more organizations which, themselves, are exempt from Federal Income Tax as organizations described in Sections 501(e) (3) and 170(c) of the Internal Revenue Code and from South Carolina Income Tax, or to the Federal, State or Local Government for exclusively public purposes.

THE FLOYD LAW FIRM PC ATTORNEYS & COUNSELORS AT LAW P.O. DRAWER 14607, SURFSIDE BEACH, S.C. 29587-4607

WHEREFORE, your Petitioners pray that the Secretary of State does issue to the aforesaid Harbour Front Villas II Homeowner's Association, Inc., a charter with all rights, powers, privileges and immunities, and subject to all of the limitations conferred by Chapters 12 and 13, Title 12, 1962 Code of Laws of South Carolina, and acts amendatory thereto.


James Workman


Jeffrey W. Tuton


Jayne Workman

Longs, South Carolina

March 31, 2000.

STATE OF SOUTH CAROLINA
SECRETARY OF STATE
JIM MILES
NON-PROFIT CORPORATION
ARTICLES OF INCORPORATION

1. The name of the non-profit corporation is Harbour Front Villas II Homeowner's Association, Inc.
2. The initial registered office of the non-profit corporation is 109 Charter Drive, Longs, SC 29568.
The initial registered agent of the non-profit corporation at that office is Joe Moses.
3. Check (a), (b), or (c) whichever is applicable. Check only one box:
 - a. The non-profit corporation is a public benefit corporation.
 - b. The non-profit corporation is a religious corporation.
 - c. The non-profit corporation is a mutual benefit corporation.
4. Check (a) or (b), whichever is applicable:
 - a. This corporation will have members.
 - b. This corporation will not have members.
5. The address of the principal office of the non-profit corporation is 109 Charter Drive, Longs, SC 29568.
6. If this non-profit corporation is either a public benefit or religious corporation (box a. or b. of #3. is checked), complete either (a) or (b), whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon the dissolution of the corporation.
 - a. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public use. Any such asset not so disposed of shall be disposed of by the court of common pleas of the county in which the principal office of the corporation is then