

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT TO
THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION
ASSOCIATION**

MASTER DEED

OF

CRESCENT SHORES

HORIZONTAL PROPERTY REGIME

North Myrtle Beach, South Carolina

Developer:

DRAKE DEVELOPMENT CS LLC

Prepared by:

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Horizontal Property Regime

Horry County, North Myrtle Beach, South Carolina

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

I. Legal Description

The lands (the "Real Property") which are hereby submitted to the Regime are described on Exhibit "A-1" attached hereto and made a part hereof by reference. The Real Property as so described has an area set forth on the plat incorporated into Exhibit "B".

II. Survey and Description of Improvements

Incorporated herein by reference, as is set forth in full herein, is the plat, incorporated into Exhibit "B" (Plat), showing the location of the buildings and other improvements and the Real Property and the Plot Plans showing the location of the buildings and other improvements on the Real Property consisting of (1) an Architectural Site Plan (ground level); Parking Level; First Level Floor Plan, Second Level Floor Plan, Third Level Floor Plan, Fourth Level Floor Plan, Fifth Level Floor Plan, Sixth Level Floor Plan, Seventh Level Floor Plan, Eighth Level Floor Plan, Ninth Level Floor Plan, Tenth Level Floor Plan, Eleventh Level Floor Plan, Twelfth Level Floor Plan, Thirteenth Level Floor Plan, Fourteenth Level Floor Plan, Fifteenth Level Floor Plan, Sixteenth Level Floor Plan, Seventeenth Level Floor Plan, Eighteenth Level Floor Plan, Roof Plan, Unit "A" Floor Plan, Unit "A Opp" Floor Plan, Unit "B" Floor Plan, Unit "B Opp" Floor Plan, Unit "C" Floor Plan, Unit "D" Floor Plan, West Elevation, South and North Elevations, and the East Elevation of the South Building and (2) a Ground Parking Level Plan, Parking Levels 1 through 7 Plan, Parking Level 8 Plan, East Elevation, North Elevation, South Elevation, and West Elevation of the Parking Garage (collectively hereinafter "Plot Plans") which show graphically the dimensions, area, and location of each Apartment in the building on the Real Property and General Common Elements on the Real Property affording access to each Apartment. Each Apartment is identified thereon by specific number and no Apartment bears the same designation as any other Apartment. Said Plot Plans and Floor Plans are attached hereto as Exhibit "C-1". The building containing the Apartments has an aggregate area set forth thereon.

III. Notice of Restriction

A portion of the Real Property is submerged property, or lies within the critical area, as shown on Exhibit "B." All activities on or over, and all uses of, the submerged land or other critical areas are subject to the jurisdiction of the South Carolina Department of Health and Environmental Control, including, but not limited to, the requirement that any activity or use must be authorized by the South Carolina Department of Health and Environmental Control. Notice as required by ' 48-39-330, S.C. Code Ann., is hereby given that the real property is or may be affected by baselines, setback lines, jurisdiction lines, seaward corners of all habitable structures, and erosion rates as established by the South Carolina Department of Health and Environmental Control. The local erosion rate is .4 feet per year. In addition, any owner is liable, to the extent of his ownership, for any damages to, any inappropriate or unpermitted uses of, and any duties or responsibilities concerning any submerged land, coastal waters, or any other critical areas.

IV. Warranty

GRANTOR ASSIGNS TO THE ASSOCIATION ALL ITS RIGHTS UNDER THE LIMITED WARRANTY AS RECEIVED FROM ITS CONTRACTOR, DARGAN CONSTRUCTION COMPANY ("CONTRACTOR"), AND MORE FULLY DESCRIBED IN PARAGRAPH 3.5 AND ITS SUBPARAGRAPHS OF THE PROJECT MANUAL FOR CRESCENT SHORES, SOUTH CAROLINA, PREPARED BY JENKINS HANCOCK AND SIDES, ARCHITECTS, ENGINEERS, AND CONSULTANTS TO THE ARCHITECTS AND ENGINEERS ("ARCHITECT") DATED AUGUST 20, 2002. THIS WARRANTY IS LIMITED TO THE WORK PERFORMED BY THE CONTRACTOR PURSUANT TO THE PLANS AND DOES NOT APPLY TO ANY PORTION OF THE COMMON ELEMENTS WHICH HAVE NOT BEEN CONSTRUCTED BY THE CONTRACTOR.

GRANTOR'S, CONTRACTOR'S, AND ARCHITECT'S SOLE OBLIGATION, TO THE EXCLUSION OF ALL OTHER REMEDIES, IS LIMITED TO THE REPAIR OR REPLACEMENT, AT GRANTOR'S, CONTRACTOR'S, AND ARCHITECT'S OPTION, OF THE DEFECTIVE CONDITION OF THE WORK PURSUANT TO THE PLANS ("WORK") RELATING SOLELY TO THE GENERAL AND LIMITED COMMON ELEMENTS.

FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF ISSUANCE BY THE CITY OF NORTH MYRTLE BEACH OF THE OCCUPANCY PERMIT FOR THE REGIME, GRANTOR OR ITS CONTRACTOR WILL, AT NO COST TO REGIME, REPAIR OR REPLACE ANY PORTION OF THE GENERAL AND LIMITED COMMON ELEMENTS, EXCEPT FIXTURES, FURNITURE, ACCESSORIES, AND APPLIANCES COVERED BY A WARRANTY OF MANUFACTURERS AND DEALERS, WHICH ARE DEFECTIVE AS TO MATERIAL OR WORKMANSHIP. THE LIABILITY OF THE GRANTOR IS EXPRESSLY LIMITED TO SUCH REPAIRS OR REPLACEMENT AND GRANTOR MAKES NO OTHER WARRANTIES EXPRESSED OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, SOUNDNESS, QUALITY, WORKMANLIKE SERVICE, VALUE, SUITABILITY, FITNESS, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE).

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

AS TO ANY PERSONAL PROPERTY (INCLUDING WITHOUT LIMITATION, FAN COIL APARTMENT(S), MOTORIZED DAMPERS, AND HEATING, VENTILATING AND COOLING CONTROLS) CONVEYED ALONG WITH THE GENERAL AND LIMITED COMMON ELEMENTS BY THE GRANT TO THE ASSOCIATION, AND AS TO ANY "CONSUMER PRODUCT" (AS THAT TERM MAY BE DEFINED UNDER APPLICABLE FEDERAL LAW OR IMPLEMENTING REGULATIONS, OR AS A TERM OF SIMILAR MEANING MAY BE DEFINED UNDER STATE, OR LOCAL LAWS, OR THEIR IMPLEMENTING REGULATIONS) WHICH MAY BE CONTAINED IN THE COMMON ELEMENTS, GRANTOR NEITHER MAKES NOR ADOPTS ANY WARRANTY WHATSOEVER AND SPECIFICALLY EXCLUDES EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE. ADDITIONALLY, THE GRANTOR EXCLUDES ALL WARRANTIES OF SOUNDNESS, QUALITY, WORKMANLIKE SERVICE, VALUE, SUITABILITY, FITNESS, OR OF HABITABILITY.

Additional Warranty Exclusions:

1. Nail or screw pops or cracks in the walls and ceilings of the General and Limited Common Elements which do not result from faulty workmanship or defective materials but are the result of natural shrinkage and drying of building materials, or of normal settlement of the building, wind loads or other normal movement of the building components. To the extent that the Grantor may elect at its sole discretion to perform repairs for the above conditions, provided that notice of such conditions in writing is received by Grantor, Contractor and Architect during the Warranty period, Grantor, Contractor and Architect will not be liable for repainting, wallpapering or refinishing any repaired areas.
2. Ordinary wear and tear, or damage due to misuse or neglect, negligence, or the Association's failure to provide proper maintenance to the General and Limited Common Elements or the Association's failure to perform maintenance as required by the manufacturer.
3. This Limited Warranty does not cover the individual commercial and residential apartments.
4. Any item which has been modified or repaired by the Association, or any items which are installed or constructed pursuant to a separate contract or agreement between the Association and any party other than Grantor.
5. Any and all secondary, incidental or consequential damages caused by any defect or breach hereof.
6. No steps taken by Grantor, Contractor and Architect to correct defects shall act to extend the scope of duration of this Limited Warranty beyond the Warranty period.
7. No representative of the Grantor, Contractor, and Architect has the authority to expand or extend the scope of this Limited Warranty or to make verbal agreements with respect thereto.
8. All requests for correction pursuant to this Limited Warranty must be in written form and delivered to

the Grantor, Contractor, and Architect, or their designated representatives.

ARBITRATION AGREEMENT:

EACH AND EVERY CLAIM AND CAUSE OF ACTION ARISING OUT OF OR RELATED IN ANY WAY TO THE DESIGN, CONSTRUCTION, SALE, MAINTENANCE, HABITABILITY OF, OR CONDITION OF ANY APARTMENT OR ANY COMMON AREA THAT IS ASSERTED BY (I) ANY PERSON OR ENTITY THAT NOW HAS OR HEREAFTER ACQUIRES ANY INTEREST IN AN APARTMENT, (II) THE GRANTOR OR DEVELOPER, (III) THE APARTMENT OWNER'S ASSOCIATION (INCLUDING ANY CORPORATION OR OTHER ENTITY FORMED TO SERVE AS APARTMENT OWNERS' ASSOCIATION), (IV) ANY PERSON OR ENTITY THAT HAS PREVIOUSLY OR HEREAFTER SUPPLIES (DIRECTLY OR INDIRECTLY) LABOR, MATERIALS, DESIGN SERVICES, EQUIPMENT OR OTHER THINGS OF VALUE IN CONNECTION WITH THE CONSTRUCTION OR MAINTENANCE OF ANY APARTMENT OR THE COMMON AREA , OR (V) ANY HEIR, SUCCESSOR, DELEGATEE OR ASSIGNEE OF ANY SUCH PERSONS OR ENTITIES, SHALL BE RESOLVED BY FINAL AND BINDING ARBITRATION BEFORE A PANEL OF THREE ARBITRATORS PURSUANT TO THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AS MODIFIED HEREIN. THE ARBITRATION HEARING SHALL BE CONDUCTED IN RICHLAND COUNTY, SOUTH CAROLINA. ALL CLAIMS AND CAUSES OF ACTION OF ALL PERSONS AND ENTITIES ENTITLED TO ENFORCE (OR BOUND BY) THIS ARBITRATION PROVISION SHALL BE ASSERTED IN A SINGLE ARBITRATION PROCEEDING, AND MULTIPLE PARTIES MAY BE JOINED IN THE ARBITRATION PROCEEDING SO THAT ALL DISPUTES MAY BE RESOLVED IN ONE FORUM. NO CLAIM OR CAUSE OF ACTION MAY BE ASSERTED THAT WOULD BE BARRED BY THE STATUTE OF LIMITATIONS OR THE STATUTE OF RESPONSE.

IN ANY ARBITRATION PROCEEDING, REQUESTS FOR PRODUCTION OF DOCUMENTS MAY BE SERVED BY EACH PARTY, AND NON-PRIVILEGED, RESPONSIVE DOCUMENTS THAT WOULD BE DISCOVERABLE UNDER RULE 34 OF THE FEDERAL RULES OF CIVIL PROCEDURE (WERE THE CLAIMS AND CAUSES OF ACTION BEING ASSERTED IN *UNITED STATES DISTRICT COURT*) SHALL BE PRODUCED. DEPOSITIONS MAY BE TAKEN AS ALLOWED BY THE ARBITRATION PANEL, WHICH PANEL SHALL REASONABLY LIMIT THE NUMBER OF DEPOSITIONS IN ORDER TO AVOID UNNECESSARY OR EXCESSIVE EXPENSE, DELAY, OR HARASSMENT.

THE ARBITRATION PANEL SHALL ISSUE A WRITTEN DECISION IDENTIFYING WITH SPECIFICITY EACH CLAIM OR CAUSE OF ACTION ASSERTED OR RESOLVED IN ANY ARBITRATION, AND THE LEGAL PRINCIPLES OF RES JUDICATA AND COLLATERAL ESTOPPEL SHALL BE APPLICABLE TO ANY ARBITRATION AWARD. ANY ARBITRATION AWARD MAY BE CONFIRMED AND ENFORCED IN ANY COURT OF JURISDICTION.

THIS ARBITRATION PROVISION IS EXPRESSLY INTENDED TO BENEFIT AND BE ENFORCEABLE BY EACH PERSON AND ENTITY REFERENCED IN SUBPARAGRAPHS (I) - (V) ABOVE WHETHER OR NOT SUCH PERSON OR ENTITY IS BOUND BY THIS ARBITRATION PROVISION. ANY ATTEMPT BY ANY SUCH PERSON OR ENTITY TO ENFORCE THIS ARBITRATION PROVISION SHALL CONSTITUTE CONCLUSIVE CONSENT TO BE BOUND HEREBY.

THE GRANTOR, DEVELOPER, CONTRACTOR, ARCHITECT, THE ASSOCIATION, AND THE

INDIVIDUAL APARTMENT OWNERS EXPRESSLY WAIVE ALL RESORT TO TRIAL BY JURY OF ANY AND ALL ISSUES OTHERWISE SO TRIABLE.

ANY CLAIM OR CAUSE OF ACTION NOT COVERED BY THIS ARBITRATION AGREEMENT SHALL BE COVERED BY ARTICLE XXXV HEREIN.

V. Apartments and General and Limited Common Elements

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

Apartments, as the term is used herein, shall mean and comprise the one-hundred and twenty-six (126) residential Apartments and five (5) commercial Apartments which are separately designated in Exhibit "C-1" to this Master Deed, including but not limited to the space, interior partitions or interior walls, fixtures and appliances therein, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above the undecorated and/or unfinished inner surfaces of the ceilings and floors of each Apartment, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surface of all interior load-bearing columns, and further excluding all pipes, ducts, wires, conduits and other facilities running through any interior wall or partition for the furnishing of utility services to other Apartments or to the Limited or General Common Elements. The general description and number of each Apartment in the building on the Real Property, expressing its area, general location, and any other data necessary for its identification, also appears in Exhibit "C-1". The residential Apartments include entry area, living area, dining area, kitchen area, including appliances therein, bathrooms, bedrooms, closets and the HVAC System excluding the central air conditioning components on the roof. There are seven (7) residential Apartments per floor on each level, First through Eighteenth Levels. There is one (1) commercial Apartment on the First Level, one (1) commercial Apartment on the Seventh Level, one (1) commercial Apartment on the Ninth Level, one (1) commercial Apartment on the Tenth Level, and one (1) commercial Apartment on the Twelfth Level. The Apartments are generally described as follows:

Residential Apartments:

Apartments S106, S112, S206, S212, S306, S312, S406, S412, S506, S512, S606, S612, S706, S712, S806, S812, S906, S912, S1006, S1012, S1106, S1112, S1206, S1212, S1306, S1312, S1406, S1412, S1506, S1512, S1606, S1612, S1706, S1712, S1806 and S1812. These Apartments each contain approximately 1631 square feet in heated space and 27 square feet in storage. These Apartments each have

four bedrooms, three baths, kitchen, living/dining area, and entry area. Each of these Apartments has a Limited Common Element balcony of approximately 202 square feet. **Apartments S106, S206, S306, S406, S506, S606, S706, S806, S906, S1006, S1106, S1206, S1306, S1406, S1506, S1606, S1706 and S1806.** These Apartments are shown on the Unit "A" Floor Plan in the attached Exhibit "C-1" and have the master bedroom on the right side and the living/dining area on the left side as one enters the Apartment facing toward the balcony. **Apartments S112, S212, S312, S412, S512, S612, S712, S812, S912, S1012, S1112, S1212, S1312, S1412, S1512, S1612, S1712 and S1812.** These Apartments are shown on the Unit "A Opp" Floor Plan in the attached Exhibit "C-1" and have the master bedroom on the left side and the living/dining area on the right side as one enters the Apartment facing toward the balcony.

Apartments S107, S108, S111, S207, S208, S211, S307, S308, S311, S407, S408, S411, S507, S508, S511, S607, S608, S611, S707, S708, S711, S807, S808, S811, S907, S908, S911, S1007, S1008, S1011, S1107, S1108, S1111, S1207, S1208, S1211, S1307, S1308, S1311, S1407, S1408, S1411, S1507, S1508, S1511, S1607, S1608, S1611, S1707, S1708, S1711, S1807, S1808, and S1811. These Apartments each contain approximately 1492 square feet in heated space and 24 square feet in storage. These Apartments each have three bedrooms, three baths, kitchen, living/dining area and entry area. Each of these Apartments has a Limited Common Element balcony of approximately 201 square feet. **Apartments S107, S207, S307, S407, S507, S607, S707, S807, S907, S1007, S1107, S1207, S1307, S1407, S1507, S1607, S1707 and S1807.** These Apartments are shown on the Unit "B" Floor Plan in the attached Exhibit "C-1" and have the master bedroom on the left side as one enters the Apartment facing the balcony. **Apartments S108, S208, S308, S408, S508, S608, S708, S808, S908, S1008, S1108, S1208, S1308, S1408, S1508, S1608, S1708, S1808, S111, S211, S311, S411, S511, S611, S711, S811, S911, S1011, S1111, S1211, S1311, S1411, S1511, S1611, S1711 and S1811.** These Apartments are shown on the Unit "B Opp" Floor Plan in the attached Exhibit "C-1" and have the master bedroom on the right side as one enters the Apartment facing the balcony.

Apartments S109, S209, S309, S409, S509, S609, S709, S809, S909, S1009, S1109, S1209, S1309, S1409, S1509, S1609, S1709 and S1809. These Apartments each contain approximately 1218 square feet in heated space and 24 square feet in storage. These Apartments each have two bedrooms, two baths, kitchen, living/dining area, and entry area. Each of these Apartments has a Limited Common Element balcony of approximately 201 square feet. These Apartments are shown on the Unit "C" Floor Plan in the attached Exhibit "C-1" and have the bedrooms on the left side as one enters the Apartment facing the balcony.

Apartments S110, S210, S310, S410, S510, S610, S710, S810, S910, S1010, S1110, S1210, S1310, S1410, S1510, S1610, S1710 and S1810. These Apartments each contain approximately 1761 square feet in heated space and 24 square feet in storage. These Apartments each have four bedrooms, four baths, kitchen, living and dining area, and entry area. Each of these Apartments has a Limited Common Element balcony of approximately 208 square feet. These Apartments are shown on the Unit “D” Floor Plan in the attached Exhibit “C-1” and have the master bedroom on the right side as one enters the Apartment facing the balcony.

Commercial Apartments:

CUA #1. This Apartment is located on the First Level across from Units S110 and S111 as depicted in Exhibit “C-1” and contains a total of 1151 square feet. This Apartment shall be for use as a real estate sales/rental office or property management office or such other uses as authorized by the City of North Myrtle Beach. For purposes of marketing and/or leasing the Apartments in connection with an on-site sales/rental office or property management office located in CUA #1, the owner of CUA #1 shall be entitled to the easement rights described in Article IX as they relate to placing signage on the Common Elements.

The following Commercial Apartments may be utilized in connection with an on-site real estate sales office or property management office or for signage purposes or such other uses as authorized by the City of North Myrtle Beach:

CUA #2. This Apartment is located on the Seventh Level across from Unit S712 as depicted in Exhibit “C-1” and contains a total of 85 square feet.

CUA #3. This Apartment is located on the Ninth Level across from Unit S912 as depicted in Exhibit “C-1” and contains a total of 85 square feet.

CUA #4. This Apartment is located on the Tenth Level across from Unit S1012 as depicted in Exhibit “C-1” and contains a total of 85 square feet.

CUA #5. This Apartment is located on the Twelfth Level across from Unit S1212 as depicted in Exhibit “C-1” and contains a total of 85 square feet.

The residential and commercial Apartments are shown generally on the Floor Plans attached to Exhibit “C-1”, however the owners may have made interior alterations to the Floor Plan of an Apartment, which are not shown in Exhibit “C-1”. **THE DIMENSIONS OF THE ROOMS IN EACH APARTMENT ARE CALCULATED FROM EXHIBIT “C-1” AND MAY NOT ACCURATELY DEPICT THE DIMENSIONS OF THE APARTMENTS AND THE ROOMS IN EACH APARTMENT.**

General Common Elements means and includes:

(1) The land on which the buildings are constructed, more fully described above, together with all of the other real property described in Exhibit "A-1";

(2) The foundations, main walls, roofs, utility rooms, property management rooms, halls, corridors, railings in the corridors, elevator lobbies, pools, hot tubs, decks, stairways, elevators, lounge areas, and communication ways of the buildings;

(3) The sprinkler system, yards, patio, shrubs, planter boxes, exterior lights, fire alarms, fire hoses, signs, maintenance equipment, and storm drainage system, except as otherwise provided or stipulated;

(4) The compartments or installations of central services such as power, light, telephone, television, cold and hot water, surveillance cameras and screens, refrigeration, generator, fuel tank and water pump, and the like;

(5) All parking areas, including without limitation the Eight-Level Parking Garage located across South Ocean Boulevard, as shown and depicted in the attached Exhibit "C-1";

(6) In general, all devices or installations existing for common use;

(7) The trash dump on the Parking Level; the fire command room and fire pump room on the First Level; the water pump room and electrical room on the Second Level; the TV room on the Third Level; the telephone room on the Fourth Level; the electrical room on the Fifth Level; the telephone room on the Sixth Level; the electrical room on the Eighth Level; the electrical room on the Eleventh Level; the room across from Unit S1312 on the Thirteenth Level; the electrical room on the Fourteenth Level; the room across from Unit S1512 on the Fifteenth Level; the room across from Unit S1612 on the Sixteenth Level; the electrical room on the Seventeenth Level; and the room across from Unit S1812 on the Eighteenth Level, all as shown and depicted in the attached Exhibit "C-1";

(8) The air conditioning compressors on the Third Level, Fourth Level, Fifth Level, Sixth Level, and the roof and shall be Limited Common Elements, limited to the use of the Apartment it serves;

(9) All other elements of the property rationally of common use or necessary to its existence, upkeep, and safety; and

(10) The Common Area containing such areas as are shown on said plat and shown on Exhibit "C-1".

(11) The Common Element Area includes areas which are subject to easements granted to the City of North Myrtle Beach for use of the public, but the improvements and landscaping in these areas are Common Elements.

Limited Common Elements means and includes:

(1) Any mailboxes, porches, balconies, floor, ceiling, railings and walls, entrance or exit ways, and all exterior doors and windows or other fixtures designed to serve one or more but less than all Apartments, are Limited Common Elements allocated exclusively to such Apartment or Apartments.

(2) If any flue, duct, wire, conduit, load bearing wall, load bearing column, or any other fixture lies partially within and partially outside the designated boundaries of a Apartment, any portion serving only that Apartment is a Limited Common Element allocated solely to that Apartment. Insofar as possible, the Limited Common Elements are shown graphically and described in detail in words and figures in the plat and plot plans. The air conditioning compressors on the Third Level, Fourth Level, Fifth Level, Sixth Level, and the roof and shall be Limited Common Elements, limited to the use of the Apartments they serve.

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

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

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

An Apartment owner shall have the exclusive ownership of his Apartment and shall have a common right to a share, with the other co-owners, in the Common Elements of the Regime, equivalent to the percentage representing the value of the individual Apartment, with relation to the value of the whole Regime. Subject only to expansion of the Regime as described in Article XXXVI herein, this percentage, which is set forth on Exhibit "D-1" attached hereto and made a part hereof by reference, shall have a permanent character, and shall not be altered without the acquiescence of the co-owners representing all the Apartments of the Regime.

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

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

An Apartment may not be divided or subdivided into a smaller Apartment or smaller Apartments than as described in Exhibit "C-1" attached hereto, nor shall any Apartment, or portion thereof, be added to or incorporated into any other Apartment without consent of the Grantor. The undivided interest in the General and Limited Common Elements declared to be an appurtenance to each Apartment shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said Apartment and the undivided interest in General and Limited Common Elements appurtenant to each Apartment shall be deemed conveyed, devised, encumbered, or otherwise included with the Apartment even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such Apartment. Any conveyance, mortgage, or other instrument which purports to effect the conveyance, devise, or encumbrance, or which purports to grant any right, interest or lien in, to, or upon an Apartment, shall be null, void, and of no effect insofar as the same purports to effect any interest in an Apartment and its appurtenant undivided interest in General and Limited Common Elements, unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire Apartment. Any instrument conveying, devising, encumbering or otherwise dealing with any Apartment which describes said Apartment by the Apartment Number assigned thereto in Exhibit "C-1" without limitation or exception, shall be deemed and construed to

affect the entire Apartment and its appurtenant undivided interest in the General and Limited Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Apartment, residential or commercial, and its appurtenant undivided interest in the General and Limited Common Elements by more than one person or entity as tenants in common, joint tenants, or any other form of real property ownership recognized in this State or preventing the leasing of the Commercial Apartments and sign areas to one or more real estate sales and/or property management companies provided the use shall not violate the zoning ordinances of the City of North Myrtle Beach. Except as allowed in the previous sentence, all Common Elements shall be owned by the Regime and may not be subject to a lease between the Apartment owners (or the Association) and another party, except that the Association shall have the authority to lease (a) General Common Element space on the rooftop to a third party for purposes of placing and maintaining electronic transmitting equipment and the like for the benefit of the Apartment owners, and (b) telephone, internet, and related communication and electronic transmitting equipment from a third party for the benefit of the Apartment owners.

VIII. Horizontal Property Regime Subject to Restrictions, Etc.

Each and every Apartment and the General and Limited Common Elements shall be, and is hereby declared to be, subject to the restrictions, easements, conditions, and covenants prescribed and established herein, governing the use of said Apartment and General and Limited Common Elements, and setting forth the obligations and responsibilities incident to ownership of each Apartment and its appurtenant undivided interest in the General and Limited Common Elements. Said Apartments and General and Limited Common Elements are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Real Property.

IX. Perpetual Non-Exclusive Easements in General Common Elements

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

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

As part of the right of Grantor to construct the General and Limited Common Elements of this Regime, Grantor reserves unto itself, and its successors and assigns, easements for ingress and egress over, under and across all Common Elements, Limited and General and such other reasonable right of access to and use of the Common Elements, Limited and General, subject to this Regime as may be necessary for the construction, maintenance and marketing of the Apartments and the General and Limited Common Elements, including without limitation the right to place signage on any portion of the Common Elements. For purposes of marketing and/or leasing the Apartments in connection with an on-site sales/rental office or management company office located in CUA #1, this easement as it specifically relates to the right to place signage on the Common Elements shall run to the benefit of the owner of CUA #1 in addition to the Grantor, allowing both or either one to place signage on any portion of the Common Elements for the purposes stated herein.

Notwithstanding anything above provided in this Article, the Association shall have the right to establish the rules and regulations pursuant to which the co-owner or co-owners of any Apartment may be entitled to the exclusive use of any parking space or spaces located on the Parking Level of the South Building and in the Parking Garage, provided such rules and regulations comply with all local, state and federal laws, rules and regulations.

X. Perpetual Exclusive Easement to Use Limited Common Elements

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

XI. Easement for Unintentional and Non-Negligent Encroachments

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

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

The Common Elements, both general and limited, shall remain undivided and shall not be the object of an action for partition or division of the co-ownership. Any covenant to the contrary shall be void.

All of the co-owners or the sole owner of the Regime may waive the Regime and regroup or merge the records of the individual Apartments with the Real Property, provided that the individual Apartments are unencumbered, or if encumbered, that the creditors in whose behalf the encumbrances are recorded agree to accept as security the undivided portions of the property owned by the debtors.

Subject to the other provisions of this Article, Article XIII, and Article XXXVI, unless all of the first mortgagees (based upon one vote for each first mortgage owned) or all owners of the Apartments have given their prior written approval, the Association shall not be entitled to:

(a) by act or omission, seek to abandon or terminate the Regime or legal status of the project as a condominium;

(b) change the pro rata interest or obligations of any Apartment for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or

(ii) determining the pro rata share of ownership of each Apartment in the General and Limited Common Elements;

(c) partition or subdivide any Apartment; or

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Regime or Association shall not be deemed a transfer within the meaning of this subparagraph (d).

The Co-owners representing two-thirds of the total value of the property shall be required to modify the system of administration of the Association. These provisions shall not apply to amendments to the constituent documents or termination of the Condominium Regime made as a result of destruction, damage, or condemnation pursuant to the provisions of this Master Deed or the other constituent documents.

XIII. Rights of Eligible Mortgage Holders and Eligible Insurers or Guarantors

1. Notice of Action: Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor and the Apartment number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Regime or any Apartment on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by a co-owner of an Apartment subject to a first mortgage held, insured, or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; and

(d) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in this Master Deed.

2. Other Provisions for Eligible Mortgage Holders: To the extent permitted by applicable law, eligible mortgage holders shall also be afforded the following rights:

(a) Any restoration or repair of the Regime, after a partial condemnation or damage, due to an insurable hazard, shall be performed substantially in accordance with this declaration (Master Deed) and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on Apartments which have at least fifty-one percent (51%) of the votes of Apartments subject to eligible mortgage holders;

(b) Any election to terminate the legal status of the Regime after substantial destruction or a substantial taking in condemnation of the Regime property must require the approval of eligible holders holding mortgages on Apartments which have at least fifty-one percent (51%) of the votes of Apartments subject to eligible holder mortgages;

(c) No reallocation of interests in the Common Areas resulting from a partial condemnation or partial destruction of such a Regime may be effected without the prior approval of eligible holders holding mortgages on all remaining Apartments, whether existing in whole or in part, and which have at least fifty-one percent (51%) of the votes of such remaining Apartments subject to eligible holder mortgages; and

(d) When professional management has been previously required by any eligible mortgage holder, insurer, or guarantor, whether such entity became an eligible mortgage holder, insurer or, guarantor at that time or later, any decision to establish self-management by the Association shall require the prior consent of co-owners of Apartments to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of eligible holders holding mortgages on Apartments which have at least fifty-one percent (51%) of the votes of Apartments subject to eligible mortgages holders.

3. Non-Material Amendments to Master Deed: An addition or amendment to this Master Deed, By-Laws, or other exhibits shall not be considered material if it is for the purpose of correcting technical, scrivener's or typographical errors or for clarification.

4. Material Amendments to Master Deed: In addition to the foregoing requirements, but subject to the Regime expansion provisions in Article XXXVI herein, Amendments of a material nature must be agreed to by Apartment owners who represent at least sixty-seven percent (67%) of the total allocated votes in the Association and by eligible mortgage holders who represent at least fifty-one percent (51%) of the votes that are subject to mortgages held by eligible holders. An eligible mortgage holder who receives a written request to approve additions or amendments that does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request. A change to any of the provisions governing the following would be considered as material:

- (a) voting rights;
- (b) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or the priority of the assessment liens;
- (c) reductions in reserves for maintenance, repair, and replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the General or Limited Common Elements, or rights to their use;
- (f) redefinition of any Apartment boundaries;
- (g) convertibility of Apartments into Common Elements, or vice versa;
- (h) except as called for Article XXXVI herein, expansion or contraction of the Regime, or the addition, annexation, or withdrawal of property to or from the Regime;

- (i) hazard or fidelity insurance requirements;
- (j) imposition of any restrictions on the leasing of the Apartments;
- (k) imposition of any restrictions on an Apartment owner's right to sell or transfer his or her Apartment; and
- (l) any provisions that expressly benefit mortgage holders, insurers, or guarantors.

XIV. Residential Use Restriction Applicable to Residential Apartments and Commercial Use Restrictions Applicable to Commercial Apartments

Each Residential Apartment (Apartments located on Levels 1 through 18) is hereby restricted to residential use by the co-owner or co-owners thereof, their immediate families, guests, tenants, lessees, licensees, and invitees; provided, however, that so long as the Grantor shall retain any interest in the Regime or any Apartment, it may utilize a Residential Apartment or Residential Apartments of its choice owned or leased by Grantor from time to time, for a sales office, model, or other usage for the purpose of selling or closing the sale of Apartments in said Regime or outside of the Regime. Grantor may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all Apartments have been sold this right of commercial usage shall immediately cease. Except for the Commercial Apartments and the easement rights relating to signage as described in Article IX herein, no "For Sale" or "For Rent" signs or the like shall be permitted on any General or Limited Common Element or any Apartment so as to be visible from any General or Limited Common Element or public street or area. Nothing herein shall prevent the Association from providing portions of the Common Elements to management companies for use as an office, model or other purpose connected with the management of the Regime or to grant licenses and easements over the Common Areas for utilities, roads, electronic transmitting equipment, and other purposes reasonably necessary or usable for the proper maintenance and operation of the Regime. Any lease or rental agreement concerning the use of the Apartment must be in writing and subject to the requirements of the Master Deed and the rules and regulations of the Association and terms adopted by the Board of Directors of the Association.

The Commercial Apartments are hereby restricted to use as an office, check-in counter and other related activities necessary to operate, one or more real estate sales or rental agencies and/or real estate property and regime management companies, provided such use complies with the City of North Myrtle Beach zoning laws and regulations. "For Rent" and "For Sale" signs, along with other commercially related signs, may be displayed on the Commercial Apartments, subject to the reasonable approval and guidelines of the Association.

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

The use of General Common Elements by the co-owner or co-owners of all Apartments, and all other parties authorized to use the same shall be at all times subject to such reasonable rules and regulations as may be

prescribed and established governing such or which may hereafter be prescribed and established by the Association.

XVI. Horizontal Property Regime to be Used for Lawful Purposes, Restriction Against Nuisances, Etc.

No immoral, improper, offensive, or unlawful use shall be made of any Apartment or of the General or Limited Common Elements, nor any part thereof, and all laws, zoning ordinances, and regulations of all governmental authorities having jurisdiction over the Regime shall be observed by the Apartment co-owners and occupants. No co-owner or occupant of any Apartment shall permit or suffer anything to be done or kept in an Apartment, or on the General or Limited Common Elements, which will increase the rate of insurance on the Regime, or which will obstruct or interfere with the rights of other occupants of the building or annoy them by unreasonable noises, nor shall any such co-owner or occupant of any Apartment undertake any use or practice which shall create and constitute a nuisance to any other co-owner of an Apartment, or which interferes with the peaceful possession and proper use of any other Apartment or the General or Limited Common Elements. Nothing herein shall prevent the owner or occupants from using or renting the Commercial Apartments for the uses allowed herein and such use shall not be considered as a nuisance or interfering with the peaceful possession or proper use of any other Apartment or the General or Limited Common Elements.

XVII. Right of Entry into Apartments in Emergencies

In case of any emergency originating in or threatening any Apartment, regardless of whether the co-owner is present at the time of such emergency, the Board of Directors of the Association or any other person or firm authorized by it, or the building superintendent or managing agent, shall have the right to enter such Apartment for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the co-owner of each Apartment, if required by the Association, shall deposit under the control of the Association a key to such Apartment.

XVIII. Right of Entry for Maintenance of General Common Elements

Whenever it is necessary to enter any Apartment for the purpose of performing any maintenance, alteration, or repair to any portion of the Common Elements, the co-owner of each Apartment shall permit other co-owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such Apartment, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XIX. Limitation Upon Right of Co-Owners to Alter and Modify Apartments

No co-owner of a Residential Apartment shall permit any structural modification or alterations to be made therein without first obtaining the written consent of the Association, whose consent may be withheld if a majority of the Board of Directors of said Association determine, in their sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety. If the modification or alteration desired by the co-owner of any Residential Apartment involves the removal of any permanent interior partition, the Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting General or Limited Common Elements located therein. No co-owner shall cause the balcony abutting his Residential Apartment to be enclosed, or cause any improvements or changes to be made on the exterior of the building, the balconies, or railings, including painting or other decoration, or the installation of electrical wiring, wire, screening, any railing cover, television, radio or telecommunication antennae, machines or air conditioning Apartments which may protrude through the walls or roof of the building, or in any manner change the appearance of any portion of the building, including balconies and railings not within the walls of such Apartment. No storm panels or awnings shall be affixed to any Apartment without first obtaining the written consent of the Association. Nothing herein shall prevent a co-owner from protecting Apartment with protective covering on the doors when a hurricane is hitting the area, provided such protective covering meets the reasonable rules and regulations of the Association.

Floor slabs and other concrete components in the building contain post tension cables and reinforced steel. Co-owners are not allowed to do any drilling or modifications to the concrete floor slabs, walls or columns without written approval from a structural engineer licensed in the state of South Carolina, and said written approval must be submitted to and approved by the Association prior to any such work being commenced.

According to the building's structural engineer, Co-owners are allowed to drill holes for window treatments only no larger than 3/4" deep and 1/4" in diameter.

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

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

XXI. Maintenance and Repair by Co-Owners of Apartments

Every co-owner must perform promptly all maintenance and repair work within his Apartment which, if omitted, would adversely affect the Regime in its entirety or in a part belonging to other co-owners, and is expressly responsible for the damages and liability which his failure to do so may engender. The co-owner of each Apartment shall be liable and responsible for the maintenance, repair, and replacement, as the case may be, of all air conditioning and heating equipment located within the Apartment, hot water heaters, stoves, refrigerators, garbage disposals, dishwashers, fans, or other appliances or equipment, including any fixtures and/or their connections or receptacles required to provide water, light, power, telephone, television, and sewerage and sanitary service to his Apartment and which may now or hereafter be situated in his Apartment including toilets, lavatories, sinks, tubs, and showers. Such co-owner shall further be responsible and liable for maintenance, repair, and replacement of any and all window glass, glass doors, wall, ceiling and floor surfaces or coverings, painting, decorating and furnishings, and all other accessories which such co-owner may desire to place or maintain in his Apartment. Whenever the maintenance, repair, and replacement of any items for which the co-owner of an Apartment is obligated to maintain, repair, or replace at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association, or the Insurance Trustee hereinafter designated, shall be used for the purpose of making such maintenance, repair, and replacement. Any cost of

maintenance, repair, or replacement, by reason of the applicability of any deductibility provision of such insurance which is not paid by the insurance of the Association, shall be paid by such Co-owner. Reference is made to S.C. Code Ann. § 27-31-250 (1976) as amended, which is controlling of insurance proceeds use when said code section is applicable by its terms.

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

Co-owners are hereby notified of the following Apartment temperature control recommendations in order to insure proper humidity levels to protect woodwork, furniture and electronic equipment in the Apartments: the Apartment's thermostat should never be set higher than seventy-nine (79°) degrees nor lower than seventy (70°) degrees in the cooling mode; in the heating mode the thermostat should never be set lower than fifty-five (55°) degrees nor higher than seventy-five (75°) degrees. UNDER NO CIRCUMSTANCES SHOULD THE AIR CONDITIONING SYSTEM FOR THE INDIVIDUAL APARTMENTS BE TURNED OFF. Co-owners are responsible for any damage to their Apartments or to the contents of their Apartments if these temperature control recommendations are not adhered to.

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

The Association, at its expense, shall be responsible for the maintenance, repair, and replacement of all of the General and Limited Common Elements, including those portions thereof which contribute to the support of the building, and all conduits, ducts, plumbing, wiring, and other facilities located in the General or Limited Common Elements for the furnishing of utility services to the Apartments and said General and Limited Common Elements. Should any incidental damage be caused to any Apartment by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair, or replacement of any

General or Limited Common Elements, the Association shall, at its expense, repair such incidental damage. Excepted herefrom, however, are the maintenance of the floor and interior walls of the balcony or balconies attached to the Apartment, which shall be maintained by the co-owner at his expense.

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

XXIII. Personal Liability and Risk of Loss of Co-Owner and Apartment and Separate Insurance Coverage, Etc.

The co-owner of each Apartment may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects, and other personal property belonging to such co-owner and may, at his own expense and option, obtain insurance coverage against personal liability or injury to the person or property of another while within such co-owner's Apartment or upon the General or Limited Common Elements. All such insurance obtained by the co-owner of each Apartment shall, where available, provide that the insurer waives its right of subrogation as to any claims against other co-owners of Apartments, the Association, and the respective servants, agents and guests of said other co-owners and the Association. Risk of loss or, damage to any furniture, furnishings, personal effects, and other personal property (other than such furniture, furnishings, and personal property constituting a portion of the General or Limited Common Elements or which is insured by the Association) belonging to a co-owner or carried on the person of the co-owner of each such Apartment or carried by such co-owner in, to, or upon General or Limited Common Elements shall be borne by the co-owner of each such Apartment. All furniture, furnishings, and personal property constituting a portion of the General or Limited Common Elements and held for the joint use and

benefit of all co-owners of all Apartments shall be covered by such insurance as shall be maintained in force and effect by Association as hereinafter provided. The co-owner of an Apartment shall have no personal liability for any damages caused by the Association or in connection with the use of the General or Limited Common Elements. The co-owner of an Apartment shall be liable for injuries or damage resulting from an accident in his own Apartment, to the same extent and degree that the co-owner of a house would be liable for an accident occurring within the house.

XXIV. Condemnation

A. Apartments Acquired. If an Apartment is acquired by eminent domain, or if part of an Apartment is acquired by eminent domain, leaving the Apartment owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Master Deed, the award must compensate the Apartment owner for his Apartment and its General and Limited Common Element interest, whether or not any General or Limited Common Element interest is acquired. Upon acquisition, unless the decree otherwise provides, that Apartment's entire General and Limited Common Element interest, votes in the Association, and common expense liability are automatically reallocated to the remaining Apartments in proportion to the respective interests and votes, and the Association shall promptly prepare, execute, and record an amendment to this Master Deed reflecting the reallocations. Any remnant of an Apartment remaining after part of an Apartment is taken under this subsection is thereafter a General and Limited Common Element.

B. Part of Apartment Acquired. Except as provided above, if part of an Apartment is acquired by eminent domain, the award must compensate the Apartment owner for the reduction of value of the Apartment and its Common Element interest. Upon acquisition, (1) that Apartment's Limited and General Common Element percentage interest, votes in the Association, and common expense liability are reduced in proportion to the reduction in size of the Apartment, and (2) the portion of Limited and General Common Element interest, votes, and common expense liability divested from the partially acquired Apartment are automatically reallocated to that Apartment and the remaining Apartments in the percentages set out in Exhibit "D-1".

C. Claims. The Board of Directors of the Association shall have exclusive authority to negotiate and settle on behalf of the owners all claims arising from condemnation of any portion or all of the Apartments or General or Limited Common Elements and the owners hereby appoint the Board of Directors as their attorney

in fact for this purpose. Any proceeds from such condemnation shall be distributed in accordance with the provisions of Article XXV Insurance, Paragraph F Insurance Proceeds.

XXV. Insurance

A. Hazard Insurance. The Association shall insure all Apartments and all General and Limited Common Elements against all hazards and risks normally covered by a standard hazard policy, including fire and lightning, the hazards and risks covered by "extended coverage," vandalism, and malicious mischief, and by hazards or risks covered by the National Flood Insurance Act, windstorm and hail policies and all other coverage commonly required by lending institutions in the area. All Apartments and all General and Limited Common Elements shall be insured for the full replacement cost thereof, and where possible, the policy of insurance shall have a full replacement cost rider. Each year the Association shall update the replacement value cost rider. Such insurance shall cover only the Apartments and General and Limited Common Elements. The Association shall not be responsible for insuring the contents of the Apartment (other than standard fixtures originally installed therein by Grantor and being a part of such Apartment). The hazard insurance obtained by the Association shall provide that the maximum deductible amount shall be lesser of (a) Ten Thousand Dollars (\$10,000.00) or (b) one percent (1%) of the policy face amount. The deductible related to an individual Unit should be the higher of (a) One Thousand Dollars (\$1,000.00) or (b) one percent (1%) of the replacement cost of the Unit; however, the deductible for the individual Unit may be the higher of (a) Two Thousand Dollars (\$2,000.00) or (b) two percent (2%) of the replacement cost of the Unit – if the policy provides for a wind-loss deductible (either in the policy itself or in a separate endorsement). Any such deductible portion shall be borne by the Association as a Common Expense regardless of the number of co-owners directly affected by the loss.

B. Liability Insurance. The Association shall also obtain premises liability insurance on all Apartments and General and Limited Common Elements and the policy shall provide for a single limit indemnity of not less than One Million Dollars (\$1,000,000.00) and cover bodily and personal injury and property damage, including, but not limited to, injury or property damage caused to third parties, co-owners, the Limited and General Common Elements or the Apartments or any improvements therein. Such liability insurance shall cover claims of one or more co-owners against one or more co-owners as well as claims of third parties against one or more co-owners. The Association shall not be required however, to obtain public liability insurance covering accidents occurring within the limits of an Apartment or off the Regime Property. If available at a reasonable

cost, the Association shall cause premises medical payment coverage to be included within the policy of liability insurance.

C. General Provisions. All insurance obtained on the Apartments and General and Limited Common Elements by the Association shall be written in the name of the Association as trustee for the Owners, and the cost of such insurance shall be a common expense. All such insurance shall be obtained from a company of companies licensed to do business in the State of South Carolina and currently rated "A" or better by Best's Insurance Ratings. No such insurance shall be permitted to expire except upon resolution of sixty-seven percent (67 %) of the co-owners to that effect and all mortgagees. Duplicate originals of all policies of hazard insurance obtained on the Property by the Board of Directors, together with proof of payment of the premiums thereon, shall be delivered upon request to any co-owner or to any person holding a security interest in an Apartment.

D. Hazard Policy Provisions. All policies of hazard insurance on the Apartments and General and Limited Common Elements obtained by the Board of Directors shall provide as follows:

1. The indemnity payable on account of any damage to or destruction of the Apartments or General and Limited Common Elements shall be payable to the owner and/or to any persons holding security interests in any damaged Apartments as their interests may appear;
2. The policy shall not be canceled without thirty (30) days prior written notice to the Board of Directors and to every holder of a security interest in any Apartment who is named in the policy or an endorsement thereto;
3. No co-owner shall be prohibited from insuring his own Apartment for his own benefit;
4. No insurance obtained by a co-owner on his own Apartment shall be brought into contribution with the insurance obtained by the Board of Directors;
5. If the Board of Directors determines that it is possible to obtain such a provision, no right to subrogation shall exist against any owner or members of his household or his social guests;

6. If possible, the policy should provide that the insurer shall not be entitled to reconstruct in lieu of paying the indemnity in cash if the owners determine, in the manner provided in the Master Deed, not to repair or restore the damaged property; and

7. The policy shall not be canceled on account of the actions of one or more of the co-owners.

If a policy of insurance containing all of the foregoing provisions cannot be obtained at a reasonable cost, one or more of such provisions may be waived by resolution of a sixty-seven percent (67 %) of the co-owners and fifty-one percent (51%) of the mortgagees of Apartments.

E. Claims. The Board of Directors of the Association shall have exclusive authority to negotiate and settle on behalf of the owners all claims arising under policies of hazard insurance obtained on the Property by the Board of Directors except to the extent institutional mortgagees are granted such rights by co-owners. In the event of damage to or destruction of any portion of the Apartments or General or Limited Common Elements, the Board of Directors shall promptly file a claim for any indemnity due under any such policies. The Board of Directors shall simultaneously notify the holders of any security interest in the Property who may be entitled to participate in such claim of the filing of same.

F. Insurance Proceeds. If the insurance proceeds exceed Five Thousand (\$5,000.00) Dollars, the net proceeds received by the Board of Directors from any indemnity paid under a policy of hazard insurance obtained on the Property by the Board of Directors shall promptly be paid by the Board of Directors to an Insurance Trustee as trustee for the co-owners as hereinafter provided. The Insurance Trustee shall be a state or federally chartered bank or savings and loan association selected by the Board of Directors and having trust powers and capital and surplus of Five Million Dollars (\$5,000,000.00) or more or a Professional Property Management Company with a like amount of Fidelity insurance coverage. The Insurance Trustee shall hold the insurance proceeds in trust and disburse said proceeds, after deduction of all reasonable fees and expenses of the Insurance Trustee, as follows:

1. If the co-owners determine, in the manner provided in the Master Deed, not to reconstruct the damaged property, the Insurance Trustee shall distribute the insurance proceeds among all the owners and/or mortgagees with liens upon the Apartments, as their respective interests may appear,

in proportion to their respective undivided interests in the portion or portions of the property damaged or destroyed.

2. If the Board of Directors is required to provide for the reconstruction of the damaged property, the Insurance Trustee shall disburse the insurance proceeds to the person or persons employed by the Board of Directors to effect such reconstruction in accordance with written authorizations submitted to the Insurance Trustee by the architect supervising the reconstruction or by the Board of Directors. Any portion of the insurance proceeds remaining after all the costs of reconstructing the Property have been paid shall be disbursed to the co-owners and their mortgagees in proportion to their interests in the portion or portions of the property repaired or restored.

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

G. Insurance by Owners. Each co-owner shall be responsible for obtaining such amounts of the following types of insurance as he deems necessary or desirable:

1. Hazard insurance on his Apartment for his own benefit;
2. Hazard insurance on the contents of his Apartment and on improvements made to his Apartment;
and
3. Liability insurance covering accidents occurring within the boundaries of his Apartment.

Any owner who obtains hazard insurance on his dwelling for his own benefit shall within thirty (30) days of obtaining the same deliver to the Board of Directors a copy of the policy of insurance, should the Board request.

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

In the event that any taxing authority having jurisdiction over the Regime shall levy or assess any tax or special assessment against the Regime as a whole, as opposed to levying and assessing such tax or special assessment against each Apartment and its appurtenant undivided interest in General and Limited Common Elements as now provided by law, then such tax or special assessment so levied shall be paid as a common expense by the Association, and any taxes or special assessments which are to be levied shall be included wherever possible, in the estimated annual budget of Association, or shall be separately levied and collected as an assessment by the Association, against all of the co-owners of Apartments and said Apartments if not included in said annual budget. The amount of any tax or special assessment paid or to be paid by the Association in the event that such tax or special assessment is levied against the Regime, as a whole, instead of against each separate Apartment and its appurtenant undivided interest in General and Limited Common Elements shall be apportioned among the co-owners of all Apartments so that the amount of such tax or special assessment so paid or to be paid by the Association and attributable to and to be paid by the co-owner or co-owners of each Apartment shall be that portion of such total tax or special assessment which bears the same ratio to said total tax or special assessment as the undivided interest in General and Limited Common Elements appurtenant to each Apartment bears to the total undivided interest in General and Limited Common Elements appurtenant to all Apartments. In the event that any tax or special assessment shall be levied against the Regime in its entirety, without apportionment by the taxing authority of the Regime and appurtenant undivided interests in General and Limited Common Elements, then the assessment by the Association, which shall include the proportionate share of such tax or special assessment attributable to each Apartment and its appurtenant undivided interest in General and Limited Common Elements, shall separately specify and identify the amount of such assessment attributable to such tax or special assessments and the amount of such tax or special assessment so designated shall be a lien prior to all mortgages and encumbrances upon any Apartment and its appurtenant undivided interest in General and Limited Common Elements, regardless of the date of the attachment and/or recording of such mortgage or encumbrance, to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each Apartment and its appurtenant undivided interest in General and Limited Common Elements.

XXVII. Amendment of Master Deed

Neither this Master Deed nor any of its provisions shall be revoked or amended without the acquiescence of the co-owners owning at least two-thirds of the Apartments and at least two-thirds of the total interest in the General and Limited Common Elements and the record holders of encumbrances affecting at least two-thirds of the Apartments and at least two-thirds of the total interest in the General and Limited Common Elements, except that the system of administration as set forth in the Articles of Incorporation and By-Laws may be amended and modified from time to time in accordance with the provisions of the South Carolina Horizontal Property Act and other applicable provisions of the Code of Laws of South Carolina. No amendment shall change the use of, or otherwise affect the operation of the Commercial Apartments without the consent of the Co-Owner of the Commercial Apartment affected. Any such amendment or revocation shall be executed and subscribed with the same formalities required in South Carolina for the making of deeds, and recorded in the public records of Horry County.

Without limiting the foregoing, the Grantor, its successors or assigns, "acting alone" shall have the power, but not the obligation, at any time (and from time to time), to amend the Master Deed to correct typographical or scrivener's errors, and to cause the Master Deed to conform to the requirements of the South Carolina Horizontal Property Act, the Federal National Mortgage Association, and/or the Federal Home Loan Mortgage Corporation, as set forth, respectively, in "FNMA Conventional Home Mortgage Selling Contract Supplement" and "Seller's Guide to Conventional Mortgages," as the same may be amended from time to time.

XXVIII. Remedies in Event of Default

The co-owner or co-owners of each Apartment shall be governed by and shall comply with the provisions of this Master Deed, the Articles and the By-Laws of the Association, and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the co-owner or co-owners of any Apartment shall entitle the Association or the co-owner or co-owners of other Apartment or Apartments to the following relief:

A. Failure to comply with any of the terms of this Master Deed or other restrictions and regulations contained in the Articles of Incorporation, By-Laws of the Association, its rules and regulations, or decisions made pursuant thereto shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof. Relief may be sought by the Association, or if appropriate, by an aggrieved co-owner of an Apartment or both;

B. The co-owner or co-owners of each Apartment shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of an Apartment or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation;

C. In any proceeding arising because of an alleged default by the co-owner of any Apartment, the Association, if successful, shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be determined by the Court, and the co-owner of any Apartment shall be entitled to such attorney's fees and costs if successful in such action;

D. The failure of the Association or of the co-owner of an Apartment to enforce any right, provision, covenant, or condition which may be granted by this Master Deed or other above mentioned documents shall not constitute a waiver of the right of the Association or of the co-owner of an Apartment to enforce such right, provision, covenant, or condition in the future;

E. All rights, remedies, and privileges granted to Association or the Co-owner or co-owners of an Apartment pursuant to any terms, provisions, covenants; or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity; and

F. The failure of the Grantor or the lender to enforce any right, privilege, covenant, or condition which may be granted to them, or either of them, by this Master Deed or other above mentioned document shall not constitute waiver of the right of either of said parties to thereafter enforce such right, provision, covenant, or condition in the future.

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

All present or future co-owners, tenants, or any other person who might use the facilities of the Regime in any manner are subject to the provisions of this Master Deed and all documents appurtenant thereto and incorporated herewith. The acquisition or rental of any Apartment, or the mere act of occupancy of any Apartment, shall signify that the provisions of this Master Deed, By-laws, and Rules and Regulations of the Association are accepted and ratified in all respects. **Such owner or occupant agrees that any dispute arising out of use, ownership or occupancy of an Apartment or the Common Elements in Regime and any complaint against the Grantor shall be settled by binding arbitration pursuant to the provisions of Articles IV and XXXV hereof.**

XXX. Council of Co-Owners Association, Control of Board of Directors

Subject to the remainder of this paragraph, the Grantor may appoint and remove members of the Board of Directors of the Association of the Co-Owners ("Board") for a period not exceeding five (5) years from the date of the first conveyance of any Apartment to a person other than the Grantor. This period of Grantor control terminates no later than sixty (60) days after conveyance of seventy-five percent (75%) of the Apartments to Apartment owners other than the Grantor. The Grantor may voluntarily surrender the right to appoint and remove members of the Board before termination of that time period. After termination of the Grantor's control, any or all of the Board of Directors may be removed or replaced by written petition signed by the Co-Owners having more than fifty percent (50%) of the votes of the Association. The petition shall state the name(s) of the Board of Directors being removed and the name(s), address(es) and telephone number(s) of the replacement Director(s).

Whenever Grantor shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles and/or By-Laws of the Association. Grantor shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any director or directors so removed for the remainder of the unexpired term of any director or directors so removed. Any director designated and selected by Grantor need not be an owner or a resident in the Regime. Anything to the contrary

notwithstanding, the power in the Grantor to designate directors shall terminate five (5) years from the date of recording of the Master Deed.

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

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

XXXI. Annual Reports to be Provided to Lender

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

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

The Association shall make available to Apartment owners, lenders, lienholders, insurers, or guarantors of any first mortgage current copies of the Master Deed, By-Laws, other rules concerning the project and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

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

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

XXXII. Severability

In the event that any of the terms, provisions, or covenants of this Master Deed are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants hereof or the remaining portions of any terms, provisions, or covenants held to be partially invalid or unenforceable.

XXXIII. Master Deed Binding Upon Grantor, Its Successor and Assigns, and Subsequent Co-Owners

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Apartment and its appurtenant undivided interest in General and Limited Common Elements. This Master Deed and all easements reserved herein shall be binding upon Grantor, its successors and assigns, and upon all parties who may subsequently become co-owners of Apartments in the Regime and their respective heirs, legal representative, and successors and assigns.

XXXIV. Definitions

The definitions contained in S. C. Code Ann. § 27-31-10 et seq. (1976), are hereby incorporated herein and made a part hereof by reference. The words, "Unit", "Villa" and "Apartment" shall have the same meaning as the word "Apartment" as defined in S. C. Code Ann. § 27-31-20 (1976).

XXXV. Alternative Dispute Resolution

Any claim or cause of action not covered by Article IV's Arbitration Agreement shall be covered by the provisions of this Article:

A. Definitions Applicable to this Article XXXV

1. Bound Party. Includes: Grantor; all co-owners; the Association and its officers, directors, and committee members, including any corporation or other entity formed to serve as the Association; all persons and entities subject to this Master Deed; any person or entity not otherwise subject to this Master Deed who agrees to submit to this Article; any person or entity that now has or hereafter acquires any interest in a Apartment; the developer of the Regime; any person or entity that has previously or hereafter supplies (directly or indirectly) labor, materials, design services, equipment or other things of value in connection with the construction or maintenance of any Apartment or Common Element in the Regime; any heir, successor, delegatee or assignee of any person or entity listed in this paragraph.

2. Claim. Refers to any claim, grievance or dispute arising out of or relating to:

(i) the interpretation, application, or enforcement of this Master Deed, including all documents attached thereto or incorporated by reference therein; (ii) the rights, obligations, and duties of any Bound Party under the Master Deed, including all documents attached thereto or incorporated by reference therein; or (iii) the design or construction of improvements within the Regime, including but not limited to, disputes with the Grantor, the Contractor, the Architect, or any of their successors or assigns, agents, employees, or subcontractors and the co-owners of the Apartments and/or the Association regarding the sale, design or construction of Crescent Shores or the purchased Apartment, the Limited Warranty, the Limitation of Remedies, or the Disclaimer and Exclusion of All Other Warranties, or any provision of any of them,

except that the following shall not be considered a Claim unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section B of this Article:

(i) any suit by the Association to collect assessments or other amounts due from any Co-Owner of a Apartment; (ii) any suit between Apartment Co-owners, which does not include

Grantor or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Master Deed; and (iii) any suit in which any indispensable party is not a Bound Party.

3. Claimant. A Bound Party asserting a Claim.

4. Respondent. A Bound Party against whom a Claim is made.

B. ARBITRATION.

1. CLAIMANT HEREBY SUBMITS TO IN PERSONAM JURISDICTION OF THE STATE OF SOUTH CAROLINA AND AGREES THAT ITS CLAIM SHALL BE DETERMINED BY AN ARBITRATOR AS PROVIDED HEREIN IN THE STATE OF SOUTH CAROLINA AND HEREBY WAIVES ALL OBJECTIONS TO VENUE. ALL MATTERS ARISING HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH THE LAW AND PRACTICE OF SOUTH CAROLINA AND CLAIMANT AGREES THAT ANY SERVICE OF PROCESS MAY BE ACCOMPLISHED BY CERTIFIED MAIL RETURN RECEIPT REQUESTED AT THE CLAIMANT'S LAST KNOWN HOME ADDRESS OR ANY OTHER METHOD ALLOWED IN THE STATE OF SOUTH CAROLINA OR CLAIMANT'S HOME STATE.

2. EACH AND EVERY CLAIM AND CAUSE OF ACTION ARISING OUT OF OR RELATED IN ANY WAY TO THE DESIGN, CONSTRUCTION, SALE, MAINTENANCE, HABITABILITY OF, OR CONDITION OF ANY APARTMENT OR ANY COMMON AREA THAT IS ASSERTED BY CLAIMANT SHALL BE RESOLVED BY FINAL AND BINDING ARBITRATION BEFORE A PANEL OF THREE (3) ARBITRATORS PURSUANT TO THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AS MODIFIED HEREIN. THE ARBITRATION HEARING SHALL BE CONDUCTED IN RICHLAND COUNTY, SOUTH CAROLINA. ALL CLAIMS AND CAUSES OF ACTION OF ALL PERSONS AND ENTITIES ENTITLED TO ENFORCE (OR BOUND BY) THIS ARBITRATION PROVISION SHALL BE ASSERTED IN A SINGLE ARBITRATION PROCEEDING, AND MULTIPLE PARTIES MAY BE JOINED IN THE ARBITRATION PROCEEDING SO THAT ALL DISPUTES MAY BE RESOLVED IN ONE FORUM. NO CLAIM OR CAUSE OF ACTION MAY BE ASSERTED THAT WOULD BE BARRED BY THE STATUTE OF LIMITATIONS OR THE STATUTE OF RESPONSE.

3. IN ANY ARBITRATION PROCEEDING, REQUESTS FOR PRODUCTION OF DOCUMENTS MAY BE SERVED BY EACH PARTY, AND NON-PRIVILEGED, RESPONSIVE DOCUMENTS THAT WOULD BE DISCOVERABLE UNDER RULE 34 OF THE FEDERAL RULES OF CIVIL PROCEDURE (WERE THE CLAIMS AND CAUSES OF ACTION BEING ASSERTED IN UNITED STATES DISTRICT COURT) SHALL BE PRODUCED. DEPOSITIONS MAY BE TAKEN AS ALLOWED BY THE ARBITRATION PANEL, WHICH PANEL SHALL REASONABLY LIMIT THE NUMBER OF DEPOSITIONS IN ORDER TO AVOID UNNECESSARY OR EXCESSIVE EXPENSE, DELAY, OR HARASSMENT.

4. THE ARBITRATION PANEL SHALL ISSUE A WRITTEN DECISION IDENTIFYING WITH SPECIFICITY EACH CLAIM OR CAUSE OF ACTION ASSERTED OR RESOLVED IN ANY ARBITRATION, AND THE LEGAL PRINCIPLES OF RES JUDICATA AND COLLATERAL ESTOPPEL SHALL BE APPLICABLE TO ANY ARBITRATION AWARD. ANY ARBITRATION AWARD MAY BE CONFIRMED AND ENFORCED IN ANY COURT OF JURISDICTION.

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

C. Association Claims

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

(1) initiated to enforce the provisions of this Master Deed against a co-owner or

occupant of any Apartment or Common Element (excluding the provisions of the Limited Warranty contained in Article IV herein) including all documents attached thereto or incorporated by reference therein, including, but not limited to, collection of assessments and foreclosure of liens;

(2) initiated to challenge property taxation or condemnation proceedings;

(3) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

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

D. Waiver of Jury Trial

BY ACCEPTANCE OF A DEED TO ANY APARTMENT OR OTHER PROPERTY HEREUNDER CO-OWNER(S) HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY HEREBY AGREE, THAT:

(i) NEITHER CO-OWNER NOR ANY ASSIGNEE, SUCCESSOR, HEIR, OR LEGAL REPRESENTATIVE OF CO-OWNER OR GRANTOR, SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, OR ANY OTHER LITIGATION PROCEDURE ARISING FROM OR BASED UPON THE MATTERS SET FORTH HEREUNDER, OR TO THE DEALINGS OR RELATIONSHIP BETWEEN OR AMONG THE GRANTOR, ITS AGENTS, CONTRACTORS, SUBCONTRACTORS, ARCHITECTS, ENGINEERS AND THE CO-OWNERS OR THE ASSOCIATION;

(ii) NEITHER CO-OWNER NOR GRANTOR WILL SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED;

(iii) NEITHER OWNER NOR GRANTOR HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES; AND

(iv) THE PROVISIONS CONTAINED IN THIS ARTICLE ARE A MATERIAL INDUCEMENT FOR GRANTOR TO MAKE THE DECLARATIONS SET FORTH HEREIN.

XXXVI. The Development Plan For The Project

A. Phase I. The Regime as initially constituted (sometimes referred to herein as “Phase I”) includes the South Building and the Parking Garage, as depicted on Exhibit “C-1”, which contains 126 Residential Apartments and 5 Commercial Apartments, and the Common Area (including the eight level Parking Garage), as more fully described on Exhibit “C-1” attached hereto.

B. Reservation of Right to Expand. Anything to the contrary contained in this Master Deed notwithstanding, at any time within five (5) years after the filing of this Master Deed the Grantor will be entitled to expand the Regime to a total of 216 Residential Apartments and 9 Commercial Apartments as provided in this Article. In Phase II of the Project, the Developer intends to submit the Phase II land (as described in Exhibit “A-2” attached hereto) and improvements thereon to the Regime, including without limitation the North Building as depicted on the Phase II site plan and plot plans attached hereto as Exhibit “C-2” (“Phase II”).

C. Method of Expansion. The Grantor will be entitled to expand the Regime by submitting the Phase II land (or a portion thereof) and all improvements constructed thereon, to the Regime by filing one or more amendments to this Master Deed, as long as all said improvements are (i) substantially complete prior to submission to the Regime and (ii) consistent with the initial improvements in structure type and quality of construction. An amendment will be executed solely by the Grantor for itself and as attorney in-fact for all Owners. An amendment will be effective upon recording such amendment in the ROD Office for Horry County.

D. Assignability of Rights. The Grantor will be entitled to assign the rights reserved in this Article to any person or entity by an instrument recorded in the ROD Office for Horry County.

E. Application of Master Deed. Upon the filing of the Amendment prescribed by Section C hereof, all definitions contained in this Master Deed will be deemed amended to the extent necessary to cause the additional real property and the improvements described in such Amendment to be treated as fully an integral part of the Regime as if said real property and improvements constituted a portion of the Regime as of the effective date hereof.

F. Annual Assessments for Additional Apartments and Working Capital Reserve. The Annual Assessment with respect to the Apartments added to the Regime pursuant to this Article will be equal to the then current Annual Assessment applicable to existing Apartments with equivalent Percentage Interest as set out in Exhibit "D-2", pro rated on a per diem basis; provided, however, that as to any type of Apartment being added to the Regime for which there is currently no Annual Assessment, the Annual Assessment will be proportionately increased or decreased based upon the Percentage Interest of such Apartments. Assessments regarding all of the additional Apartments will commence upon the recording of the amendment prescribed by B hereof.

All obligations with respect to the Working Capital Assessment provided for in the Master Deed will be applicable upon the transfer of the additional Apartments by the Grantor.

G. No Consent Required. Subject to the time limit set forth in B hereinabove, the Grantor, its successors and assigns, will have the absolute right to expand the Regime in accordance with this Article and to file the amendments prescribed in Section C hereof without any action or consent on the part of any co-owner or Mortgage holder; provided, however, that to the extent any action on the part of any Owner is required by any third party to assure the expansion of the Regime as provided in this Article, each Owner, in accepting a deed to an Apartment, agrees to undertake such actions and/or provide such consents as are reasonably requested, and expressly appoints the Grantor his due and lawful attorney-in-fact, with full power of substitution, to execute all documents reasonably required to evidence the requisite action or consent.

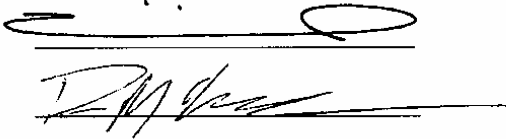
XXXVII. Miscellaneous

- (a) Attached hereto as Exhibit "A-1", Phase I Legal Description.
- (b) Attached hereto as Exhibit "A-2", Phase II Legal Description.
- (c) Attached hereto as Exhibit "B", Plat & Elevation Certificate.
- (d) Attached hereto as Exhibit "C-1", Phase I Plot Plans.
- (e) Attached hereto as Exhibit "C-2", Phase II Plot Plans.
- (f) Attached hereto as Exhibit "D-1", Phase I Table of Values.

- (g) Attached hereto as Exhibit "D-2", Phase I and II Table of Values.
- (h) Attached hereto as Exhibit "E" and made a part hereof by reference is the Architect's Certificate required by S. C. Code Ann. § 27-31-110 (1976).
- (i) Attached hereto as Exhibit "F", Articles of Incorporation of Crescent Shores Condominium Association.
- (j) Attached hereto as Exhibit "G" and made a part hereof by reference is a copy of the By-Laws of the Association, as required by S. C. Code Ann. § 27-31-150 (1976).

IN WITNESS WHEREOF, the Grantor has executed this Master Deed this ____ day of March, 2004.

Signed, sealed and delivered
in the presence of:



DRAKE DEVELOPMENT CS LLC
(SEAL)

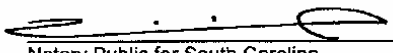

By: W. Russell Drake, Manager

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF RICHLAND)

Personally appeared before me the undersigned witness and made oath that (s)he saw the within-named Drake Development CS LLC by W. Russell Drake, its Manager, sign, seal and as its act and deed, deliver the within written instrument for the uses and purposes therein mentioned, and that (s)he with the other witness witnessed the execution thereof.



Sworn to before me this ____ day
of March, 2004.


(L.S.)
Notary Public for South Carolina
My Commission Expires: My Commission Expires March 8, 2009