

1.01 "Act" shall mean and refer to Chapter 32, Title 27, Code of Laws of South Carolina, 1976, as amended from time to time, with reference to the Vacation Multiple Ownership Act.

1.02 "Assessment" shall mean and refer to the Annual Maintenance Fees, Special Assessments and Personal Charges as described in Article VII of its Declaration respectively assessed against such owners of Interests from time to time by the Association.

1.03 "Association" shall mean and refer to Owner's Quarters #1003 Crescent Shores Association., Inc, a non-stock corporation, the members of which are Unit #1003 Owners and Declarant. The Association is responsible for the administration and operation of the Interests.

1.04 "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Owner's Quarters #1003 Crescent Shores Association and "Director" or "Directors" shall mean a member or members of the Board.

1.05 "Basic Expenses" shall mean and refer to the estimated aggregate amount of expenses as set forth in the Association's budget, to be incurred by the Association during the applicable fiscal year (i) to operate, manage, maintain, improve and repair the Interests, including the Property and the Common Furnishings; (ii) to provide for reserves, to insure payment when due of the cost of capital expenditures relating to the repair or restoration of the Interests, and the repair and replacement of Common Furnishings, and for such other purposes as required by good business practice (the "Reserve Expenses"); (iii) to provide for a fund to account for the possibility that some assessments may not be paid on a current basis; and (iv) to provide for the payment of the fee of the Management Company.

1.06 "Bylaws" shall mean and refer to the Bylaws of the Association which governs the administration and operation of the Association, the initial text of which is set forth in Exhibit C.

1.07 "Common Furnishings" shall mean furniture and furnishings for the Property or other personal property from time to time owned or leased by the Association for use in common by all Owners during their respective use periods.

1.08 "Contract of Sale" shall mean and refer to an instrument signed by both the Declarant and the Owner which provides for the sale of an undivided 7.69231% interest in the Property as tenant in common with the other Owners of that Property.

1.09 "Owner" shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof, who owns of record an interest in a Property or who has executed a contract of sale for an interest in a Property.

1.10 "Declarant" shall mean Drake Investments, LLC, its successors and assigns.

1.11 "Declaration or Declaration of Rights, Restrictions, Affirmative Obligations and Covenants, etc." or "Declaration of" means this instrument with all exhibits thereto and all amendments thereto.

1.12 "Management Company" shall mean the company engaged by the Board pursuant to and in the manner provided in Article VI hereof. The first Management Company shall be Drake Development Company USA.

1.13 "Master Deed" shall have the same meaning as is set forth in the first paragraph of this document.

1.14 "Multiple Ownership" is a concept whereby the Property is conveyed by deed to the Purchaser in fee simple as tenants in common with other purchasers of "Interests" in each such Property.

1.15 "Interest" shall mean and refer to a form of ownership interest in Property in which a Owner holds a 7.69231% deeded undivided interest in the Property, together with a stated time period of use thereof.

1.16 "Property" shall mean and refer to the property described in Exhibit A which has been committed to pursuant to Article II of its Declaration (sometimes also referred to as the "Property").

1.17 "Of Record" shall mean recorded in the Register of Deeds for Horry County, South Carolina.

1.18 "Association" shall mean and refer to Owner's Quarters #1003 Crescent Shores Association, a non-stock corporation organized under the laws of South Carolina, the members of which are Owners of Interests.

1.19 "Permitted User" shall mean and refer to any person occupying the Property by or under any owner, including but not limited to members of such Owner's family, its guests, lessees, licensees or invitees.

1.20 "Share" means and refers to the undivided 7.69231% interest in the Property, together with a stated time period of use thereof.

1.21 "Use Period" shall mean and refer to that period of time commencing at 3:00 P.M. on the Saturday of such time period and ending at 10:00 A.M. on the following Saturday during which a Owner has the exclusive right to occupy the Property, and to use and enjoy the Common Furnishings contained within said Property and the non-exclusive right to use the Common Properties of the Association, all as more particularly set forth in Exhibit B attached hereto. All Owners acknowledge and agree that the usage schedule will include one week per year for

maintenance and that each Owner's Use Period will include such week during their rotation of Use Period. The Owner may use the unit during the scheduled maintenance week, but Owner must understand that scheduled maintenance will be ongoing and the Owner should coordinate with Management Company so that no misunderstandings or inconveniences will occur.

**ARTICLE II
ESTABLISHMENT OF INTEREST
AND USE RIGHTS**

Section 2.1. General. The purpose of this Declaration is to establish pursuant to Chapter 32, Title 27 of the Code of Laws of South Carolina, 1976, as amended, a vacation time-sharing plan, as defined in the Act, for the Property. The Declarant, by filing of record, this Declaration, publishes and declares that the Property so submitted shall be owned, occupied, used, conveyed, encumbered, leased, and improved in accordance with the provisions of the Act, subject to and in accordance with the easements, covenants, restrictions, encumbrances, obligations, reservations, liens and charges set forth in this Declaration, all of which shall be deemed to be covenants and obligations running with the Property and shall bind and inure to the benefit of the Declarant, its successors and assigns, and all subsequent Owners of any interest in the Property, their grantees, successors, heirs, executors, administrators, devisees or assigns.

Section 2.2. Establishing of Interest. Each Interest conveyed by Declarant and each Interest from time to time retained by Declarant, shall consist of an undivided 7.69231% interest in a designated Property as a tenant in common with other Owners of the Property and all rights appurtenant thereto, together with the exclusive right to use and enjoy the Property and the Common Furnishings associated with the Property, and a non-exclusive right to use the common property of the Association during one or more Use Periods as herein set forth.

Section 2.3. Establishment of Use Rights. During a Owner's Use Period, each owner shall have the exclusive right to use and enjoy the Property and the Common Furnishings associated therewith. No Owner shall occupy a Property or exercise any other rights of ownership in respect of a Property other than the right herein provided to him except during its Use Period unless expressly so authorized by the Owner otherwise entitled to occupy the Property. Each Interest shall be known as Shares A through M. The Use Periods applicable to each Interest are more fully set forth on Exhibit B attached hereto and by reference incorporated herein.

Section 2.4 Property Subject to Declaration. The real property which is and shall be held, transferred, sold, conveyed, leased and occupied subject to its Declaration is located within Horry County, South Carolina and is more particularly described on Exhibit A attached hereto and incorporated herein by reference.

ARTICLE III OWNERSHIP INTEREST

Section 3.1. Ownership of Interest. Each Property, together with its appurtenant interest, shall constitute a separate parcel of real property; and each Owner shall be entitled to exclusive ownership and possession of the Property, subject to the provisions of its Declaration and easements, restrictions, covenants and encumbrances set forth herein and the Association

Bylaws as they may be amended from time to time, together with the rules, regulations and resolutions that may be adopted by the Association or its Board pursuant to the Bylaws.

Section 3.2. Legal Description of the Property. The Property may be sufficiently described for purposes of deeds, mortgages, leases and other conveyances by referring to its description set forth in Exhibit A, together with the applicable Use Period designation.

Section 3.3. Use of Common Property. Subject to the applicable rules and regulations of the Association, each owner shall have an easement of enjoyment in and to the common property appurtenant to the Property.

Section 3.4. Common Furnishings. Common Furnishings associated with the Property shall be the personal property of the Association or leased by the Association for the use and enjoyment of the Owners.

Section 3.5 No Partition. No Owner or any other person or entity acquiring any right, title or interest in an Interest shall seek or obtain through any legal procedure, judicial partition of a Property or sale of an Interest in lieu of partition at any date prior to the termination of its Declaration as provided herein. Nothing herein contained shall prohibit a judicial sale of the Interest in lieu of partition as between such Owners or joint tenants.

Section 3.6. Separate Mortgagee. Each Owner shall have the right to mortgage or otherwise encumber its Interest. No Owner shall attempt to mortgage or otherwise encumber in any manner whatsoever the Property, or any part hereof, except its Interest, nor shall any Owner have the right or authority so to do. Any mortgage or other encumbrance of an Interest shall be subordinate to all of the provisions of its Declaration and in the event of foreclosure, the provisions of its Declaration shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure, deed in lieu thereof or otherwise.

Notwithstanding any other provision of its Declaration, no breach of the provisions herein contained nor the enforcement of any lien created pursuant to the provisions hereof shall defeat or render invalid the lien of any mortgage of any Owner's Interest if such mortgage is recorded in the Register of Deeds for Horry County, South Carolina and is given in good faith and for value.

ARTICLE IV USE AND OCCUPANCY

Section 4.1 Exclusive Use. A Owner of the Property shall have the exclusive right during its Use Period (and in the case of Declarant during all periods not owned by other Owners) to use and occupy the Property, and the Common Furnishings contained within such Property and all appurtenances to said Property, including an easement for use and enjoyment of the Association's common properties. A Owner of the Property shall occupy and use its Property as a single family private dwelling for himself and the members of its family, its social guests, lessees, licensees and invitees.

Section 4.2. Occupancy. No Owner shall occupy the Property or exercise any rights with respect to Property, other than the rights provided to him in its Article IV during any time period other than its Use Period(s) unless expressly authorized by the Owner entitled to occupy the Property during such time period or by the Declarant. Each Owner shall keep the Property occupied by him and the Common Furnishings therein in good condition and repair during its Use Period(s); vacate the Property at the expiration of its Use Period(s); remove all persons and property therefrom, excluding only the Common Furnishings, leave the Property and the Common Furnishings therein in good and sanitary condition and repair and otherwise comply with such checkout procedures as may be imposed by the rules and regulations of the Association. Any Owner may permit the Property which he is entitled to occupy to be occupied by other persons for the purposes permitted by its Declaration during its Use Period(s), but such Owner shall be responsible for any loss, damage, destruction or violation of its Declaration or of the rules and regulations of the Association which occurs during such occupancy as if such Owner were occupying the Property.

Section 4.3. Failure to Vacate. If any Owner or its guests or lessees fail to vacate its Property at the end of its Use Period, or otherwise makes unauthorized use or occupancy of the Property during a period other than its Use Period, he shall be deemed a "hold-over owner". It shall be the responsibility of the Association to take such steps as may be necessary to remove such hold-over owner from the Property and to assist any other Owner who may be affected by the hold-over owner's failure to vacate to find alternate accommodations during such hold over period.

In addition to such other remedies as may be available to it, the Association shall attempt to secure at its expense, alternate accommodations for any Owner who may be unable to occupy its Property during its Use Period due to the failure to vacate by any hold-over owner. Such accommodations shall be as near in value to the Property as possible. The hold-over owner shall be charged for the cost of such alternate accommodations, any other costs incurred due to its failure to vacate, and an administrative fee of \$500 per day during its period of hold over. In the event it is necessary that the Association contract for a period of greater than the actual period holding over, in order to secure alternative accommodations as set forth above, the entire period shall be the responsibility of the hold-over owner, although the \$500 per day administrative fee shall cease when the hold-over owner vacates the Property affected.

The Association shall submit a bill to the hold-over owner in accordance with its paragraph. In the event the hold-over owner fails to pay the same within ten (10) days of the date of same, a lien may be filed against said hold-over owner's Interest in the Property in accordance with the provisions hereof.

Section 4.4. Modification. Except as required to prevent damage or injury to persons or property in an emergency, no Owner shall make or authorize any alterations, additions or improvements to the exterior or interior of the Property or its Common Furnishings without the written consent of the Association. The right to perform all the foregoing acts has been delegated to the Association by this Declaration. The foregoing prohibitions, however, shall not modify or affect the obligation of each Owner for the prudent care and ordinary maintenance and upkeep of all property subject to its use. Use restrictions are further set forth in Article XIV.

Section 4.5 Prohibited Acts. No Owner shall permit or suffer anything to be done or kept in its Property which will increase the rate of insurance on the Property or on the Common Properties of the Association or which will obstruct or interfere with the rights of other Owners, commit or permit any nuisance, immoral or illegal acts in or about the Common Properties of the Association.

ARTICLE V THE ASSOCIATION

Section 5.1 Association. The Association, a non-stock, non-profit corporation to be formed under the laws of South Carolina shall be the Association. The administration, operation, maintenance, repair and restoration of the Property and the Common Furnishings, and any alterations and additions thereto shall be vested in the Association.

Section 5.2 Incorporation. The Declarant shall incorporate the Association and in such event:

- (a) Each Owner shall be a member of the Association;
- (b) The Bylaws referred to in Section 5.3 shall be adopted as Bylaws by the Association;
- (c) The Articles of Incorporation shall not contain provisions inconsistent with its Declaration;
- (d) The name of the Association shall be Owner's Quarters #1003 Crescent Shores Association.

Section 5.3 Bylaws. The Association shall be governed by the Bylaws, the initial text of which is set forth in Exhibit C attached hereto and made a part hereof by reference and as may be amended from time to time.

Section 5.4 Membership in the Association. Each Owner and the Declarant, as to each Interest owned by Declarant, shall be a member of the Association and shall remain a member thereof until he ceases to be a Owner of an Interest.

Section 5.5 Transfer of Membership. The membership of each Owner in the Association is appurtenant to and inseparable from its ownership of an Interest and shall be automatically transferred upon transfer of the ownership of its Interest to any transferee.

Section 5.6 Voting. In accordance with the provisions of the Bylaws, the Association shall have one class of voting membership. Members shall be all Owners of Interests, including Declarant, and subject to the provisions of the next following sentence shall be entitled to one vote for each Interest owned. When any Interest is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting Owner to bind all the others. Written notice of such designation shall be delivered to the secretary of the Association prior to the exercise of a vote by joint owners.

Section 5.7 Board of Directors. The Association shall be governed by a Board of Directors consisting of three (3) persons. The Board of Directors shall initially consist of the persons appointed by the Declarant. Subject to the rights reserved by the Declarant in Article XI, the Board of Directors shall thereafter be elected by the Owners.

ARTICLE VI MANAGEMENT

Section 6.1 Power and Duties Generally. Administration, operation, maintenance, repair and restoration of the Property, and the Common Furnishings and any alterations and additions thereto shall be vested in the Association. The Association, acting alone (through its Board, its officers, or other duly authorized representatives) may, subject to the provisions of the Bylaws and its Declaration, exercise any and all rights and powers herein enumerated and, except as specifically limited herein, all the rights and powers of a corporation under the laws of the state of South Carolina.

Section 6.2 Specific Powers and Duties of the Association. The management, operation, maintenance and repair of the Property, the collection of assessments for the maintenance, repair and replacement of the Common Furnishings, the use and occupancy of the Property and payment, as agent, of expenses and costs enumerated in its Declaration shall be under the direction and control of the Association. The Association shall have the duties to maintain and repair the Property; to acquire, (by lease or purchase) maintain, repair and replace Common Furnishings as needed; and to levy, collect and enforce the "assessments" (as the term is hereinafter defined) enumerated in this Declaration. The Association shall have the power to do all things that are required to be done by it pursuant to its Declaration. Without limitation of the foregoing powers and duties, the Association is expressly authorized in its discretion and on behalf of the Owners to do any or all of the following:

- (a) Maintenance and Repair. To repair, maintain, replace, repaint, furnish or refurnish the Property, and the Common Furnishings or any part thereof; to establish reserves for anticipated costs, including the costs of acquisition and replacement of Common Furnishings; to acquire and pay for materials, supplies, furniture, furnishings, labor or services which the Association deems necessary or proper for the operation, maintenance and repair of the Property and the Common Furnishings.
- (b) Utilities, Taxes and Operating Costs. To obtain and pay the cost of the Master Deed fee and the cost of the telephone service and the contents and liability insurance (detailed in paragraph (e) and Section 8.1 - 8.5 below) (HO-6 Policy) or any other services as directed by the Board of Directors, including gas, water, refuse, collection, cable television and other utility services for the Property.
- (c) Rules and Regulations. To adopt, amend, publish and enforce from time to time, rules and regulations relating to the possession, use and enjoyment of the Interests, which rules and regulations shall be consistent with the provisions of its Declaration.
- (d) Legal and Accounting. To obtain and pay the cost of legal and accounting services necessary or proper in the operation, maintenance and repair of the Property and the enforcement of its Declaration and the Bylaws.
- (e) Insurance. To obtain and pay the cost of: (i) insurance covering the Property and the Common Furnishings therein against loss or damage by fire and other hazards customarily covered by fire insurance policies written with extended coverage, the amount of such insurance to be equal to the full replacement value of all the Interest and which insurance shall name the Association as a insured for itself and as agent for each Owner; (ii) general comprehensive public liability insurance against claims for personal or bodily injury, death or property damage arising from the use and maintenance of the Property or the Common Furnishings, with limits and provisions as the Board of Directors of the Association deems desirable and as may be obtainable; (iii) any other insurance, including but not limited to worker's compensation insurance deemed necessary or desirable by the Association; (iv) directors insurance in which the policies of insurance shall name Declarant and the Association as insureds, as their respective interest appear, cover such risk, be written by such insurers and subject to the limits set forth in clauses (i) and (ii) above; be in such amounts as the Association shall deem proper under the circumstances.
- (f) Levy and Collection of Assessments. (i) To levy, collect and enforce assessments against the owners in the manner provided in Article XIII; (ii) to collect and enforce any assessments levied against the Owners by the Association and to pay

the assessments collected to said Association on behalf of each Owner; and (iii) to do all things necessary to enforce each Owner's obligations hereunder.

- (g) Financial Statements and Audit. To cause to be regularly prepared financial statements for the Association and copies thereof distributed to all members as follows: (i) a pro forma operating statement (the "Budget") of "Basic Expenses" (as that term is defined in Section 1.05) for the Interest for each fiscal year which operating statement shall be distributed to members not less than thirty (30) days before the beginning of the fiscal year for which such budget has been prepared, except the first fiscal year with respect to which the budget shall be distributed as soon as reasonably possible; (ii) an annual report shall be distributed, within one hundred twenty (120) days after the end of each fiscal year, consisting of the following: (a) a balance sheet as of the last day of such fiscal year, (b) an operating (income) statement for such fiscal year, and (c) a statement of the net changes and financial position for the fiscal year. If the annual report is not prepared by an independent accountant, the annual report shall be prepared by the Management Company or by an officer of the Association and shall be accompanied by the certificate of the person preparing the report that the statements were prepared without audit from the books and records of the Association.
- (h) Departure Cleaning Service. To provide for cleaning service upon the departure of each Owner or other occupant of the Property.
- (i) Master Deed. To fulfill any and all obligations of the Property pursuant to the Master Deed, and to perform any and all duties assigned or placed on Owners of Property subject to such Master Deed. The Association will appoint one of its officers to act in this capacity (the "Designated Purchaser").
- (j) Other Necessary Acts. To do all other things or acts deemed by the Association to be necessary, desirable or appropriate for the operation and maintenance of the Property.

Section 6.3 Authority and Duty to Engage Management Company. The Association shall have the authority to engage a reputable firm as the Management Company for the Interest pursuant to a written agreement (the "Management Agreement") which Management Agreement shall contain such terms and conditions as may be determined by the Board of Directors of the Association.

ARTICLE VII MAINTENANCE AND ALTERATIONS

Section 7.1 Maintenance and Repair of Property. The Association's Board of Directors shall be responsible for maintaining, repairing and replacing all portions of the

Property, including the heating and air conditioning system for the Property, all walls, ceilings and floors of the Property, all bathroom and kitchen fixtures and appliances, light fixtures, carpeting, drapes and common furnishings within the Property and all other portions of a Property which are not maintained by the Association. The Association shall be responsible for the redecoration of the interior of each Property, including the inner surface of the walls, ceilings, floors, windows and doors and the Common Furnishings. No Owner shall do any work nor make any addition, decoration, improvement, modification or alteration of the Property nor shall any Owner make calls or allow to be made any repairs, modifications, alterations or replacements to the outside or exterior portion of the Property or of the Common Furnishings, appliances, personal property or decor thereof without obtaining prior written approval of the board of the Association.

ARTICLE VIII INSURANCE

Section 8.1 Purchase of Insurance. The Board of the Association shall obtain fire and extended coverage insurance and vandalism and malicious mischief insurance insuring all of the insurable improvements within the Property, together with such other insurance as the Association deems necessary in and for the interest of the Association, all Owners of Interests and their mortgagees, as their interest may appear, in an amount which shall be equal to the maximum insurable replacement value as determined annually, and the premiums for such coverage and other expenses in connection with said insurance shall be a Basic Expense of the Association. The named insured shall be the Board of the Association individually and as agent for the Owners of the Interest and their mortgagees collectively, and as their respective interest may appear. Provisions shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of Owners of Interest. Such policy shall provide that payment for losses thereunder by the insurer shall be made to the Board of the Association as insurance trustee under the provisions of its Declaration.

Section 8.2 Coverage.

(a) **Public Liability Insurance.** The Board shall obtain public liability insurance in such amounts and with such coverage as shall be determined by the Board.

(b) **Insurance on Property.** The Board shall obtain casualty, flood, earthquake and windstorm insurance, as needed, on the Property. Each such policy shall reflect the respective interest of the Association and all Owners of Interests in each such Property. Casualty insurance shall be in an amount equal to the maximum insurable replacement value of the Property and the Common Furnishings. Premiums shall be a Basic Expense. All losses thereunder shall be payable to the Board of Directors as the Insurance Trustee. All such proceeds shall be used for the purpose of repair or replacement of any loss, or in the event such loss is not to be repaired, to be divided among all Owners of a Property in accordance with their Interest. Any deficit or overage in such proceeds, after repair or replacement, shall be divided among all Owners of a Property in accordance with their Interest.

(c) Other Insurance. The Board shall obtain such other insurance as the Board shall determine from time to time to be desirable, including any workmen's compensation insurance as may be required by law.

Section 8.3 Premiums. All premiums upon insurance policies purchased by the Board of Directors be assessed and paid as a Basic Expense.

Section 8.4 Substitution of Insurance Trustee. The Board of Directors in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Insurance Trustee and which also has offices in Horry County, South Carolina. Any substitute Insurance Trustee appointed by the Board of Directors shall succeed to all of the powers and responsibilities vested in the Board of Directors as Insurance Trustee under the terms of its Declaration.

Section 8.5 Provision of Insurance. The Board of Directors shall be deemed to have satisfied its obligation under its Article IX to the extent that the Association provides for the same insurance coverage for each Interest or upon a Property and to that extent the relevant provisions of the Master Deed shall control.

ARTICLE IX RECONSTRUCTION AND REPAIR

Section 9.1 Reconstruction. In the event of casualty loss or damage to the Property, or the common property of the Association, reconstruction or repair shall be in accordance with this Article. The Board of Directors of the Association shall be responsible for providing to the insurance trustee any proceeds received by it for the repair or reconstruction of those portions of the Property governed by the provisions of this Declaration. The Board of Directors of the Association as Insurance Trustee shall apply any remaining proceeds and all insurance or condemnation proceeds specifically for the Common Furnishings to the repair or replacement of the Common Furnishings in accordance with the provisions of its Article IX and for those portions of the Property which are the responsibility of an individual Owner as set forth in the Owner's Quarters #1003 Crescent Shores Declaration. Replacement or repair shall be mandatory for any casualty, loss or damage to the Common Furnishings occurring before January 1, 2018 and thereafter, replacement or repair shall be mandatory unless all of the Owners unanimously agree in writing not to repair, reconstruct or replace any Common Furnishings so damaged.

If the damage to the Common Furnishings is not insured, or if the amount of the loss is within the deductible provisions of the insurance policy or if the proceeds of insurance or condemnation are insufficient to cover the cost of replacement or repair, the deficiency shall be paid as a Basic Expense of all Owners; provided, however, any such deficiency resulting from damage to the Common Furnishings as a result of the neglect, willful act or abuse of the

Common Furnishings by any Owner or its guests shall be charged to such owner as an individual assessment or Personal Charge.

The insurance or condemnation proceeds received by the Board of Directors of the Association and any Special Assessments collected to cover a deficiency in such proceeds shall constitute a replacement fund from which the Board of Directors as Insurance Trustee shall disburse payment of the cost of replacement and repair. It shall be presumed that the first disbursements from the replacement fund are insurance or condemnation proceeds; and if there remains a balance in the fund after payment of all costs of replacement and repair, it shall be distributed to any owners who paid Special Assessments in proportion to their payments. Any balance remaining after such distribution shall be that of the Association and shall be distributed as directed by the Board of Directors. In the event the Property suffers a total loss, the Insurance Trustee shall exercise its best efforts to rebuild the Property as promptly as possible to a size and configuration as close as possible to the current status of the Property.

Section 9.2 Insurance Trust. In the event of a casualty loss, all insurance proceeds indemnifying the loss or damage shall be paid to the Board of Directors as Insurance Trustee and said proceeds shall be administered in accordance with the provisions of its Declaration or (a) by the Board of Directors to the Insurance Trustee appointed by the Board of Directors and administered in accordance with the applicable provisions of this Declaration.

In the event of casualty loss to the Common Furnishings, all insurance proceeds indemnifying the loss or damage shall be paid to the Board of Directors of the Association as Insurance Trustee. The Board of Directors acting as the Insurance Trustee shall receive and hold all insurance proceeds in trust for the purpose stated in its Article and for the benefit of the Association, the Owners and their respective mortgagees in the following shares: insurance proceeds paid on account of loss or damage to the Common Furnishings shall be held in the same proportion as a Owner's Interest in the Property.

In the event a certificate of insurance has been issued bearing a mortgagee endorsement, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interest may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be replaced or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt except as otherwise provided herein.

Section 9.3 Adjustment. Each Owner of an Interest in the Property shall be deemed to have delegated to the Board its right to adjust with insurance companies all losses under policies purchased by the Association subject to the rights of institutional mortgagees of such Owners of Interests.

ARTICLE X TERMINATION

Section 10.1 Termination of Declaration. Its Declaration shall terminate automatically upon the earlier of (i) upon the expiration of sixty (60) years from the date of execution of its Declaration or (ii) upon termination by a written instrument executed by all of the Owners of Interests and the record owners of mortgages upon the Property. Termination of its Declaration pursuant hereto shall become effective upon recordation of such written instrument, duly executed by the requisite number of Owners and mortgagees.

Section 10.2 Continuation of Declaration. The Management Company shall, no less than thirty (30) nor more than sixty (60) days prior to the actual date of such termination, pursuant to sub-section 11.1(i) above, call a meeting within thirty (30) days thereafter of all Owners. A quorum at such meeting shall be a majority of the total outstanding votes of all Owners. At such meeting, the Owners, by a majority vote, may vote to continue its Declaration for a period of ten (10) years. Its process shall be repeated as the end of each successive ten (10) year period approaches.

Should a quorum not be present at a duly called meeting, the meeting may be adjourned and another meeting called not less than thirty (30) days nor more than sixty (60) days from the date of the first meeting. A quorum at the second meeting shall be the number of votes present in person or by proxy and a majority thereof may vote to continue its Declaration for a ten (10) year period. Should less than a majority of the Owners vote to continue its Declaration at any such meeting, then its Declaration shall terminate upon the expiration of the ten (10) year period previously adopted by the Owners.

No Owner or other person or entity acquiring any right, title or interest in a Interest shall seek or obtain through any legal procedures, judicial partition or the Property or the Common Furnishings in lieu of partition at any date prior to the expiration of any successive ten (10) year voted by a majority of Owners. If, however, any Interest shall be owned by two or more persons as tenants in common or as joint tenants, nothing herein contained shall prohibit a judicial sale of the Interest in lieu of partition as between such tenant or joint tenants.

Section 10.3 Ownership after Termination. After termination, the Owners of the Interests shall own the Property as tenants in common and the holders of mortgages and liens upon the Property shall have mortgages and liens upon the respective undivided common interests of the Owners. The undivided share of each tenant in common shall be the same as its Interest in the Property prior to termination. Any asset of the Association, any funds held by the Board of Directors, and any insurance proceeds shall also be the property of the former Owners in the same manner. The cost incurred by the Board of Directors in connection with the termination shall be considered a Basic Expense.

ARTICLE XI
THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 11.1. The Association: The Declarant has established or will establish the Association for the purpose of exercising powers of maintaining and improving and administering the Common Property and providing common services, administering and enforcing covenants, conditions and restrictions contained herein and levying, collecting and disbursing assessments and charges herein created. Further, the Declarant reserves the right to convey to the Association and the Association agrees to accept any and all of its rights and obligations set forth herein.

Section 11.2. Membership: Every Owner shall be a member of the Association. The Declarant shall be a member of the Association.

Section 11.3. Voting Rights: The Association shall have one class of regular voting membership and one class of special voting membership which provides the Declarant, its successors and assigns, with additional voting rights.

Class A: Class A Members shall be all Owners (excluding the Declarant). A Class A Member shall be entitled to one vote for each Interest or Share he owns.

Class B: The Class B Member shall be the Declarant, its successors and assigns. The Class B Member shall be entitled to 4 votes for each Interest or Share in which it is an owner. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs later: (a) when the total votes outstanding in the Class A membership equals to the total votes outstanding in the Class B membership, or (b) January 1, 2015. Notwithstanding the above, the Declarant reserves the right to terminate its Class B membership at its sole discretion at an earlier date.

Each Member shall be entitled to vote at any meeting of Members, or on any matter requiring a vote of Members, occurring subsequent to the date upon which the Member became an Owner (provided, however, that the Member is not delinquent in the payment of assessments) and each Member shall be entitled to the number of votes as calculated above as if each Member had been a Member for a full year.

When any property entitling the Owner thereof to membership in the Association is owned Of Record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting Member to bind all others. Written evidence of such designation in a form satisfactory to the Board of Directors of the Association shall be delivered to the Board prior to the exercise of a vote by joint owners.

ARTICLE XII
PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 12.1. Members' Easements of Enjoyment in Common Properties: Subject to the provisions of its Declaration, the rules and regulations of the Association and any fees or charges established by the Association, every Member and every guest and lessee of such Member shall have an easement of enjoyment in and to the Common Property and such easements shall be appurtenant to and shall pass with the title of every Property subject to the following:

- (a) The right of the Association, in accordance with its Bylaws, to place mortgages or other encumbrances on the Common Property as security for borrowing by the Association;
- (b) The right of the Association, in accordance with its Bylaws, to take such steps as are reasonably necessary to protect the Common Property against foreclosures;
- (c) The right of the Association, as provided in the Bylaws, to suspend the rights and easements of enjoyment of any Member or any tenant or guest of any Member, for any period during which the payment of any assessment against the Property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days, for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver of discharge of the Member's obligations to pay such assessment.
- (d) The right of the Association to adopt and publish rules and regulations governing the use of Common Property and the conduct of Members, their lessees or guests, and to establish penalties for the infraction of such rules and regulations.

ARTICLE XIII
COVENANTS FOR ASSESSMENTS

Section 13.1. Creation of the Lien and Personal Obligations for Assessments: The Declarant, for each Interest Share owned within the Property (subject to the provisions of Section 9 of its Article) hereby covenants, and each Owner of any Interest or Share by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Any fees, dues or charges levied against the Property by the Master Deed; (2) Annual Assessments; (3) Special Assessments for capital improvements or charges; (4) Special Assessments for maintenance, taxes, water, sewer or other common utility expenses; and (5) Special Assessments for insurance. Said assessments shall be in addition to such assessments as may be charged by and due to the Association. The Annual and all Special Assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is

made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person(s) who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to its successors in title unless expressly assumed by them, but this shall not affect the continuing lien on the Property.

Section 13.2: Purpose of Assessment: The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property; for the improvement and maintenance of the Property as hereinafter provided; and for the costs of insurance of the Property, taxes for the Property, water, sewer and other Property utilities and emergencies. Such assessments shall be in addition to such assessments under the Master Deed as may be charged by and due to the Association. This Assessment shall also include 1/13 of the estimated property taxes, insurance, Master Deed assessments, and all costs of operations of the Property, such 1/13 being the responsibility of each Owner.

Section 13.3: Maximum Annual Assessment. Until December 31st of the year immediately following the conveyance of the first Property to an Owner, the Annual Assessment shall be One Thousand Nine Hundred Sixty-seven and 64/100 (\$1,986.12) Dollars for each Owner payable in twelve (12) monthly installments payable on January 1 and on the first of each month thereafter of each year. If, however, the Board of Directors of the Association by majority vote determines that the important and essential functions of the Association may be properly funded by Annual Assessments less than the amount heretofore stated, it may levy such lesser amounts. The levy of Annual Assessments less than the Maximum Annual Assessment in one year shall not affect the Board of Director's right to levy the Maximum Annual Assessment in subsequent years. If the Board of Directors shall levy less than the Maximum Annual Assessment for any assessment year and if thereafter, during such assessment year, the Board of Directors shall determine that the important and essential functions of the Association cannot be funded by such lesser amounts, the Board may, by majority vote, levy supplemental assessments. In no event shall the sum of the initial and supplemental assessments for that year exceed the applicable Maximum Annual Assessment.

From and after January 1st of the year immediately following the conveyance of the first Property to an Owner, the Association may increase the Maximum Annual Assessment by not more than 10% above the Maximum Assessment for the previous year without a vote of the membership. From and after January 1st of the year immediately following the conveyance of the first Property to an Owner, the Maximum Annual Assessment may be increased by more than 10% above the Maximum Assessment for the previous year by the affirmative vote of a majority of the members of the Association voting in person or by proxy, at a meeting duly called for its purpose. In the event the Board of Directors does not increase the Maximum Annual Assessment or levies an Annual Assessment of less than the Maximum Annual Assessment in a given year, or increases it in an amount less than which is authorized by its Section 3, the Board shall be deemed to have reserved the right and shall be authorized in subsequent years to implement that reserved portion of the authorized but unexercised increased authority. As an illustration, if the Board was authorized to increase the Maximum Annual Assessment by 10% in

years 2007 and 2008, but chose not to impose such increases, it could increase the Maximum Annual Assessment in 2009 by the amount applicable for 2009 plus up to 20% for levy in 2009.

This provision does not and shall not affect any additional assessments set forth herein and only applies to the Annual Assessment established by the Association's budget.

The closing attorney will prorate the assessments to the end of the month that the Interest closes and collect for the following month.

Section 13.4: Special Assessments for Capital Improvements: In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any repair or replacements as deemed necessary by the Board of Directors; and for repayment of any loan to the Association to enable it to perform the duties and functions authorized herein; provided that any such assessment (other than for the repair or replacement of the Property or Common Property damaged by fire or other casualty) shall have the consent of a majority of the members of the Association voting in person or by proxy at a meeting duly called for its purpose. In the event it is necessary to levy a Special Assessment to repair, restore or replace the Property or Common Property damaged as a result of fire or some other casualty hereinafter provided by the Declaration, such Special Assessment may be authorized by a majority vote of the Board of Directors.

Section 13.5: Special Assessments for Maintenance, Taxes, Water, Sewer, Other Common Utility Expenses and Emergencies: In addition to the Annual and Special Assessments authorized above, the Association may levy, in any assessment year, without vote of the membership a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of improvements and maintenance of the Common Property and of the Property situated upon the Property, including fixtures and personal property related thereto, or for the cost of the taxes for the Common Property, water, sewer and other Common Property, utilities, expenses or services and for any emergency repairs, restorations, maintenance or improvements made necessary by emergencies. The amount of such Special Assessment(s) shall be fixed by a vote of a majority of the Board of Directors.

Section 13.6: Special Assessment for Insurance: In addition to the Annual Assessments and the Special Assessments authorized above, the Association may levy, in any assessment year, without vote of the membership, a Special Assessment for the purpose of defraying the cost of the insurance policies referred to herein for the Common Property and the Property, and the cost attributable to the insurance trustee provided for herein below. The amount of such Special Assessment(s) shall be fixed by a vote of a majority of the Board of Directors and levied at the discretion of the Board of Directors.

Section 13.7: Notice and Quorum for any Action Authorized Under Sections 3 and 4: Notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 shall be sent to all Members not less than ten (10) days nor more than forty-five (45) days in

advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast one-third of the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement. No such subsequent meeting shall be held more than forty-five (45) days following the preceding meeting.

Section 13.8: Property owned by Declarant: Property owned by the Declarant will not be subject to the Annual Assessment or to any Special Assessments until the termination of the Declarant's Class B membership as set forth in Article II, Section 2 hereof; or 60 days after the closing of the first purchase of an individual share from the Declarant.

Section 13.9: Reserve Funds: The Association may establish reserve funds from its Annual Assessments to be held in reserve in an interest drawing account or investments as a reserve for (a) major rehabilitation or major repairs; (b) for emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss; (c) reoccurring periodic maintenance; (d) initial cost of any new service to be performed by the Association.

Section 13.10: Date of Commencement of Annual Assessments: Due Dates: Annual Assessments provided for herein shall commence on the date (which shall be the first day in a month) fixed by the Board of Directors of the Association to be the date of commencement and shall be payable in 12 monthly installments. The first monthly installment of the Annual Assessment shall be prorated according to the number of days remaining in the calendar month. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Interest at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto but failure to send or receive such notice shall not affect the validity of the lien or the obligations thereof. The due dates shall be established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Property and Property have been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 13.11: Effect of Non-Payment of Assessments: Any assessment not paid within fifteen (15) days after the due date specified in Section 13.3 or any other due date set by the Board hereof shall be considered delinquent and shall (together with interest thereon at the rate of 1½% per month from the due date and all costs of collection thereof, including a reasonable attorney's fee) become a charge and continuing lien on the land and all improvements thereon against which each such assessment is made, at the hands of the then Owner, its heirs, devisees, personal representatives, tenants, and assigns.

If the assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property in like manner as a mortgage of real property or both. Upon the exercise of its right to foreclose, the Association may elect to declare the entire remaining

amount of the Annual Assessment due and payable and collect the same through foreclosure. In either event all costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. In the event a judgment is obtained such judgment shall include interest on the assessment at the rate of eighteen (18%) percent per annum or the maximum lawful rate on such judgments.

In addition to the rights of actions set forth above, the Board of Directors may suspend the membership rights of any Member during the period when the assessment remains unpaid. Upon payment of such assessment, the Owner's rights and privileges shall be automatically restored.

Section 13.12: Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a Decree of Foreclosure, or any other proceeding or deed in lieu of foreclosure, and provided, further, that any delinquent assessments which are extinguished pursuant to the foregoing provision may be reallocated and assessed to all Members as an expense of the Association. Such sale or transfer shall not relieve such property from any liability for assessment accruing after conveyance by the creditor to a subsequent Owner.

Section 13.13: Annual Budget: The Board of Directors shall cause to be prepared and make available at the office of the Association to all Members at least thirty (30) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for such fiscal year. Financial books of the Association shall be available for inspection at the offices of the Association at all reasonable times.

Section 13.14: Working Capital: The Board of Directors of the Association shall establish at the time of activation of the Association a working capital fund which shall collect an amount equal to two-twelfths (2/12ths) of the Property's Annual Assessment. Each Interest's share of the working capital fund must be collected from the purchaser of the Property and transferred to the Association at the time of closing of the initial sale of each Interest from the Declarant or other initial Grantor. The working capital fund shall be maintained in an account for the use and benefit of the Association. The purpose of its fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advance payment of Annual Assessments or Special Assessments.

ARTICLE XIV USE RESTRICTIONS

Section 14.1: Residential Purposes. The Property shall not be used except for residential purposes. No trade or business of any kind or character nor practice of any

profession, nor any building or structure designed or intended for any purpose connected with any trade, business or profession shall be permitted within any Property or upon any Property.

Section 14.2: Animals. No animals, reptiles, rodents, birds, fish, livestock or poultry shall be raised, bred, kept or maintained inside the Property.

Section 14.3: Age Restriction. No person under the age of 21 years of age shall occupy the Property without the Owner of such Use Period being present in the Property.

Section 14.4 Smoking. There shall be no smoking within the Property at any time. Smoking will be allowed on the outside balcony with doors closed.

Section 14.5: Special Hazards. Each Owner accepts and assumes all the risks and hazards of ownership or occupancy attendant to the ownership of the Property, including but not limited to its proximity to any bodies of water.

Section 14.6: Rentals. Owners shall be able to rent any of their Interest through a property management company or through private rentals.

Section 14.7 Resale Restrictions. In the event an Owner of an Interest (excluding Declarant) decides to sell such Interest, the selling Owner shall offer such Interest to all of the remaining Owners and the Association. Such offer shall disclose the terms of such sale and all relevant information regarding such Sale to the Owners and Association. The Owners and the Association shall have 15 days to elect to purchase the available Interest, and 20 days thereafter (for a total of 35 days) to complete such acquisitions.

In the event the Owners and Associates elect not to purchase such Interest, the Selling Owner may offer his Interest to any party he desires so long as the terms of such offer are not less than that offered to the remaining Owners. Notice to the Management Company for the Association shall be deemed adequate notice hereunder and the Management Company shall have the responsibility for providing notice to the no-selling Owners.

ARTICLE XV AMENDMENTS

Section 15.1 General. The Declarant, its successors and assigns, specifically reserve the right to amend its Declaration, or any portion hereof, in any particular, by an instrument in writing filed and recorded in the Register of Deeds for Horry County, South Carolina with or without the approval of any owner or mortgagees from the date hereof until January 1, 2015; provided, that no amendment by Declarant shall divest a owner of any portion of its interest in a Property or the right to the use and enjoyment of its Property, the Common Furnishings during its Use Period(s) without the consent of such owner. Each owner, by acceptance of a deed to its Interest, agrees to be bound by such amendments as are permitted by its section. Thereafter, the procedure for amendment shall be as follows: All proposed amendments shall be submitted to a

vote of the owners at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if three-fourths (3/4ths) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given to each owner at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered.

No amendments to its Declaration shall be effective unless and until recorded in the Register of Deeds for Horry County, South Carolina.

ARTICLE XVI DECLARANT

Section 16.1 Rights as Owner. Declarant is the initial owner of each interest in the Property and shall be entitled to exercise all rights appurtenant thereto until such time as Declarant has conveyed that interest in such Property to another person. However, the Declarant shall not be required to pay Assessments to the Association with respect to any interest in a Property owned by it until (i) the Property has been completed suitable for occupancy and (ii) the Declarant has owned such completed Property for 60 days after the sale of the first Interest.

Section 16.2 Rights and Powers. Until January 1, 2015 the Declarant shall be entitled to exercise, without the consent of the owners, all rights granted to the owners to elect the members of the Board of Directors of the Association by its Declaration, or the Bylaws.

Section 16.3 Successors. The term "Declarant" as used in its Declaration and in the Bylaws shall be deemed to include any person who succeeds to the title of Declarant to the property by sale or assignment of the interest of Declarant in the property or by exercising a right of foreclosure or power of sale granted in or conveyed by any mortgage or deed to secure debt given by Declarant and duly recorded prior to the recording of its Declaration. Any such person shall be entitled to exercise all rights and powers conferred upon Declarant by its Declaration, the Act or the Bylaws.

ARTICLE XVII ENFORCEMENT

Section 17.1 In General. Its Declaration shall be enforceable by the Association, the Declarant or any owner by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages and to enforce any lien created by its Declaration; and failure by the Association or any owner or the Declarant to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right of any of the foregoing to enforce the same thereafter.

**ARTICLE XVIII
MISCELLANEOUS**

Section 18.1 Compliance. Each owner of an Interest shall be governed by and shall comply with its Declaration and the Bylaws. Failure to do so shall entitle the Association or any owner to recover sums due for damages or injunctive relief or both, including, without limitation, the fees set forth herein. Such actions may be maintained by a owner, the Association or the

Declarant and the prevailing party shall be entitled to receive reasonable attorney's fees. Such relief shall not be exclusive of other remedies provided by law.

Section 18.2 Notices. Any notice required to be sent to any owner under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's membership list. Where the owners of an Interest consist of two or more persons or entities, then notice to one or more such persons or entities shall constitute notice to all such persons or entities. It shall be the obligation of every owner to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes an owner following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to its predecessor in title.

Section 18.3 Severability. Should any covenant or restriction herein contained or any article, section, sub-section, sentence, clause, phrase or term of its Declaration be declared to be void, invalid, illegal or unenforceable for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 18.4 Gender and Number. All pronouns used herein shall be deemed to include the masculine, feminine and the neuter and the singular and the plural wherever the context requires or permits.

Section 18.5 Running With the Land. Its Declaration and all provisions contained therein shall be covenants running with the land.

Section 18.6 Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of its Declaration or the intent of any provision hereof.

Section 18.7 Acceptance of Deed to an Interest in a Property. The acceptance of a deed of conveyance, the entering into a lease or any other occupancy or use of the Property shall constitute (i) an acceptance and ratifications of the provisions of this Declaration by such owner, Permitted User or occupant and (ii) the acknowledgment by the owner, Permitted User or occupant that the Declaration makes no implied or express warranties relating to the Property

except for such warranties as are contained in the deed conveying the same or in the contract of sale between the Declarant and the owner.

Section 18.8 Rule Against Perpetuities. The Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In the event that any provisions hereof are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then and in that event, such term shall be reduced to a period of time which shall not violate the rule against perpetuities or any other law of the state of South Carolina, and such provisions shall be fully effective for such reduced period of time.

(Signatures appear on following page)

EXHIBIT A
(Legal Description)

(to be inserted)

EXHIBIT B

See Attached Use Schedule

EXHIBIT C

BYLAWS

OF

OWNER'S QUARTERS #1003 CRESCENT SHORES ASSOCIATION

THE BYLAWS OF Owner's Quarters #1003 Crescent Shores Association (the "Association") are promulgated pursuant to the Vacation Time Sharing Plan Act requirements set forth at Chapter 32, Title 27 Code of Laws of South Carolina, Revised 1991, as amended, and as may be further amended from time to time (the "Act") for the purpose of governing the administration of the Association. All terms not defined in these Bylaws have the meaning set out in the Act or the Declaration of Multiple Ownership Rights, Restrictions, Affirmative Obligations and Covenants for Owner's Quarters #1003 Crescent Shores dated September 15, 2007 and recorded in the Register of Deeds for Horry County, South Carolina at Deed Book ____ Page ____, with Exhibits incorporated therein and all amendments thereto (the "Declaration").

ARTICLE I

MEMBERSHIP AND VOTING

SECTION 1.1. Membership. Members of the Association shall all be owners of Multiple Ownership Interests, as such term is defined in the Declaration (the "Co-Owner"), and the Declarant shall be a member of the Association. A person or entity holding a mortgage on an Interest as security for payment of a debt shall not be a member entitled to exercise the rights of a Co-Owner unless such person or entity holds a proxy conferring such rights.

SECTION 1.2. Quorum. The presence in person or by proxy of fifty-one (51%) percent of all Co-Owners shall constitute a quorum for the transaction of business at meetings of the Association.

SECTION 1.3. Voting. The Association shall have one class of voting membership and one class of special voting membership which provides the Declarant, its successors and assigns, with additional voting rights.

Class A: Class A Members shall be all Owners (excluding the Declarant). A Class A Member shall be entitled to one vote for each Interval or Share he owns.

Class B: The Class B Member shall be the Declarant, its successors and assigns. The Class B Member shall be entitled to 4 votes for each Interval or Share in which it is an owner. The Class

B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs later: (a) when the total votes outstanding in the Class A membership equals to the total votes outstanding in the Class B membership, or (b) January 1, 2015. Notwithstanding the above, the Declarant reserves the right to terminate its Class B membership at its sole discretion at an earlier date.

Each member shall be entitled to one vote for each Interval or Share owned. A Co-owner's voting rights and the vote required to adopt decisions shall be as set out in Article V of the Declaration and herein. The affirmative vote of fifty-one (51%) percent or more of all Co-Owners is necessary to adopt any matter before the Association. Votes can be cast only at meetings of the Association convened in accordance with the Bylaws, and in the absence of a valid proxy, an individual shall act in his own behalf, a corporation shall act by any officer thereof, a partnership shall act by any general partner thereof, an association shall act by any associate thereof, a trust shall act by any trustee thereof. When any property entitling the Owner thereof to membership in the Association is owned Of Record, as these terms are defined in the Declaration, in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners in partnership or any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written notice of such designation shall be delivered to the Secretary of the Association prior to the exercise of a vote by joint owners.

SECTION 1.4. Proxies. Each Co-Owner entitled to vote may vote in person or by proxy at any meetings of the Association. Each proxy shall be executed in writing by the Co-Owner or by his duly authorized attorney-in-fact, dated as of its execution and shall be filed with the Secretary of the Association. No proxy shall confer authority to vote at any meeting other than the next meeting, or adjournment thereof, held after the date on which the proxy was executed.

SECTION 1.5. Consents. Any action which may be taken by a vote of the Co-Owners may also be taken by written consent to such action signed by all Co-Owners entitled to vote or by the designated voting member.

SECTION 1.6. Annual Meeting. Annual meetings of the Association shall be held on the day and time as determined by the Board of Directors, to be designated in the notice of the meeting. Any business which is appropriate for action of the Co-Owners may be transacted at an annual meeting.

SECTION 1.7. Special Meetings. Special meetings of the Association may be called at any time by the President of the Association or by a majority of the Board of Directors and shall be called upon the written request of fifty-one (51%) percent of all Co-Owners. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Co-Owners entitled to vote waive notice of any additional business.

SECTION 1.8. Notice of Meetings. Written notice of every annual or special meeting of the Association stating the time, date and place of the meeting and, in the case of a special meeting, the business proposed to be transacted, shall be given to every Co-Owner entitled to vote not fewer

than ten (10) nor more than thirty (30) days in advance of the meeting. Written notice given to the managing entity shall constitute written notice hereunder to all of the Co-Owners within the Association. Failure to give proper notice of a meeting of the Co-Owners shall not invalidate any action taken at such meeting unless (1) a Co-Owner entitled to vote who is present but was not given proper notice objects at such meeting, in which case the matter to which such Co-Owner objects shall not be taken up, or (2) a Co-Owner entitled to vote who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Co-Owner objects shall be void.

SECTION 1.9. Waiver of Notice. Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Co-Owner may in writing waive notice of any meeting either before or after such meeting. Attendance at an annual meeting by a Co-Owner, whether in person or by proxy, shall be deemed a waiver by such Co-Owner of notice of the time, date, and place thereof unless such Co-Owner specifically objects to the lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote.

SECTION 1.10. Place of Meeting. All meetings of the Association shall be held at such convenient place as the President of the Association or the Board of Directors may direct.

SECTION 1.11. Adjournment. Any meeting of the Association may be adjourned from time to time for periods not exceeding forty-eight (48) hours by vote of Co-Owners holding a majority of the vote represented at such meeting, regardless of whether a quorum is present. Any business which could properly be transacted at the original session of a meeting may be transacted at an adjourned session, and no additional notice of adjourned sessions shall be required.

SECTION 1.12. Order of Business. The order of business at all meetings of the Co-Owners shall be as follows:

1. Roll Call and certifying of proxies;
2. Proof of proper notice of the meeting or waiver of notice;
3. Readings of minutes of preceding meetings;
4. Report of Board of Directors;
5. Reports of Officers;
6. Reports of Committees;
7. Report of Management Company;

8. Presentation of Budget;
9. Election of Directors (when required);
10. Unfinished business;
11. New business.

SECTION 1.13. Minutes of Meeting. The Secretary of the Association shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Association. Such minutes shall be made available for examination and copying by any Co-Owner at any reasonable time.

SECTION 1.14. Voting Rights in Other Associations. The Co-Owners are also members of the Crescent Shores Condominium Association (the "Master Association"). As members of the Owner's Quarters #1003 Crescent Shores Association and the Master Association, Co-Owners are entitled to certain voting rights pursuant to the Owner's Quarters #1003 Crescent Shores Declaration, the Bylaws of the Owner's Quarters #1003 Crescent Shores Declaration, the Master Association Covenants and the Bylaws of the Master Association. The Owner's Quarter #1003 Crescent Shores Association Bylaws and the Master Association Bylaws provide that when any property is owned of record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants in common, partners in partnership or any other manner of joint or common ownership, one person or entity must be designated the voting member to bind all members.

The Designated Purchaser ("Designated Purchaser" shall mean that Co-Owner elected by the Association to represent the Association to the Master Association and to undertake and fulfill all responsibilities imposed on the Co-Owners by the Master Association) is hereby authorized as the voting member for the Property and shall, on behalf of all Co-Owners, exercise the voting rights of the Co-Owners in the Master Association. If the notice or agenda for any regular or special meeting of the members of the Master Association is available within sufficient time, the Designated Purchaser shall promptly notify each Co-Owner of the items to be discussed and presented at such meeting as shown by the notice or agenda and request that each Co-Owner indicate in writing to the Designated Purchaser his or her preference as to the vote on items disclosed by the notice or agenda. The Designated Purchaser will vote in such manner as may be directed by a majority in interest of the Owners or in the absence of direction from a majority in interest, shall vote as the Designated Purchaser deems to be in the best interest of the Co-Owners. Each Co-Owner authorizes the Designated Purchaser to act for his or her in any such meeting and, for this purpose, shall deliver to the Designated Purchaser a proxy authorizing the Designated Purchaser to act for such Co-Owner at such meeting whenever requested to do so.

SECTION 1.15. MEETING OPTIONS. Any meeting or consent set forth required or established hereunder may be held or provided telephonically, via email or other form of electronic communication.

ARTICLE II

BOARD OF DIRECTORS OF THE ASSOCIATION

SECTION 2.1. FORM OF ADMINISTRATION. The Association shall act by and through its Board of Directors, which Board shall consist of three (3) directors. The Directors need not be members of the Association.

SECTION 2.2. AUTHORITIES AND DUTIES. In its discretion and as required by the Act, the Declaration, and these Bylaws, the Board of Directors shall provide for the following:

- (1) The contracting with a Management Company to provide for the administration, operation, maintenance, repair and restoration of the Property, and the Common Furnishings and any alterations and additions thereto as well as the designation and dismissal of the personnel necessary to accomplish the same;
- (2) The preparation of an annual budget for the Association outlining anticipated receipts and expenses for the following fiscal year;
- (3) The collection of assessments from the Co-Owners, the Association, or managing entities;
- (4) The procuring and keeping in force of insurance on the Property and Common Furnishings;
- (5) The enactment of reasonable regulations governing the use of the Common Furnishings;
- (6) The enforcement of the terms of the Declaration, these Bylaws, and any Regulations promulgated pursuant to the Bylaws;
- (7) The general administration of the Association and the Multiple Ownership Interests on behalf of and for the benefit of all Co-Owners.

SECTION 2.3. Election and Term. Except as otherwise provided herein, the Co-Owners shall elect upon majority vote two Directors to serve terms of two (2) years and one Director to serve a term of one (1) year. Each Director shall hold office until his successor is elected or until his death or until he shall resign or be removed from office.

Until January 1, 2015, the Declarant shall be entitled to exercise, without the consent of the Co-Owners, all rights granted to the Co-Owners herein or in the Declaration to elect the members of

the Board of Directors of the Association, according to the terms provided herein, unless such rights are earlier terminated by the Association

SECTION 2.4. Removal. A Director may be removed from office with or without cause by the affirmative vote of a majority of the total number of Co-Owners. The unexpired portion of the term of any Director so removed shall be filled by a new Director elected by the affirmative vote of the majority of the total number of Co-Owners.

SECTION 2.5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by the Co-Owners shall be filled by a new Director elected by the affirmative vote of a majority of the remaining Directors even though such remaining Directors do not constitute a quorum.

SECTION 2.6. Voting. Each Director shall have one (1) vote on all matters acted upon by the Board of Directors. The vote of a Director shall be cast only by such Director personally at a meeting of the Board of Directors convened in accordance with these Bylaws. Proxies shall not be permitted in any vote of the Board of Directors. The affirmative vote of a simple majority of Directors present at the time of a vote, if a quorum is present at such time, shall be sufficient for any action unless otherwise specified in these Bylaws.

SECTION 2.7. Quorum. A majority of Directors shall constitute a quorum for the transaction of business.

SECTION 2.8. Consents. Any action which may be taken by a vote of the Board of Directors may also be taken by written consent to such action signed by all Directors.

SECTION 2.9. Annual Meetings. An annual meeting of the Board of Directors shall be held during each fiscal year immediately following the annual meeting of the Co-Owners. The time, date and place of the annual meeting of the Board of Directors shall be fixed at the annual meeting of the Co-Owners by mutual agreement of the Directors present at such meeting, and no further notice thereof shall be necessary. Any business which is appropriate for action of the Board of Directors may be transacted at an annual meeting.

SECTION 2.10. Special Meetings. Special meetings of the Board of Directors may be called from time to time by the President of the Association and shall be called upon the written request of two (2) of the Directors. Only such business as is stated in the notice of meeting shall be transacted at a special meeting unless all Directors waive notice of any additional business.

SECTION 2.11. Notice of Meetings. Except for the annual meeting, written notice of every regular or special meeting of the Board of Directors stating the time, date and place of the meeting and, in the case of special meetings the business proposed to be transacted shall be given to every Director not fewer than three (3) nor more than ten (10) days in advance of the meeting. Failure to give proper notice of a meeting of the Board of Directors shall not invalidate any action taken at such meeting unless (1) a Director who was present but was not given proper notice objects

at such meeting, in which case the matter to which such Director objects shall not be taken up, or (2) a Director who is not present and was not given proper notice objects in writing to the lack of proper notice within thirty (30) days following such meeting, in which case the action to which such Director objects shall be void.

SECTION 2.12. Waiver of Notice. Waiver of notice of a meeting of the Board of Directors shall be deemed the equivalent of proper notice. Any Director may in writing waive notice of any meeting of the Board of Directors either before or after such meeting. Attendance at a meeting by a Director shall be deemed a waiver by such Director of notice of the time, date, and place thereof unless such Director specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed a waiver of notice of all business transacted unless objection to lack of notice is raised before the business to which proper notice was not given is put to a vote. If notice is waived in advance of a special meeting of the Board of Directors, such waiver shall apply only to such matters transacted at the special meeting which have been communicated in advance to the Director who has waived notice.

SECTION 2.13. Place of Meeting. All meetings of the Board of Directors shall be held upon the Property or at such other convenient place as the Board of Directors may direct. Any or all Directors may participate in a meeting of the Board of Directors by means of conference telephone or any means of communication by which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at such meeting.

SECTION 2.14. Minutes of Meetings. The Secretary of the Association shall prepare and keep, or cause to be prepared and kept, accurate minutes of every meeting of the Board of Directors. A copy of such minutes shall be held available for inspection and copying by any Co-Owner at any reasonable time.

SECTION 2.15. Compensation. The Directors shall serve without compensation, but by resolution of the Board, any Director may be reimbursed by the Association for expenses incurred in the conduct of his duties.

ARTICLE III

OFFICERS OF THE ASSOCIATION

SECTION 3.1. Designation. The Association shall have a President, a Vice-President, a Secretary and a Treasurer. The Association may also have one or more assistants to any of such officers as may be necessary from time to time. The offices of Secretary and Treasurer may be filled by the same individual. The officers shall have the authority, powers, duties and responsibilities provided by these Bylaws, or, to the extent not so provided, by the Board of Directors.

SECTION 3.2. Election and Term. Officers of the Association shall be elected at each annual meeting of the Board of Directors and at such other times as may be required to fill vacancies in any office. All officers shall serve until their successors have been elected and assumed office unless sooner removed as hereinafter provided. An officer may be re-elected to any number of terms.

SECTION 3.3. Removal. Any officer may be removed from office at any time with or without cause by the Board of Directors.

SECTION 3.4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in a corporate president, including but not limited to the power to appoint committees from among the Co-Owners from time to time as he may in his discretion deem appropriate to assist in the conduct of the affairs of the Association.

SECTION 3.5. Vice President. The Vice President shall take the place and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President or the Vice President is able to act, the Board of Directors shall appoint some other Co-Owner to take the place and perform the duties of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

SECTION 3.6. Secretary. The Secretary shall prepare and keep, or cause to be prepared and kept, the minutes of all meeting of the Co-Owners and of the Board of Directors, and shall have charge of such books and papers as the Board of Directors may direct.

SECTION 3.7. Treasurer. The Treasurer shall have custody of, and responsibility for Association funds and securities and shall keep the financial records and books of account belonging to the Association. If a Management Company is employed as hereinafter provided, custody of Association funds and securities and responsibility for maintaining full and accurate accounts of all receipts and disbursements may be delegated to the Management Company if the Board of Directors so determines, but in such case the Treasurer shall verify the amount of Association funds and securities in the custody of the Management Company and review and reconcile the accounts maintained by the Management Company at such intervals as may be determined by the Board of Directors.

SECTION 3.8. Compensation. The Officers shall serve without compensation, but by resolution of the Board of Directors, any Officer may be reimbursed by the Association for expenses incurred in the conduct of his duties. The Association shall provide E & O Insurance for the Board.

ARTICLE IV

MANAGEMENT COMPANY

SECTION 4.1. Employment. The Board of Directors may engage a Management Company pursuant to a written agreement (the "Management Agreement"), which Management Agreement shall contain such terms and conditions as may be determined by the Board of Directors. Unless the Management Company initially selected by the Board of Directors consents to a shorter time, for a period of one (1) calendar year from and including the date upon which the Declaration is recorded, said Management Company shall be employed by the Association as the Managing Agent of the Multiple Ownership Interests.

SECTION 4.2. Qualification. The Management Company may be a natural person or a corporation or other legal entity.

SECTION 4.3. Authority and Duty. The Management Company shall provide the services and perform the duties set out in Article II, Section 2.2 of these Bylaws, and shall provide such other services and perform such other duties as authorized and directed from time to time by the Board of Directors. The Management Company shall confer fully and freely with the Board of Directors and shall attend meetings of the Board and of the Association when requested to so by the Board.

ARTICLE V

FISCAL YEAR

The fiscal year of the Association shall begin on the first (1st) day of January and end December 31 unless the Board of Directors shall otherwise determine.

ARTICLE VI

LIABILITIES AND INDEMNIFICATION

SECTION 6.1. Liability of Directors and Officers. No director or officer of the Association shall be liable to any Co-Owner for any decision, action, or omission made or performed by such Director or officer in the course of his duties unless such Director or officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Act, the Declaration, or these Bylaws.

SECTION 6.2. Indemnification of Directors and Officers. The Association shall indemnify and defend each Director and each Officer of the Association from any liability claimed or imposed against him by reason of his position or actions as a Director or any officer of the Association if all the following conditions are satisfied:

- (1) Such Director or officer is not required to bear such liability by the terms of the Act, the Master Deed, or these Bylaws; and
- (2) Such Director or officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same; and
- (3) Such Director or officer cooperates with the Association in defending against the liability.

The expense of indemnifying a Board Member or Officer as provided herein shall be a Basic Expense of the Association, including such Board Member or Officer.

ARTICLE VII

AMENDMENTS

These Bylaws may be altered, amended, or repealed by, and new Bylaws may be adopted by a majority of the Board of Directors.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. Record of Ownership. Any person who acquires title to an interest in a Multiple Ownership Villa shall promptly inform the Board of Directors of his identity and the date upon and manner in which title was acquired. The Board of Directors shall maintain a record of the names of all Co-Owners and of the date upon which they acquired title to their interest.

SECTION 8.2. Notification of Transfer. A Co-Owner shall promptly notify the Board of Directors of a proposed transfer of title to his interest, setting forth the closing date and the name and address of the transferee.

SECTION 8.3. Corporate Seal. The Secretary may have a seal in circular form having within its circumference the name of the Association, the year of its organization and words "Corporate Seal" South Carolina.

SECTION 8.4. Parliamentary Rules. Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Declaration or these Bylaws.

SECTION 8.5. Notices. Any notices or documents placed in the mail at the direction of the Board of Directors shall be deemed delivered to the Co-Owner of Interest, unless the Co-Owner has previously specified to the Board of Directors in writing another address for delivery of such

notices and documents. Any notice or document addressed to the Board of Directors and delivered to any Director by or at the direction of a Co-Owner shall be deemed delivered to the Board of Directors. Any notice to Directors shall be deemed to be given when such notice is deposited postpaid in the U.S. Mail addressed to such Director at his address as it appears in the records of the Association.

SECTION 8.6. Waiver. No provision of these Bylaws or of the Regulations promulgated pursuant hereto shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches which may have occurred.

SECTION 8.7. Conflicts. In the event of any conflict between these Bylaws and the Act or the Declaration, the Act or the Declaration shall control, as appropriate. In the event of a conflict between these Bylaws and the Regulations, these Bylaws shall control.

SECTION 8.8. Severability. These provisions of these Bylaws are severable, and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the enforceability or effect of the remainder hereof.

SECTION 8.9. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

SECTION 8.10. Gender and Number. All pronouns used herein shall be deemed to include the masculine, the feminine, and the neuter, and the singular shall include the plural and vice versa, whenever the context requires or permits.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of the Corporation this _____ day of _____, 2007.

Secretary:

By: _____

Its: _____