

COPY

TABLE OF CONTENTS
FOR MASTER DEED OF
QUAIL MARSH HORIZONTAL PROPERTY REGIME

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Pg 73

- I. DESCRIPTION OF LAND
- II. DESCRIPTION OF BUILDINGS
- III. DESCRIPTION OF APARTMENTS
- IV. DESCRIPTION OF COMMON ELEMENTS
- V. ADDITIONAL PHASES AND EASEMENTS THEREFOR
- VI. NO REPRESENTATION AS TO FUTURE PHASES
- VII. DWELLING OWNERSHIP AND APPURTENANT INTEREST IN COMMON ELEMENTS
- VIII. NAME
- IX. DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS AND AGREEMENT AND EASEMENT GRANTS
- X. TERMINATION
- XI. AMENDMENT OF MASTER DEED
- XII. REMEDIES IN THE EVENT OF DEFAULT
- XIII. USE OR ACQUISITION OF INTEREST IN THE REGIME TO RENDER USER OR ACQUIRER SUBJECT TO PROVISIONS OF MASTER DEED
- XIV. RIGHT OF GRANTOR TO SELL OR LEASE APARTMENT OWNED BY IT AND RIGHT OF GRANTOR TO REPRESENTATION ON BOARD OF DIRECTORS OF ASSOCIATION
- XV. SEVERABILITY
- XVI. LIBERAL CONSTRUCTION AND ADOPTION OF PROVISIONS OF HORIZONTAL PROPERTY ACT
- XVII. MASTER DEED BINDING UPON GRANTOR; ITS HEIRS AND ASSIGNS AND SUBSEQUENT OWNERS

5-2-84
HARRY COUNTY
COURT

I hereby certify that the within deed has been
filed in the office of the Auditor of the County of
Horry, D. 13
age
Auditor of

HORRY COUNTY ASSESSOR
NET PARCEL 173-14-02-001 +hm 064
173-00-03-003 5/10/84

887 1402 073

A

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

MASTER DEED
FOR QUAIL MARSH
HORIZONTAL PROPERTY REGIME

Quail Marsh Partnership, A South Carolina General Partnership organized and existing under the laws of the State of South Carolina, hereinafter referred to as "Grantor", as the sole owner in fee simple of the land and improvements hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit the land and buildings hereinbelow described, together with all other improvements thereon, including all easements, rights, and appurtenances thereto belonging, to a horizontal property regime to be known as QUAIL MARSH HORIZONTAL PROPERTY REGIME; hereinafter referred to as the "Regime", in the manner provided for by Sections 27-31-10 through 27-31-300 (both inclusive) of Chapter 31, entitled "Horizontal Property Act" of the Code of Laws of South Carolina 1976. In conformity with Sections 27-31-30 and 27-31-100 of said Act, Grantor sets forth the following particulars:

I. DESCRIPTION OF LAND. The land which is hereby submitted to the Regime is described as follows:

ALL AND SINGULAR, that certain piece, parcel or tract of land, situate, lying and being in the Dogwood Neck Township, Horry County, South Carolina, containing 4.384 acres, more or less, and being more particularly shown as Phase "A" on that certain map prepared by Sur-Tech, Incorporated by Stephen R. Wolfe, R.L.S., SC #9065, dated April 12, 1984 and entitled "Map of Phases A, B and C of Quail Marsh Apartments for Quail Marsh Partnership, Myrtle Beach, South Carolina", said survey being attached hereto, labeled Exhibit A and incorporated herein by reference.

TOGETHER with the right to use in conjunction with the Grantor any right or rights that the Grantor has to utilize Parcel C for ingress and egress purposes or other rights conferred to the Grantor as shown on a plat prepared by Daniel Riddick and Associates, Inc., by Daniel D. Riddick, R.L.S., #3322, dated December 9, 1982 and recorded March 11, 1983 in Deed Book 784, at Page 636, records of the Office of the Clerk of Court for Horry County.

This being a portion of the property heretofore conveyed to Quail Marsh Partnership, A South Carolina General Partnership by deed of Twenty-First Land Corporation, Inc., A South Carolina Corporation dated March 10, 1983, and recorded March 11, 1983 in Deed Book 784, at Page 636, records of Horry County.

II. DESCRIPTION OF BUILDINGS. The Grantor has recently completed, caused to be completed or shall complete on the above described parcel of land certain improvements including Eight (8) buildings containing Sixty-Four (64) apartments. .

The real property area and dimensions are particularly shown and delineated on the survey by Stephen R. Wolfe attached hereto and designated as Exhibit "A", which is expressly made a part hereof and incorporated by reference. The location of the buildings and other improvements are particularly shown and delineated on the plot plan attached hereto, and designated as Exhibit "A", which is expressly made a part hereof and incorporated herein by reference. The dimensions, area, and location of the buildings and each of the apartments are shown on the floor plans attached hereto and designated as Exhibit "A", which are expressly made a part hereof and incorporated herein by reference.

III. DESCRIPTION OF APARTMENTS. The Grantor, in order to implement the condominium ownership of the hereinbefore described

premises, covenants and agrees to, and hereby does, subdivide the above property vertically and horizontally into the following freehold estates:

A. Sixty-Four (64) separate parcels of property, being the Sixty-Four (64) apartments, together with their respective shares in the common elements, as hereinafter more particularly described. Exhibit "A" delineates the dimensions area and location of each apartment. Each apartment consists of:

(1) The volumes or cubicles of space enclosed by the unfinished interior surfaces of perimeter walls, ceilings, and floors of the apartment, including the surfaces of loadbearing interior walls, vents, chimneys, doors, windows, and such other structural elements that ordinarily are regarded as enclosures of space, and excluding the interior walls containing conduits and wiring for utilities.

(2) All interior dividing walls and partitions including the space occupied by such walls or partitions, excepting, however, load bearing walls.

(3) The decorated interior surfaces of said perimeter walls and the decorated surfaces of interior walls, including load bearing walls, floors, and ceilings consisting of, as the case may be, wallpaper, paint, plaster, carpeting, tiles, and all other finishing materials affixed or installed as a part of the physical structure of the apartment.

(4) All fixtures, mechanical systems, and equipment installed in said apartment and intended for the sole and exclusive use of the apartment. No pipes, wires, conduits, or other utility lines or installations constituting a part of the overall systems designated for the service of any other apartment, nor structural members or portions of any of the apartment building, nor any other property of any kind, including fixtures and appliances within the apartment, which are not removable without jeopardizing the soundness, safety, or usefulness of the remainder of the building, shall be deemed to be a part of any individual apartment.

(5) The word "apartment" when used throughout this instrument shall be deemed to refer to each of the aforesaid 64 apartments as herein described and shall have the same meaning as set forth in the Horizontal Property Act.

IV. DESCRIPTION OF COMMON ELEMENTS. The term common elements as used herein shall mean and comprise the following:

A. The parcel of land hereinbefore described on which the buildings stand.

B. The portions of the Eight (8) apartment buildings described above, not otherwise herein defined as being embraced within the Sixty-Four (64) individual apartments, including but not limited to the foundations, floors, roofs, ceilings, perimeter walls of apartments, load bearing interior walls, and partition walls enclosing common facilities, slabs, stairs, patios, balconies, pipes, wires, conduits, air ducts, and utility lines, including the space actually occupied by the above.

C. All improvements to the premises constructed or to be constructed other than the buildings such as utilities, walkways, plantings, trees, shrubbery, yards, lawns, gardens, and etc., located on said parcel of land.

D. Parking facilities.

E. All other elements of the buildings, not included within the apartments, constructed or to be constructed on the hereinbefore described parcel of land, rationally of common use or necessary to existence, upkeep, and safety; and in general, all other devices or installations existing for common use.

F. All property of the Regime whether land, building, improvements, or otherwise, except such as is included in the Sixty-Four hereinbefore described apartments.

G. All assets of QUAIL MARSH HOMEOWNER'S ASSOCIATION, INC.

H. The ownership of each apartment shall include an undivided share in and to the common elements as set forth in Paragraph VII. It is the intention of the Grantor hereby to provide that the common elements in the Regime shall be owned by the co-owners of the apartments as tenants-in-common, the undivided share of each co-owner being as stated hereafter.

I. Portions of the common elements are hereby set aside and reserved for the restricted use of the respective apartment to the exclusion of the other apartments, and such portions shall be known and referred to as "limited common elements". The limited common elements restricted to the respective apartments are those portions of any walls which are deemed to be common elements and which are within the individual apartments, the assigned automobile parking spaces, balconies, patios, stairs, and all other common elements which are peculiar or limited to the use of an individual apartment. The term "common elements" when used throughout this instrument shall mean both general and limited common elements.

J. All other general common elements defined as such in Section 27-31-20 of the Horizontal Property Act of the Code of Laws of South Carolina 1976.

V. ADDITIONAL PHASES AND EASEMENTS THEREFOR. In addition to the lands with improvements thereon in Phase A, the Grantor may acquire and complete construction of additional Apartments on property contiguous or near to the property described in Paragraph I herein. The additional property shall be referred to as "Phase B and/or Phase C", and is described on Exhibit "E", attached hereto and made a part hereof and further depicted as Phase B and Phase C on the survey by Stephen R. Wolfe labeled Exhibit A and incorporated herein by reference. When the Grantor submits Phase B and Phase C property, the property of said phases will become an integral part of QUAIL MARSH HORIZONTAL PROPERTY REGIME once appropriate amendments to this Master Deed have been filed as hereinafter provided. Further, there is reserved by the Grantor, for itself, its successors and assigns, in, over, across, under and upon the properties shown as Phase A, Phase B and/or Phase C, all easements and right of ingress and egress necessary and convenient for the construction of the said Phase B and/or Phase C, which such easements shall remain in full force and effect for such time as the Grantor retains the option of submitting the said Phase B and/or Phase C.

The Grantor hereby reserves unto itself, its successors or assigns, the right to submit the Phase B and/or Phase C property, to the provisions of this Master Deed, thereby causing Phase B and/or Phase C, or any or all, to become and be a part of QUAIL MARSH HORIZONTAL PROPERTY REGIME. The Grantor shall submit Phase B and Phase C to this Regime no later than May 1, 1985. The said Phase B and/or Phase C, shall be added only upon execution by the Grantor, its successors or assigns, within the time specified herein, of an amendment or amendments to this Master Deed which shall be filed

for record in the Office of the Clerk of Court for Horry County, South Carolina. Any such amendment shall expressly submit Phase B and/or Phase C, property, or any or all, to all of the provisions of this Master Deed and By-Laws made a part hereof as either or both may be amended. When Phase B and Phase C are submitted to the Regime, the provisions of this Master Deed and all exhibits thereto shall then be construed and understood as embracing Phase A (the basic "property" herein defined) and the Phase B and/or Phase C, together with all improvements then or thereafter constructed.

VI. NO REPRESENTATION AS TO FUTURE PHASES. The Grantor shall be under the obligation to construct or submit Phase B and Phase C. Phase B shall be submitted to this Regime on or before November 1, 1984 and Phase C shall be submitted to this Regime on or before May 1, 1985.

Each phase shall be depicted on a separate map or plat showing the boundaries of the phase and the location thereon of all improvements, amenities, parking, etc. Phase A and each additional phase, as constructed and submitted, shall constitute the entirety of the Regime and the Regime, the Association and the owners of apartments shall not acquire any rights as to any properties not depicted thereon.

The "Plot Plan", "Floor Plans", and all other exhibits attached hereto, incorporated herein and/or associated herewith which depict or refer to any phase which has not been made a part hereof by amendment as herein provided shall be of no force or effect until such phase has been incorporated herein by amendment. No such "Plot Plan", etc. shall constitute a warranty or representation that any additional phase will be constructed or submitted or that any amenity not shown on the phase(s) actually constructed and submitted is or will be constructed or submitted.

VII. DWELLING OWNERSHIP AND APPURTENANT INTEREST IN COMMON ELEMENTS. Each apartment shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the owner or owners of each apartment shall own, as an appurtenance to the ownership of said apartment, an undivided interest in the common elements, the undivided interest appurtenant to each apartment being that which is hereinafter specifically assigned thereto. The percentage of undivided interest in the common elements assigned to each apartment shall not be changed except with the unanimous consent of all the owners of all the apartments, and except as provided in Paragraph V and with regard to the Amendments of this Master Deed to admit Phase B and/or Phase C, apartments into this Regime.

VIII. NAME. The name by which the Regime shall be known is QUAIL MARSH HORIZONTAL PROPERTY REGIME.

IX. DECLARATION OF RESTRICTIVE AND PROTECTIVE COVENANTS AND AGREEMENT AND EASEMENT GRANTS. The apartments and common elements shall be and the same are hereby declared to be subject to the restrictions, easements, conditions, and covenants prescribed and established herein governing the use of said apartments and common elements, and setting forth the obligations and responsibilities incident to ownership of each apartment and its appurtenant undivided interest in the common elements, and said apartments and common elements are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Regime.

A. Restriction Against Further Subdividing of Apartments And Separate Conveyance Of Common Elements, Etc. No

apartment may be divided or subdivided into a smaller apartment unit, or smaller apartment units, than as shown on Exhibit "A" attached hereto; nor shall any apartment, or portion thereof, be added to or incorporated into any other apartment. The undivided interest in the common elements declared to be an appurtenance to each apartment shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said apartment; and the undivided interest in common elements appurtenant to each apartment shall be deemed conveyed, devised, encumbered, or otherwise included with the apartment even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such apartment. Any conveyance, mortgage, or other instrument which purports to effect the conveyance, devise, or encumbrance; or which purports to grant any right, interest, or lien in, to, or upon an apartment, shall be null, void, and of no effect insofar as to the same purports to affect any interest in an apartment and its appurtenant undivided interest in common elements; unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire apartment. Any instrument conveying, devising, encumbering, or otherwise dealing with any apartment, which described said apartment by the apartment unit number assigned thereto in Exhibit "A", without limitation or exception, shall be deemed and construed to affect the entire apartment and its appurtenant undivided interest in the common elements. Nothing herein contained shall be construed as limiting or preventing ownership of any apartment and its appurtenant undivided interest in the common elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety. Further, nothing shall be construed as limiting or preventing the Grantor, its successors or assigns, from adding Phase B and/or Phase C, as provided herein. Provided, further, that it shall not be permissible for any unit owner or groups of owners, tenants in common, joint tenants, etc., to enter into any scheme or program that is in the nature of "Time Sharing" or "Interval Ownership".

B. Perpetual Non-Exclusive Easement In Common Elements and Right of Association to Grant Easements. The common elements shall be and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all the owners of apartments in the Regime for their use and the use of their immediate guests, licensees, and invitees for all proper and normal purposes, for the furnishing of services and facilities for which the same are reasonably intended, and for the enjoyment of said owners of apartments. Notwithstanding anything above provided in this article, QUAIL MARSH HOMEOWNERS ASSOCIATION, INC., hereinafter identified, shall have the right to establish the rules and regulations pursuant to which the owner or owners of any apartment may be entitled to the exclusive use of any parking space or spaces. QUAIL MARSH HOMEOWNERS ASSOCIATION, INC., hereinafter identified, shall have the right to grant permits, licenses and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Regime.

C. Easement for Unintentional Non-negligent Encroachments. In the event that any apartment shall encroach upon any common elements or upon any apartment for any reason not caused by the purposeful or negligent act of the apartment owner or owners, or agents of such owner or owners, then an easement appurtenant to such apartment shall exist for the continuance of such encroachments of the apartment upon the common elements or upon the other apartments so long as such encroachment shall naturally exist; and, in the event that any portion of the common elements shall encroach upon any apartment, then an easement shall exist for the continuance of such encroachment of the common elements into any apartment for so long as such encroachment shall

naturally exist. If any building, apartment, or common element shall be partially or totally destroyed or taken as a result of fire, other casualty, or eminent domain proceedings and then rebuilt, encroachments due to such rebuilding of any of the common elements on any apartment, of any apartment on any other apartment, and of any apartment on any common element shall be permitted and valid easements for such encroachments and the maintenance thereof are hereby created and shall exist for so long as the subject building stands.

D. Condominium Subject to Restrictions, Etc. The Apartment, and common elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein, governing the use of said Apartments and common elements, and setting forth the obligations and responsibilities incident to ownership of each Apartment and its appurtenant undivided interest in the common elements, and said Apartments and common elements are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Condominium.

E. Restraint Upon Separation And Partition Of Common Elements. Recognizing that the proper use of an apartment by any owner or owners is dependent upon the use and enjoyment of the common elements, in common with the owners of all other apartments, and that it is in the best interest of all owners of the apartments that the ownership of the common elements be retained in common by the owners of apartment in the Regime, it is declared that the percentage of the undivided interest in the common elements appurtenant to each apartment shall remain undivided, and no owner of any apartment shall bring or have any right to bring any action for partition or division.

F. Percentage of Undivided Interest in Common Elements Appurtenant to Each Dwelling. The undivided interest in Common Elements appurtenant to each Apartment at each stage of development is that percentage of undivided interest which is set forth and assigned to each Apartment in that certain Schedule which is annexed hereto and expressly made a part hereof as Exhibit "B".

G. Easement For Air Space. The owner of each apartment shall have an exclusive easement for the use of the air space occupied by said apartment as exists at any particular time, and said apartment may be lawfully altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

H. Administration Of The Regime. To effectively and efficiently provide for the administration of the Regime by the owners of the apartments, a non-profit corporation has been formed known as QUAIL MARSH HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association", and said association shall administer the operation and management of the Regime and undertake and perform all acts and duties instant thereto in accordance with the terms, provisions, and conditions of this Master Deed, its Articles of Incorporation, and its By-Laws. A true copy of the Articles of Incorporation and By-Laws of said Association are annexed hereto and expressly made a part hereof as Exhibits "C" and "D" respectively. The owner or owners of each apartment shall automatically become members of the Association upon his, their, or its acquisition of an ownership interest in any apartment and its appurtenant undivided interest in the common elements, and the membership of such owner or owners shall terminate automatically upon each owner or owners being divested of such ownership interest in the title to such apartment, regardless of the means by which such ownership may be divested.

No person, firm, or corporation holding any lien, mortgage or other encumbrance on the apartment shall be entitled by virtue of such lien, mortgage, or other encumbrance to membership in the Association, or to any other rights or privileges of such membership. In the administration of the operation of the management of the Regime, said Association shall have and is hereby granted the authority and power to enforce the provisions of this Master Deed, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate, and enforce such rules and regulations governing such use of the Apartments and Common Elements as the Association may deem to be in the best interest of the Regime.

I. Residential Use Restriction Applicable to the Apartment. Each apartment is hereby restricted to residential use by the owner or owners thereof, their immediate families, guests, and lessees; provided, however, that so long as Grantor shall retain any interest in the ownership of an apartment, it may utilize an apartment or apartments of its choice from time to time, for a sales office, model, or other usage for the purpose of selling the apartments in said Regime. Further, still, Grantor may assign this commercial usage right to such other person or entities as it may choose; provided, however, that when all apartments have been sold, this right of commercial usage shall immediately cease.

J. Use Of Common Elements Subject To Rules Of Association. The use of common elements by the owner or owners of all apartments, and all parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the Association.

K. Regime To Be Used For Lawful Purposes, Restrictions Against Nuisances, Etc. No immoral, improper, offensive, or unlawful use shall be made of any apartment or common elements, nor any part thereof; and all laws, zoning ordinances, and regulations of all governmental authorities having jurisdiction of the Regime shall be observed. No owner of any apartment shall permit or suffer anything to be done or kept in his apartment, or on the common elements, which will increase the rate of insurance on the Regime, or which will obstruct or interfere with the rights of other occupants of the building, or annoy them by unreasonable noises; nor shall any such owner undertake any use or practice which will create and constitute a nuisance to any other owner of an apartment, or which interferes with the peaceful possession and proper use of any other apartment or the common elements.

L. Right Of Entry Into Apartments In Emergencies. In case of any emergency originating in or threatening any apartment, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any person authorized by it, shall have the right to enter such apartment for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate; and to facilitate entry in the event of any such emergency, the owner of each apartment, if required by the Association, shall deposit under the control of the Association a key to such apartment.

M. Right Of Entry For Maintenance Of Common Elements. Whenever it is necessary to enter any dwelling for the purpose of performing any maintenance, alteration, or repair to a portion of the common elements, the owner of each apartment shall permit owners or their representatives, or the duly constituted and authorized agent of the Association, to enter such apartment, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

N. Limitation Upon Right Of Owners To Alter And Modify Apartments. No owner of an apartment shall permit there to be made any structural modifications or alterations therein without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of said Association determines, in their sole discretion, that structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety. If the modification or alteration desired by the owner of any apartment involves the removal of any permanent interior partition, the Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load bearing partition, so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting common elements located therein. No owner shall cause the balcony, porch, or patio abutting his apartment to be closed, or cause any improvements or changes to be made on the exterior of the building, including painting or other decoration, or the installation of electrical wiring, television antenna, machines, or air conditioning units which may protrude through the walls or roof of the building, or in any manner change the appearance of any portion of the building not within the walls of such apartment, nor shall storm panels or awnings be affixed without the written consent of the Association being first obtained.

O. Right Of Association To Alter And Improve Common Elements And Assessment Therefor. The Association shall have the right to make, or cause to be made, such alterations or improvements to the common elements which do not prejudice the rights of the owner of any apartment, unless such owner's written consent has been obtained; provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the costs of such alterations or improvements shall be assessed as common expense to be assessed and collected from all of the owners of apartments. However, where any alterations and improvements are exclusively or substantially exclusively for the benefit of the owner or owners of an apartment or apartments requesting the same, then the costs of such alterations and improvements shall be assessed against and collected solely from the owner or owners of the apartment or apartments exclusively or substantially exclusively benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

P. Maintenance And Repair By Owners Of Apartments. Every owner must perform promptly all maintenance and repair work within his dwelling which, if omitted, would affect the Regime in its entirety or in a part belonging to other owners, being expressly responsible for the damages and liability which his failure to do so may engender. The owner of each apartment shall be liable and responsible for the maintenance, repair, or replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage, and sanitary service to his apartment, and which may now or hereafter be situated in his apartment. Such owner shall further be responsible and liable for maintenance, repair, and replacement of any and all window glass, screenwire, wall, ceiling, and floor, exterior surfaces, painting, decorating, furnishings, and all other accessories which such owner may desire to place or maintain in his apartment. Wherever the maintenance, repair, and replacement of any items, which the owner of an apartment is obligated to maintain, repair, or replace at his own expense, is occasioned by any loss or damage which may be covered by any insurance maintained by the Association, the proceeds of the insurance received by said Association, or the insurance trustee hereinafter

designated, shall be used for the purpose of making such maintenance, repair, or replacement except that the owner of such apartment shall be in said instance required to pay such portion of the cost of such maintenance, repair, or replacement as shall, by reason of the applicability of any deductibility portion of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair, or replacement. The floor and interior walls of the balcony, porch, and patio attached to his apartment shall be maintained by the owner at his expense.

Q. Maintenance and Repair of Common Elements by the Association. The Association, at its expense, shall be responsible for the maintenance, except as noted herein, repair, or replacement of all of the common elements, including those portions thereof which contribute to the support of the building and all conduits, ducts, plumbing, wiring, and other facilities located in the common elements for the furnishing of utility services for the apartments and said common elements, and should any incidental damage be caused to any apartment by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair, or replacement of any common elements, the said Association shall, at its expense, repair such incidental damage. The floor and interior walls of the balcony, porch, and patio attached to his apartment shall be maintained by the owner at his expense.

R. Personal Liability And Risk Of Loss Of Owner Of Apartment And Separate Insurance Coverage. The owner of each apartment may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects, and other personal property belonging to such owner and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or property of another while within such owner's apartment or upon the common elements. All such insurance obtained by the owner of each apartment shall, wherever such provisions shall be available, provide that the insurer waives its right of subrogation as to claims against other owners of apartments, the Association, and the respective servants, agents, and guests of other owners in the Association; and such other insurance coverage should be obtained from the insurance company from which said Association obtains coverage against the same risk, liability, or peril, if said Association has such coverage. Risk, or loss of, or damage to any of the furniture, furnishings, personal effects, and other personal property (other than such furniture, furnishings, and personal property as constitutes a portion of the common elements) belonging to or carried on the person of the owner of each apartment, or which may be stored in any apartment, or in, to, or upon common elements, shall be borne by the owner of each such apartment. All furniture, furnishings, or personal property constituting a portion of the common elements and held for the joint use and benefit of all owners of all apartments shall be covered by such insurance as shall be maintained in force and effect by the Association, as hereinafter provided. The owner of an apartment shall have no personal liability for any damages caused by the Association or in connection with the use of the common elements. The owner of an apartment shall be liable for injuries or damage resulting from an accident in his own apartment to the same extent and degree that the owner of a house would be liable for an accident occurring within the house.

S. Insurance Coverage To Be Maintained By Association; Insurance Trustee, Appointment and Duties; Approval of Insurers by Institutional Lender; Use and Distribution of Insurance Proceeds; Etc. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Regime and the said Regime, meaning the apartments and common elements, to-wit:

(1) Casualty insurance covering all of the apartments and common elements in amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carrier, such coverage to afford protection against loss, or damage by fire, or other hazards covered by the standard extended coverage, or other perils, endorsements, and such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings, similar in construction, location and use to the Regime, including but not limited to vandalism, malicious mischief, windstorm, water damage, and war risk insurance, if available.

(2) Public liability and property damage insurance in such amounts and in such form as shall be required by the Association to protect said Association and the owners of all apartments including but not limited to water damage, legal liability, hired automobile, non-owned automobile, and off-premises employee coverage; however, in no event shall such liability insurance be less than One Million Dollars (\$1,000,000.00) per occurrence.

(3) Workmen's compensation insurance to meet the requirements of law.

(4) Such other insurance coverage, other than title insurance, as the Board of Directors of the Association, in its sole discretion, may determine from time to time to be in the best interest of said Association and the owners of all of the apartments, or as an institutional-type lender may reasonably require so long as it is the owner of a mortgage on any apartment.

All liability insurance maintained by the Association shall contain cross-liability endorsements to cover liability of all owners of apartments as a group to each owner. All insurance coverage authorized to be purchased shall be purchased by the Association for itself and for the benefit of all owners of all apartments. The cost of obtaining the insurance coverage authorized above is declared to be a common expense, as are any other fees and expenses incurred, which may be necessary or incidental in carrying out the provisions hereof. All policies of casualty insurance covering the Condominium shall provide for the insurance proceeds from any loss to be payable to the Insurance Trustee named as hereinafter provided, or to its successor, and the insurance proceeds from any casualty loss shall be held for the use and benefit of Association and all of the owners of all Apartments and their respective Mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. Association is hereby declared to be and appointed as Authorized Agent for all of the owners of all Apartments for the purpose of negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of casualty insurance, and is granted full right and authority to execute in favor of any insurer a release of liability arising out of any occurrence covered by any policy or policies of casualty insurance and resulting in loss of or damage to insured property.

So long as Carteret Savings and Loan Association, F.A. or Perpetual Federal Savings and Loan Association or the assignee of either of its rights in this Master Deed (which assignment shall be evidenced by a recordable document, a certified copy of which shall be furnished the Association), hereinafter referred to as Lender, is the holder of a mortgage on any Apartment in the Condominium, said Lender shall have the right to approve the company or company with whom the Association shall place its casualty insurance coverage, and such casualty insurance shall only be placed by the Association with such company or

companies as are approved by such Lender. At such time as Lenders shall not hold a mortgage on any Apartments, then the agency or companies with whom such casualty insurance may be placed shall be selected by Association, and all parties beneficially interested in such insurance coverage shall be bound by such selection of insurance company or companies made by Association.

The Association shall have the right to designate the Insurance Trustee and all parties beneficially interested in such insurance coverage shall be bound thereby.

The Insurance Trustee shall be a banking institution having trust powers and doing business in the State of South Carolina. The Insurance Trustee shall not be liable for the payment of premiums nor for the renewal of any policy or policies of casualty insurance, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds.

The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit of Association and the owners of all Apartments and their respective mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. Association, as a common expense, shall pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of the Insurance Trustee. Wherever the Insurance Trustee may be required to make distribution of insurance proceeds to owners of Apartments and their Mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of Association, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to Association, such Certificate to certify unto said Insurance Trustee the name or names of the owners of each Apartment, the name or names of the Mortgagee or Mortgagees who may hold a mortgage or mortgages encumbering each Apartment, and the respective percentages of any distribution which may be required to be made to the owner or owners of any Apartment or Apartments, and his or their respective Mortgagee or Mortgagees, as their respective interests may appear. Where any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders of any mortgage or mortgages encumbering an apartment shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds represent a distribution to the owner or owners of any Apartment or Apartments, and their respective mortgagees, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss or damage, or unless such casualty insurance proceeds are authorized to be distributed to the owner or owners of any Apartment or Apartments, and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of Common Elements and as to which a determination is made not to repair, replace or restore such personal property. So long as Lenders shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, Lenders shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage only to common elements, real or personal, which loss or damage is covered by the

casualty insurance, the proceeds paid to insurance trustee to cover such loss or damage shall be applied to the repair, replacement, or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of repair, replacement or reconstruction of such common elements, then such excess insurance proceeds shall be paid by the insurance trustee to the owners of all of the apartments and their respective mortgagees, the distribution to be solely made to the owner of each apartment and his respective mortgagee or mortgagees, as their interest may appear, in such proportion that the share of such excess insurance proceeds paid to the owner of each apartment and his mortgagee or mortgagees, if any, shall bear the same ratio to the total excess insurance proceeds as does the undivided interest in common elements appurtenant to each apartment bear to the total undivided interest in common elements appurtenant to all apartments. If it appears that the insurance proceeds covering the casualty loss or damage payable to the insurance trustee are not sufficient to pay for the loss or damage, replacement or reconstruction of the loss or damage; or that the insurance proceeds when collected will not be so sufficient, then the Association shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds received or to be received will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies deposited by the Association with the Insurance Trustee, in said latter event, may be paid by said Association out of its reserve for replacements fund; and if the amount in such reserve is not sufficient, then said Association shall levy and collect an assessment against the owners of all apartments in an amount which shall provide the funds required to pay for said repair, replacement and reconstruction.

In the event of the loss of or damage to Common Elements and any apartment or apartments which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be first applied to the repair, replacement, or reconstruction, as the case may be, of Common Elements, real or personal and then any remaining insurance proceeds shall be applied to the repair, replacement, or reconstruction of any apartment or apartments which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the costs of the repair, replacement, or reconstruction of the Common Elements and the apartment or apartments which have sustained loss or damage, the insurance proceeds shall be paid and distributed by the Insurance Trustee to the owners of all apartments and to their mortgagee or mortgagees, as their respective interests may appear, such distribution to be made in the manner and in the proportions as are provided hereinbefore. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement, or reconstruction of the loss or damage; or that the insurance proceeds when collected will not be so sufficient; then the Board of Directors of the Association shall determine and allocate the costs of repair, replacement, or reconstruction between the common elements and the apartment or apartments sustaining any loss or damage. If the proceeds of said casualty insurance are sufficient to pay for the repair, replacement, or reconstruction of any loss or damage to Common Elements, but should the same not be sufficient to repair, replace, or reconstruct any loss of or damage to any apartment or apartments, then the Association shall levy and collect an assessment from the owner or owners of apartment or apartments sustaining any loss or damage; and the assessment so collected from said owner or owners shall be deposited with the Insurance Trustee so that the sum on deposit with such Insurance Trustee shall be sufficient to completely pay for the repair, replacement, or reconstruction of all Common Elements and apartment or apartments. In said latter event, the

assessment to be levied and collected from the owner or owners of each apartment or apartments sustaining any loss or damage shall be proportioned between such owner or owners in such manner that the assessment levied against each owner of an apartment and his apartment shall bear the same proportion to the total assessment levied against all of said owners of apartments sustaining loss or damage as does the cost of repair, replacement, or reconstruction of each owner's apartment bear to the cost applicable to all of said apartments sustaining loss or damage. If the casualty insurance proceeds payable to the Insurance Trustee, in the event of loss of or damage to Common Elements and apartment or apartments, is not in an amount which will pay for the complete repair, replacement, or reconstruction of the Common Elements, it being recognized that such insurance proceeds are to be first applied to the payment of repair, replacement, or reconstruction of said common elements before being applied to the repair, replacement, or reconstruction of an apartment or apartments, then the cost to repair, replace, or reconstruct said common elements in excess of available casualty insurance proceeds shall be levied and collected as would an assessment from all of the owners of all apartments in the same manner as would such assessment be levied and collected had the loss or damage sustained been solely to Common Elements and the casualty insurance proceeds been not sufficient to cover the costs of repair, replacement, or reconstruction; and the costs of repair, replacement, or reconstruction of each apartment or apartments sustaining loss or damage shall then be levied and collected by assessment of the owner or owners of apartment or apartments sustaining the loss or damage in the same manner as above provided for the apportionment of such assessment between the owner or owners of an apartment or apartments sustaining such loss or damage. In the event of loss of or damage to property covered by such casualty insurance, the Association shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the costs to replace the damaged property in condition as good as that before such loss or damage; such estimates to contain and include the costs of any professional fees and premium for such bond as the Board of Directors of the Association may deem to be in the best interest of the membership of said corporation. Wherever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the costs of repair, replacement, or reconstruction thereof, the additional monies required to pay for such repair, replacement, or reconstruction of said loss or damage, whether to be paid by all of the owners of apartments or only by the owner or owners of any apartment or apartments sustaining loss or damage or both, shall be deposited with the Board of Directors not later than thirty (30) days from the date of which said Board shall receive the monies payable under the policy or policies of casualty insurance.

In the event of the loss of or damage to personal property belonging to the Association, the insurance proceeds shall be paid to said Association. In the event of the loss of or damage to personal property constituting a portion of the common elements, and should the Board of Directors of said Association determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Board shall be paid to all of the owners of all of the apartments and their respective mortgagee or mortgagees, as their interest may appear, in the manner and proportions hereinbefore provided for the distribution of excess insurance proceeds.

T. Apportionment of Tax or Special Assessment If Levied and Assessed. In the event that any taxing authority having jurisdiction over the Regime shall levy or assess any tax or special assessment against the Regime, as a whole, as opposed to levying and assessing such tax or special assessment against each individual apartment and its appurtenant undivided interest in

common elements, as now provided by Section 27-31-260 of the Horizontal Property Act of the Code of Laws of South Carolina, 1976, then such tax or special assessment so levied shall be paid as common expense by the Association; any taxes or special assessments which are to be so levied are to be included, wherever possible, in the estimated annual budget of said Association or shall be separately levied and collected as an assessment by said Association against all of the owners of all apartments and said apartments if not included in said annual budget. In the event that such tax or special assessment is levied against the Regime, as a whole, instead of against each separate apartment and appurtenant undivided interest in the common elements then the amount of such tax or special assessment paid, or to be paid, by the Association shall be apportioned among all apartments so that the amount of such tax or special assessment so paid or to be paid by said Association and attributable to and to be paid by the owner or owners of each apartment shall be that portion of such total tax or special assessment which bears the total undivided interest in common elements appurtenant to all apartments. In the event that any tax or special assessment shall be levied against the Regime in its entirety, without apportionment by the taxing to the apartments and appurtenant undivided interest in common elements, then the assessment by said Association, which shall include the proportionate share of such tax or special assessment attributed to each apartment and its appurtenant undivided interest in common elements, shall separately specify and identify the amount of such assessment attributable to such tax or special assessment; and the amount of such tax or special assessment so designated shall be and constitute a lien prior to all mortgages and encumbrances upon any apartment and its appurtenant undivided interest in common elements, regardless of the date of the attachment and/or recording of such mortgage or encumbrance, to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each apartment and its appurtenant undivided interest in common elements.

All personal property taxes levied or assessed against personal property owned by the Association shall be paid by said Association and shall be included as a common expense in the annual budget of the Association.

U. Association to Maintain Registry of Owners and Mortgagees and Availability of Information. The Association shall at all times maintain a register setting forth the names of owners of the apartments; and in the event of the sale or transfer of any apartment to a third party, the purchaser or transferee shall notify said Association in writing of his interest in such dwelling together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any apartment. Further, the owner of each apartment shall at all times notify the Association of the names of the parties holding any mortgage or mortgages on any apartment, the amount of such mortgage or mortgages, and the recording information which shall be pertinent to identifying the mortgage or mortgages. The holder of any mortgage or mortgages on any apartment may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any apartment; and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, by owners, mortgagees, and holders or insurers or guarantors of any first mortgage, current copies of the master deed, by-laws and other rules and regulations concerning the Regime and the books, records and financial statement of the Association. If at any future stage the Regime contains One Hundred Thirty (130) or more apartments, Perpetual Federal Savings and Loan Association shall

be entitled, upon written request to the financial statement of the Association for the immediately preceding fiscal year so long as it is a mortgagee or servicing agent for a mortgagor of an apartment in the Regime.

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

- a. Any condemnation loss or any casualty loss which affects a material portion of the Regime or any apartment on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
- b. Any delinquency in the payment of assessments or charges owed by an owner of an apartment subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of 60 days;
- c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

V. Assessments. The Association is given the authority to administer the operation and management of the Regime, it being recognized that the delegation of such duties to one entity is in the best interest of the owners of all apartments. To properly administer the operation and management of the Regime, the Association will incur for the mutual benefit of all owners of apartments, costs, and expenses which will be continuing or non-recurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "common expense." To provide the funds necessary for such proper operation and management, the Association has heretofore been granted the right to make, levy, and collect assessments against the owners of all apartments and the said apartments. In furtherance of said grant of authority to the Association to make, levy, and collect assessments to pay the costs and expenses for the operation and management of the Regime, the following provisions shall be operative and binding upon the owners of all apartments, to wit:

(1) All assessments levied against the owners of apartments, and said apartments, shall be uniform; and unless specifically otherwise provided for in this Master Deed, the assessments made by the Association shall be in such proportion that the amount of assessment levied against each owner of an apartment, and his apartment shall bear the same ratio to the total assessment made against all owners of apartments, and their apartments, as does the undivided interest in the common elements appurtenant to each apartment bear to the total undivided interest in the common elements appurtenant to all apartments. Should the Association be the owner of any apartment or apartments, the assessment which would otherwise be due and payable to the Association by the owner of such apartment or apartments, reduced by an amount of income which may be derived from the leasing of such apartment or apartments of the Association shall be apportioned, and assessment therefor levied ratably among the owners of all apartments which are not owned by the Association, based upon their proportionate interest in the common elements exclusive of the interest therein appurtenant to any apartment or apartments owned by the Association.

(2) The assessment levied against the owner of each apartment and his apartment shall be payable in annual, quarterly,

or monthly installments or in such other installments, and in such times, as may be determined by the Board of Directors of the Association.

(3) The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, and maintenance of the Regime, including a reasonable allowance for contingencies and reserves; such budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall be delivered to each owner of an apartment and an assessment for said year shall be established based on such budget, although the delivery of a copy of said budget to each owner shall not affect liability of any owner for such assessment. Should the Board of Directors at any time determine, in the sole discretion of the said Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Regime, or in the event of an emergency, said Board of Directors shall have the authority to levy such additional assessment or assessments that it shall deem to be necessary. The Association shall at all times maintain a fidelity bond in an amount of at least 150% of the annual budget, including reserves.

(4) The Board of Directors of the Association in projecting said annual budget for the operation, management, and maintenance of the Regime shall include therein a sum to be collected and maintained as a reserve fund for replacement of common elements, which reserve fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the common elements as well as the replacement of personal property which may constitute a portion of the common elements held for the joint use and benefit of all of the owners of all apartments. The amount to be allocated to such reserve fund for replacement shall be established by said Board of Directors so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacement of said common elements. The amount collected and allocated to the reserve fund for replacements from time to time shall be maintained in a separate account by the Association; although nothing herein contained shall limit the Association from applying any monies from such reserve fund for replacement to meet other needs, or requirements of the Association in operating or managing the project in the event of emergencies, or in the event that the sums collected from the owners of apartments are insufficient to meet the then fiscal financial requirements of the Association, but it shall not be a requirement that these monies be used for such latter purposes, as a separate assessment may be levied therefor, if deemed to be preferable by the Board of Directors of the Association in the sole discretion of said Board.

(5) The Board of Directors of the Association, in establishing said annual budget for operation, management, and maintenance of the Regime shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sum may be used to meet deficiencies from time to time existing as a result of a delinquent payment of assessment by owners of apartments, or as a result of emergencies, or for other reasons placing financial stress upon the Association.

(6) All monies collected by the Association shall be treated as a separate property of the Association, and such monies may be applied by the said Association for the payment of any expense of operating and managing the Regime, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Master Deed and the By-Laws of said Association, and as the monies for any assessment are paid unto the Association by any owner of an apartment, the same may be commingled with the monies paid to the said Association by the other owners of apartments. Although all funds and other assessments of the Association, and any increments thereto or profits derived therefrom, or from the leasing and use of the common elements, shall be held for the benefit of the members of the Association, who shall own any common surplus in the proportions of their percentage of undivided interest in the Regime, no member of said Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his apartment.

(7) The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or installment thereof, is not paid unto the Association, on or before the due date of such payment. When in default, the delinquent assessment or the delinquent installment thereof due to the Association shall bear interest at the rate of twelve (12%) percent per annum until such delinquent assessment or installment thereof, and all interest due thereon has been paid in full to the Association.

(8) The owner or owners of each apartment shall be personally liable, jointly and severally, as the case may be, to the Association for the payment of all assessments, regular or special, which may be levied by the Association while such party or parties are owner or owners of an apartment in the Regime. In the event that any owner or owners are in default of payment of any assessment or installment thereof owed to the Association, such owner or owners of any apartment shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

(9) No owner of an apartment may exempt himself of liability for any assessment levied against such owner and his apartment by waiver of the use or enjoyment of any of the common elements, or by abandonment of the apartment, or in any other manner.

(10) Recognizing that the necessity for providing proper operation and management of the Regime entails the continuing payment of costs and expenses therefor, which results in benefit to all of the owners of apartments, and that the payment of such common expense represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investments of the owners of each apartment, the Association is hereby granted a lien upon such dwelling and its appurtenant undivided interest in the common elements as set forth in Section 27-31-210 of the Code of Laws of South Carolina, 1976, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each apartment, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said apartment and its appurtenant undivided interest in the common elements. The lien granted to the Association may be fore-

closed in the same manner as mortgages may be foreclosed in the State of South Carolina, and any suit for the foreclosure of said lien, the Association shall be entitled to rental from the owner of any apartment from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a receiver for said appointment. The rental required to be paid shall be equal to the rental charged on comparable type of apartments in Mt. Pleasant, South Carolina. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the rate of twelve (12%) percent per annum on any such advances made for such purposes. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any apartment or who may be given or acquire a mortgage, lien or other encumbrance thereof, are hereby placed on notice of the lien granted to the Association, and shall acquire such interest in any apartment expressly subject to such lien.

(11) The lien herein granted unto the Association shall be effective from and after the time of recording in the records of Horry County, South Carolina, a claim of lien stating the description of the dwelling encumbered thereby, the name of the record owner, the amount due and the date when due, and the lien shall continue in effect until all sums secured by said lien, as herein provided, shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed, and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The claim of lien filed by the Association shall be subordinate to the lien of any mortgage or any other lien recorded prior to the time of recording the Association's claim of lien, except the lien of the Association for tax of special assessment advances made by the Association where any taxing authority having jurisdiction levies any tax or special assessment against the Regime as an entity instead of levying the same against each apartment and its appurtenant undivided interest in the common elements, shall be prior in lien, right and dignity to the lien of all mortgages, liens, encumbrances, whether or not recorded prior to the Association's claim of lien therefor, and the Association's claim of lien for collection of such portion of such tax or special assessment shall specifically designate that the same secures an assessment levied pursuant to this Section.

In the event that any person, firm, or corporation shall acquire title to any apartment and its appurtenant undivided interest in common elements by virtue of any foreclosure or judicial sale, such person, firm, or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for said apartment and its appurtenant undivided interest in the common elements subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time of such title subject to the lien of any assessment by the Association representing an apportionment of taxes or special assessment levied by taxing authorities against the Regime in its entirety. In the event of the acquisition of title to an apartment by a foreclosure or judicial sale, the assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all apartments as far as the common expenses, although nothing herein contained shall be construed as releasing the party liable

for such delinquent assessment from the payment thereof that the enforcement of collection of such payment by means other than foreclosure.

(12) Whenever any apartment may be sold or mortgaged by the owner thereof, the Association, upon written request by the owner of such apartment, shall furnish to the proposed purchaser or mortgagee, a statement verifying the status of payment of any assessment which will be due and payable to the Association by the owner of such apartment. Such statement shall be executed by any officer of the Association, and any purchaser or mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, and the Association shall be bound by such statement.

In the event that an apartment is to be sold or mortgaged at the time when the payment of any assessment against the owner of said apartment and such apartment due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the proceeds of such purchase or mortgage proceeds, will be applied by the purchaser or mortgagee first to payment of any then delinquent assessment or installment thereof due to the Association before the payment of any proceeds of purchase or mortgage proceeds to the owner of any apartment who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of an apartment, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of grantee to recover from the grantor the amount paid by the grantee therefor.

Institution of a law suit to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall any proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of a law suit to attempt to effect collection of any sums then remaining owing to it.

X. TERMINATION. This Master Deed and the Regime may only be terminated as follows:

A. By the unanimous consent of all of the owners of all apartments and all parties holding mortgages, liens, or other encumbrances against any of the apartments, in which event the termination of the Regime shall be by such plan as may then be adopted by said owners and parties holding any mortgages, liens, or other encumbrances.

B. By the vote of the owners representing at least 66.66% of the ownership interests in the Regime if at least 2/3 of the property of the Regime is totally or substantially destroyed by fire, disaster, or other casualty.

Either of the above such elections to terminate this Master Deed and the Regime established herein shall be executed in writing by all of the aforementioned parties, and such instrument shall be recorded in the records of Horry County, South Carolina.

XI. AMENDMENT OF MASTER DEED. Except for any alteration in the percentage of ownership in the common elements appurtenant to each apartment, or alteration of the basis for apportionment of assessments which may be levied by the Association according to the provisions hereof, in which said instances consent of all of

the owners of all of the apartments and their respective mortgagees shall be required, and except for any alteration, amendment, or modification of the rights and privileges granted and reserved hereunder in favor of Grantor, which said rights and privileges granted and reserved unto grantor shall only be altered, amended or modified with the respective expressed written consent of the said grantor, this Master Deed may be amended in the following manner:

A. An amendment or amendments to this Master Deed may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by the members of the Association owning a majority of the apartments in the Regime, whether meeting as members or by instrument in writing signed by them.

B. Upon any amendment or amendments to the Master Deed being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed amendment or amendments; and it shall be the duty of the Secretary to give to each member written or printed notice of the special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonable detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such special meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his post office address as appears in the records of the Association, postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member.

C. At such meeting, the amendment or amendments proposed must be approved by an affirmative vote of all the members owning an apartment in the Regime in order for such amendment or amendments to become effective.

D. Thereupon such amendment or amendments of this Master Deed shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted, and the original or an executed copy of such amendment or amendments so certified and executed with the same formalities as the Master Deed shall be recorded in the public records of Horry County, South Carolina, within the (10) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording date identifying the Master Deed. Thereafter, a copy of said amendment in the form in which the same were placed of record by the officers of the Association shall be delivered to all of the owners of all apartments and mailed to the mortgagees listed in the registry required to be maintained by paragraph U of Section IX hereof, by delivery in mailing of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments.

E. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereof by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting:

F. Furthermore, no amendment of this Master Deed shall be adopted which would operate to affect the validity or priority of any mortgage held by a mortgagor or which would alter, amend, or modify in any manner whatsoever the rights, powers, and privileges granted and reserved herein in favor of any mortgagor or in favor of grantor without the consent of all such mortgagors or grantor as the case may be.

G. Notwithstanding anything contained herein, the Grantor, its successors or assigns, may, without the consent of the Apartment owners or Mortgagees, at any time prior to Three (3) years from the filing of this Master Deed, amend this Master Deed in the manner set forth in Paragraph V so as to subject Phase B and/or Phase C, property to the provisions of the Master Deed and the Horizontal Property Act of South Carolina so as to make Phase B and/or Phase C, property an integral part of QUAIL MARSH HORIZONTAL PROPERTY REGIME. Any such amendment shall, together with this Master Deed, contain all of the particulars required by the said Horizontal Property Act of South Carolina and from and after the recording of such amendment, QUAIL MARSH HORIZONTAL PROPERTY REGIME shall include all of said Phase B and/or Phase C, property as appropriate. The designation of each apartment number and its proportionate interest in the Common Elements are set forth in Exhibit B, which is attached hereto and made a part and parcel hereof. It is not contemplated that the Common Elements which may be submitted in Phase B and/or Phase C, will substantially increase the proportionate amount of the common expenses payable by existing Apartment owners. The Grantor reserves the right to make changes in this Master Deed to correct typographical or similar errors, provided that any such corrections shall not adversely affect the interest of any owner or owners, by recording an appropriate document in the Office of the Clerk of Court for Horry County.

XII. REMEDIES IN THE EVENT OF DEFAULT. The owner or owners of each apartment shall be governed by and shall comply with the provisions of this Master Deed and the By-laws of the Association and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the owner or owners of any apartment shall entitle the Association or the owner or owners of any other apartment or apartments to the following relief:

A. Failure to comply with any of the terms of this Master Deed or other restrictions or regulations contained in the By-laws of the Association, or its rules and regulations, shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof which relief may be sought by the Association, or, if appropriate, by an aggrieved owner of an apartment.

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

C. In any proceeding arising because of an alleged default by the owner of any apartment, the Association, if successful, shall be entitled to recover the costs of the proceedings, and such reasonable attorney's fees as may be

determined by the Court, but in no event shall the owner of any apartment be entitled to such attorney's fees.

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

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

F. The failure of grantor to enforce any right, privilege, covenant, or condition which may be granted to it by this Master Deed or other above-mentioned documents shall not constitute waiver of the right of said party to thereafter enforce such right, provision, covenant, or condition in the future.

XIII. USE OR ACQUISITION OF INTEREST IN THE REGIME TO RENDER USER OR ACQUIRER SUBJECT TO PROVISIONS OF MASTER DEED. All present or future owners, tenants, or other persons who might use the facilities of the Regime in any manner, are subject to the provisions of this Master Deed and all documents appurtenant hereto and incorporated herewith including, but not limited to the By-laws of the Association and the Articles of the Association Inc.

The mere acquisition or rental of any apartment, or the mere act of occupancy of any apartment, shall signify that the provisions of this Master Deed and all documents appurtenant hereto and incorporated herewith are accepted and ratified in all respects.

XIV. RIGHT OF GRANTOR TO SELL OR LEASE APARTMENT OWNED BY IT AND RIGHT OF GRANTOR TO REPRESENTATION ON BOARD OF DIRECTORS OF ASSOCIATION. So long as the grantor herein, Quail Marsh Partnership, A South Carolina General Partnership, shall own any Apartment, the said Grantor, shall have the absolute right to lease or sell any such Apartment to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interest. Further, so long as any phase or phases of the Condominium project have not been submitted to the Regime, or Grantor, is the owner of five (5) or more Apartments, then Quail Marsh Partnership, A South Carolina General Partnership shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the Association. Whenever Grantor, shall be entitled to designate and select any person or persons to serve on any Board of Directors of Association the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of Association, and Grantor, shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by the Grantor, need not be a resident in the Condominium. The power of the Grantor to designate Directors as above referred to shall terminate on the 30th day of April 1985.

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

Notwithstanding any provision to the contrary, the Grantor shall relinquish its right to designate members to the Board of Directors and shall transfer control of the Association to the members thereof, at the earlier of Three (3) years or after the conveyance of seventy-five percent (75%) of the total number of units in all phases of the project.

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

XVI. LIBERAL CONSTRUCTION AND ADOPTION OF PROVISIONS OF HORIZONTAL PROPERTY ACT. Provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership. The Horizontal Property Act of The Code of Laws of South Carolina 1976, as the same may be amended from time to time hereafter, is hereby adopted and made part hereof. In the event of any conflict between the provisions of this Master Deed and the said Horizontal Property Act, as the same may be amended, the said Act shall take the place of the provisions in conflict with this Master Deed.

XVII. MASTER DEED BINDING UPON GRANTOR; ITS SUCCESSORS AND ASSIGNS; AND SUBSEQUENT OWNERS. The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each apartment and its appurtenant undivided interest in common elements, and this Master Deed shall be binding upon Grantor its heirs and assigns, and upon all parties who may subsequently become owners of apartments in the Regime, and their respective heirs, legal representatives, successors; or assigns.


IN WITNESS WHEREOF, Grantor has caused these presents to be executed this 25th day of April, 1984.

Quail Marsh Partnership, A South
Carolina General Partnership

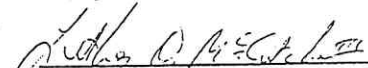


Witness

BY:



Henry H. Beckham,
Authorized Partner



Witness

STATE OF SOUTH CAROLINA)
COUNTY OF Henry)

PROBATE

PERSONALLY appeared before me the undersigned witness, who who being duly sworn saw the within named Quail Marsh Partnership, A South Carolina General Partnership, by Henry H. Beckham, its Authorized Partner, as its act and deed, sign, seal and deliver the within Master Deed for QUAIL MARSH HORIZONTAL PROPERTY REGIME, and that (s)he with the other witness whose signature appears above witnessed the execution thereof.

Patrick T. D. [Signature]

SWORN to before me this 25th day of April, 1984.

William B. [Signature]
Notary Public for South Carolina

My Commission Expires: 1/15/87

EXHIBIT "A" TO MASTER DEED
FOR
QUAIL MARSH HORIZONTAL PROPERTY REGIME
PHASE A

Exhibit "A" is composed of the following listed documents, all of which together accurately and graphically shown and depict the dimensions, area and location of each apartment in Quail Marsh Horizontal Property Regime and the dimensions, area and location of elements affording access to each apartment in said Regime, and said documents are as follows:

1. A survey of Quail Marsh Apartments prepared by Sur-Tech, Incorporated and certified by Stephen R. Wolfe, R.L.S., SC #9065, dated April 2, 1984 and entitled "Map of Phase A, B and C of Quail Marsh Apartments for Quail Marsh Partnership, Myrtle Beach, South Carolina". The survey is recorded in Condominium Plat Book 3, at Page 26, records of the Office of the Clerk of Court for Horry County, said survey being referred to herein and incorporated herein by reference and made a part and parcel hereof.
2. A survey of Quail Marsh Apartments prepared by Terry L. Watson, R.L.S., SC #7168, dated April 15, 1984 and entitled "Map of Phase A, Quail Marsh Apartments located in Myrtle Beach, Horry County, South Carolina". The survey is recorded in Condominium Plat Book 3, at Page 26, records of the Office of the Clerk of Court for Horry County, said survey being referred to herein and incorporated herein by reference and made a part and parcel hereof. The survey accurately and graphically depicts the actual ground location of the condominium buildings and other improvements.
3. A site plan of Quail Marsh Apartments prepared by Rowe Surveying and Engineering Company, Inc., dated January 19, 1983 and originally certified to by Gardner S. Hale, Jr., Registered Architect for the State of South Carolina, Registration No. 2709. The site plan accurately and currently depicts the actual location of the individual apartments, as well as their numerical designations. The site plan is recorded in Condominium Plat Book 3, at Page 26, Office of the Clerk of Court for Horry County and said plan is referred to herein and incorporated herein by reference and made a part and parcel hereof.
4. A Schedule of Drawings of Quail Marsh Apartments containing Pages 1 - 18; with Pages 1 - 14 prepared by Gardner S. Hale, Jr., Registered Architect for the State of South Carolina, Registration No. 2709, and Pages 15 - 18 prepared by Alex C. James, Jr., Registered Architect for the State of South Carolina, Registration No. 2185. The Schedule of Drawings is certified to by Alex C. James, Registration No. 2185 and recorded in Condominium Plat Book 3, at Page 26, records of the Office of the Clerk of Court for Horry County, South Carolina. The Schedule of Drawings is referred to herein and incorporated herein by reference and made a part and parcel hereof.
5. Architects Certificate for Quail Marsh Horizontal Property Regime attached to the Schedule of Drawings and the Site Plan, Certified to by Alex C. James, Jr., Registered Architect for the State of South Carolina, Registration No. 2185.

EXHIBIT "B" TO MASTER DEED
FOR
QUAIL MARSH HORIZONTAL PROPERTY REGIME

SCHEDULE of Percentage (%) of undivided interest in common elements appurtenant to dwellings in Quail Marsh Horizontal Property Regime, a Condominium, pursuant to Section 27-21-100(9)4 of the Horizontal Property Act, including Phase A and if developed Phases B and C inclusive. Statutory value is for statutory purposes only and has no relationship to the actual value of each dwelling.

APARTMENTS	VALUE FOR STATUTORY PURPOSES	PERCENTAGE FOR PHASE A ONLY	% FOR PHASES A-B/PER UNIT BASIS	% FOR PHASES A-C/PER UNIT BASIS
Phase A (64 Units)	\$51,500.00	1.5625	0.7813	0.5208
Phase B (64 Units)	\$51,500.00		0.7813	0.5208
Phase C (64 Units)	\$51,500.00			0.5208
PERCENTAGES		100%	100% ¹	100% ²
STATUTORY VALUE		3,296,000	6,592,000	9,888,000

1 Rounded from 100.0064
2 Rounded from 99.9936