

**PORTIONS OF THIS AGREEMENT ARE SUBJECT TO ARBITRATION
PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, § 15-48-
10, S.C. CODE OF LAWS OF 1976, AS AMENDED.**

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V. SKIPPER, HORRY COUNTY, SC
REGISTRAR OF DEEDS

MASTER DEED

THE CLEARWATER BAY HORIZONTAL PROPERTY REGIME

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HORIZONTAL PROPERTY REGIME

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STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

MASTER DEED
OF
THE CLEARWATER BAY
HORIZONTAL PROPERTY REGIME

TO ALL WHOM THESE PRESENT MAY COME:

WHEREAS, Centex Homes (the "Developer") is a Nevada general partnership having a place of business located at 2050 Corporate Centre Drive, Suite 200, Myrtle Beach, South Carolina 29577; and

WHEREAS, the Developer is the owner of that certain real property in Horry County, South Carolina (the "Land") more fully described in Exhibit "A" attached hereto and located in the planned community known as "Barefoot Resort;" and

WHEREAS, the Developer has constructed certain improvements on the Land, and herein reserves the right to, but not the obligation, to construct additional improvements, which Land and improvements are sometimes referred to as "Clearwater Bay" or "Clearwater Bay at Barefoot Resort;" and

WHEREAS, the Developer now deems it appropriate to organize a horizontal property regime by duly executing and recording this Master Deed in the Office of the Register of Deeds ("ROD") for Horry County, South Carolina.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Developer hereby submits the Land more fully described in Exhibit "A" attached hereto and all improvements located thereon, together with all easements, rights and appurtenances thereunto belonging, to the provisions of Sections 27-31-10 *et seq.* of the South Carolina Code of Laws (1976) and hereby creates thereon a horizontal property regime (sometimes termed "condominium ownership") to be known as THE CLEARWATER BAY HORIZONTAL PROPERTY REGIME, subject to the following, **INCLUDING, BUT NOT LIMITED TO, THE RIGHT TO WITHDRAW UNIMPROVED PORTIONS OF THE LAND PURSUANT TO SECTION 14.2(b):**

ARTICLE I

DEFINITIONS.

Unless defined herein or unless the context requires otherwise, the words defined in Section 27-31-20, South Carolina Code of Laws (1976), when used in this Master Deed or any amendment hereto, will have the meaning therein provided. The following words, as well as other defined terms set forth herein, when used in this Master Deed or any amendment or supplement hereto, unless the context requires otherwise, will be deemed to include the singular and plural forms as the context requires and have the following meanings:

"Annual Assessment Period" means the fiscal year of the Association established by the Association's Board of Directors.

"Assessment" means the amount assessed against an Owner and his Unit from time to time by the Association in the manner provided herein.

"Assigned Value" means the value assigned to each Unit in accordance with Exhibit "C" attached hereto and utilized for purposes of computing the Percentage Interest appurtenant to such Unit, which

Assigned Value will not constitute the sales price of the Unit or be relied upon as a representation of the actual value of the Unit.

"Association" means The Clearwater Bay Condominium Association, being an association of Owners of Units located in the Regime, in the form of a nonprofit, non-stock membership association, which will be incorporated in accordance with the Articles of Incorporation, attached hereto as Exhibit "D" and the Nonprofit Corporation Act. In exercising any right or easement granted or reserved to it or to its Board of Directors hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors

"Board of Directors" or "Board" means the Board of Directors of the Association, and "director" or "directors" means a member or members of the Board.

"Building" means a structure containing Units.

"Bylaws" means the Bylaws of the Association attached hereto as Exhibit "E," as amended from time to time in accordance with the terms of the Bylaws and this Master Deed.

"Common Elements" means all of the Regime property after excluding the Units, including the following:

1. Easements through the Units for conduits, ducts, plumbing, chimneys, wiring, and other facilities for the furnishing of utility services to Units and the Common Elements; provided, however, such easements through a Unit will be only according to the Plans for the Building, or as the Building is constructed unless otherwise approved by the Unit Owner.
2. An easement of support in every portion of a Unit that contributes to the support of a Building.
3. Easements through the Units and Common Elements for maintenance, repair and replacement of the Units and Common Elements.
4. Installation for the furnishing of utility services to more than one Unit or to the Common Elements or to a Unit other than the one containing the installation, which installation will include ducts, plumbing, wiring, and other facilities for the rendering of such services
5. The tangible personal property required for the maintenance and operation of the Units, even though owned by the Association.
6. The Project's Storm Water Management System.
7. The Project's pool and associated amenity center facilities.
8. Postal facilities.
9. Signage, entry monuments and access ways.
10. Any other amenity or recreational facility constructed as part of the Project; provided, nothing herein shall obligate the Developer to construct or install any such other amenities or recreational facilities.

When used herein, "Common Element" will be deemed to include any service provided by the Association in furtherance of the uses and purposes to which any of the aforesaid facilities are put.

"Common Expense(s)" means (a) all expenses incident to the administration of the Association and maintenance, repair and replacement of the Common Elements and the Limited Common Elements, after excluding therefrom such expenses which are the responsibility of an Owner; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against Owners; (c) expenses declared to be Common Expenses by the Condominium Act or the Regime Documents; (d) reasonable reserves established for the payment of any of the foregoing; and (e) the costs and expenses of insuring the Project.

"Condominium Act" means the Horizontal Property Act of South Carolina, South Carolina Code of Laws (1976), Section 27-31-10 to Section 27-31-300, as may be amended from time to time.

"Developer" means Centex Homes, a Nevada general partnership, its successors and assigns. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

"Golf Course Land" will mean and refer to, both individually and collectively, all that certain piece, parcel and tract of land located adjacent to the Project and identified as "Norman Course," which land is operated at the date this Master Deed is filed of record as an 18-hole golf course and related facilities. When used herein, the term "owner of the Golf Course Land" and variants thereof shall mean, collectively, the title owner of each such described land and any other person leasing and/or operating the golf facilities located thereon, their successors, assigns, members, managers, directors, officers, agents, employees and contractors.

"Institutional Mortgage" will mean and refer to a first lien Mortgage (prior to all other Mortgage liens) held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or governmental insurer or purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation. Such term will also mean and refer to the holder of any Mortgage securing a loan made by the Developer, its affiliates, successors, or assigns

"Land" means the Land which is described in Exhibit "A" attached hereto, as said exhibit may be amended from time to time in accordance with the provisions of this Master Deed, to subject additional property to the Regime and to withdraw unimproved portions of any such Land from the Regime.

"Limited Common Element" means that portion of the Common Elements set aside and allocated for the exclusive use of the Owner of the Unit to which attached or assigned, and will include that portion of any Common Elements that is pierced by the Unit's interior stairs, if any; a Unit's chimney structure and flue, if any; air conditioner units and condensers and hot water heaters located outside of the Unit, and the spaces occupied by same; and the balcony adjacent to the Unit. The term shall specifically include the items discussed in Section 3.4.

"Master Association" means Barefoot Resort Residential Owners Association, Inc., a South Carolina nonprofit corporation.

"Master Declaration" means the Declaration of Covenants, Conditions and Restrictions for Barefoot Resort Residential Properties recorded in Book 2251, Page 384, as amended from time to time.

"Master Deed" means this document, as amended from time to time.

"Member" means each Owner who is a member of the Association.

"Mortgage" will mean and refer to a mortgage, security deed, deed of trust, installment land sales contract, or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Unit.

"Mortgagee" will mean and refer to the holder of a Mortgage.

"Nonprofit Corporation Act" means and refers to the South Carolina Nonprofit Corporation Act of 1994, South Carolina Code Sections 33-31-101, et. seq., as amended.

"Owner" means the record owner, whether one or more persons, of fee simple title in and to any Unit; excluding, however, those persons having such interest merely as security for the performance of an obligation.

"Percentage Interest" means the undivided percentage interest owned by each Owner as a tenant-in-common in the Common Elements. "Total Percentage Interest" means the aggregate of all the Percentage Interests.

"Plans" mean and include the site plan and the floor plans of the Project which are filed as an attachment to this Master Deed showing the boundaries of the Land, the horizontal and vertical location of the improvements and Common Elements of the Project thereon and certified by a licensed engineer or architect in accordance with the provisions of the Condominium Act.

"Project" means, collectively, the Land, the Building and all other improvements and structures located thereon, and all easements, rights and appurtenances belonging thereto, submitted to the Condominium Act by this Master Deed, as amended from time to time in accordance with the provisions hereof.

"Regime" means the horizontal property regime established by this Master Deed, including all appurtenances and incidents of ownership attendant therewith.

"Regime Documents" means and includes this Master Deed, all Exhibits hereto, the Articles of Incorporation of the Association, the Bylaws and the Rules and Regulations, all as amended from time to time in accordance with the provisions thereof or in accordance with the laws of the State of South Carolina.

"Rules and Regulations" means the rules and regulations from time to time promulgated by the Board of Directors governing the use of the Common Elements and Units.

"Storm Water Management System" means the system which is designed, constructed, and implemented for the Project to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, over-drainage, environmental degradation and water pollution, or otherwise affect the quantity and quality of discharges from the system, as permitted or required pursuant to the applicable requirements of the applicable governmental authorities. Such system shall include any lake, pond, lagoon, retention or detention area, any drainage easements and storm water piping systems, drains, catch basins and other related apparatus and facilities intended to provide storm water management and control for the Project.

"Transition Period" means the time period commencing on the date of recording of this Master Deed and ending on the earlier of:

1. December 31, 2011; or

2. Three (3) months after the conveyance in the ordinary course of Developer's business of Units representing ninety-five percent (95%) of the Assigned Values of Units to be contained in all phases of the Project and shown in Exhibit "C" of this Master Deed, as the same may be amended as a result of any such expansion pursuant to Section 14.2 hereof; or

3. Three (3) months following the date the Developer surrenders its authority as a Class "B" Member of the Association to appoint and remove directors and officers of the Association by an express amendment to this Master Deed executed and filed of record by Developer.

"Trustee" means the Board of Directors acting as a fiduciary for the benefit of the Association and the Owners in holding certain funds and providing services as provided herein, or such bank or trust company authorized to do trust business in the State of South Carolina and appointed therefor by the Board of Directors.

"Unit" means that part of the Project intended principally for residential use by an Owner, situate within the Unit's boundaries described in Exhibit "B" attached hereto and in the architect's plans incorporated in and made a part of Exhibit "B", as amended from time to time in accordance with the provisions of this Master Deed and constituting an "apartment" as defined in the Condominium Act. Each Unit will be identified by a specific letter, number or combination thereof, which identification will be sufficient to identify the Unit for all purposes. "Unit" will also mean all the components of ownership held by an Owner, including not only the rights and interests of the Owner in and to the Unit, but also the rights of use of and the undivided interest in the Common Elements.

ARTICLE II

ADMINISTRATION.

2.1 The Association.

The administration of the Regime will be the responsibility of the Association, which will be made up of all the Owners of Units in the Regime. The Regime Documents, as the same may be amended from time to time, will govern the Association and the Owners.

2.2 Membership.

Each Owner of a Unit, including the Developer, will be a Member of the Association. Membership will be appurtenant to and may not be separated from ownership of a Unit and ownership of a Unit will be the sole qualification for such membership. In the event that fee title to a Unit is transferred or otherwise conveyed, the membership in the Association that is appurtenant thereto will automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include any Mortgagee or any other person who holds an interest merely as security for the performance of an obligation, and the giving of a security interest will not terminate or otherwise affect an Owner's membership in the Association.

2.3 Agreements.

The Association will be and hereby is authorized to enter into such contractual arrangements, including without limitation, management contracts, as it may deem necessary or desirable for the administration and operation of the Regime. Each Owner by acquiring or holding an interest in a Unit thereby ratifies and agrees to be bound by the terms and conditions of all such contractual

arrangements entered into by the Board of Directors on behalf of the Association prior to the conveyance of the Unit to the Owner.

2.4 Books and Records.

The Association will keep full and accurate books of account and financial records showing all receipts and disbursements. In particular, the books will be maintained with a detailed account, in chronological order, of the receipts and expenditures affecting the Project and its administration, and specifying the maintenance and repair expenses of the Common Elements as well as other expenditures incurred. Vouchers accrediting the entries made thereupon will also be maintained in chronological order.

2.5 Financial Statements.

No later than 120 days after the close of any fiscal year of the Association, the Association will cause financial statements for such fiscal year to be prepared (but not necessarily certified) by a licensed public accountant. Copies of the financial statements will be available to any Owner or Mortgagee upon written request to the Association. The Association may charge a reasonable fee for copying such statements.

2.6 Access to Information.

The Association will make available to Owners of any Unit and to any Mortgagee current copies of the Regime Documents and the books, records, vouchers, contractual arrangements and financial statements of the Association. "Available" means available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association may charge reasonable copying costs for any requested copies or extracts. Any party entitled to the benefits of this Section 2.6 will be permitted to designate one or more agents who will be permitted to represent said party in connection with any and all reviews of the Regime Documents and books, records, contractual arrangements and financial statements of the Association.

2.7 Rules and Regulations.

The Board of Directors will be entitled to promulgate reasonable Rules and Regulations from time to time, which will be binding on the Association and all Owners and lessees of Owners, their families, invitees and guests, regarding the use and enjoyment of Units and Common Elements. Copies of the current Rules and Regulations will be furnished to Owners and lessees of Owners upon request.

2.8 Professional Property Manager.

The Board of Directors may retain a professional property management company to manage the day-to-day affairs of the Association.

2.9 Collection and Remission of Master Association Assessments.

The Board of Directors may collect assessments made against the Units by the Master Association and remit the same to the applicable Master Association on behalf of the Unit Owners in accordance with any provisions in the recorded Master Declaration providing therefor, as any such restrictive covenants may be amended from time to time as set forth therein.

2.10 Collections and Remission of Optional Cable Television, Telephone and Other Charges; Master Utility Charges.

In the event the Association at any time secures any optional cable, telephone or other service, including broadband communications access, the Association will be entitled to collect fees charged to those Unit Owners who elect to receive such optional service made available to the Unit Owners through the Regime and remit the same to the provider thereof on behalf of such Unit Owners. Such elective costs and expenses will not be deemed a Common Expense hereunder, but will be charged to the Units Owners separately from their Assessment. Furthermore, the Board of Directors will pay any master utility meter charge, base cable to all Units, or other blanket utility fee for services to all Units not otherwise separately metered or charged to individual Units and for which a master service agreement is in effect, as allowed by Section 2.3 above. Such master cost and expense will be a Common Expense hereunder; provided, however, in the event actual costs exceed the budgeted costs therefor, such unbudgeted excess may be prorated and charged to the Units Owners separately from their Assessment, and will not require payment thereof from any other budget line item surplus or a Special Assessment or other extraordinary measure of collection.

ARTICLE III

PROPERTY RIGHTS.

3.1 Units.

Each Unit will for all purposes constitute a separate parcel of real property which, subject to the provisions of this Master Deed, may be owned in fee simple and which may be conveyed, transferred, leased and encumbered in the same manner as any other real property. Each Owner, subject to the provisions of the Condominium Act and this Master Deed, will be entitled to the exclusive ownership and possession of his Unit.

3.2 Description of Units.

The dimensions, area and location of the Units are shown on the Plans and are further set forth on Exhibit "B" attached hereto and are generally intended to include the following:

(a) Horizontal (Upper and Lower).

(i) The upper horizontal boundary of each Unit is the plane formed by the uppermost, unexposed surface of the wallboard or other material comprising a part of the ceiling in the uppermost story of the Unit.

(ii) The lower horizontal boundary of each Unit is the plane formed by the finished surface of the concrete slab or uppermost surface of the subflooring on which the lowermost story of the Unit is constructed.

(b) Vertical (Perimetric or Lateral).

The vertical boundaries of each Unit are the planes formed by the outermost, unexposed surface of the wallboard or other surface comprising the perimeter walls enclosing the Unit.

(c) Units Deemed to Include.

Notwithstanding the description of the boundaries set forth above, the Units shall be deemed to include the following: all portions of the plumbing, heating, electrical, and air conditioning

systems (including furnaces, compressors, components, pipes, wires, conduits, ducts, and the like) serving only that Unit even if partially outside the boundaries of the Unit; all windows, glass surfaces, and doors (including window and door frames and the hardware thereof) serving the Unit; all window screens and screens on any screened balcony; and any fireplace or stove hearth, facing brick, tile or firebox; provided, however, that a Unit shall not include any of the structural components of the Building or utility or service lines within the Unit but serving more than one Unit. In interpreting deeds and plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or plan, regardless of settling or lateral movement of the Building, and regardless of minor variance between the boundaries shown on the plans or in a deed and those of the Unit.

The ownership of each Unit shall include, and there shall pass with each Unit as an appurtenance thereto whether or not separately described in the conveyance thereof, that percentage of the right, title and interest in the Common Elements attributable to such Unit, together with membership in the Association and an undivided interest in the funds and assets held by the Association. Every portion of a Unit and all Limited Common Elements contributing to the support of an abutting Unit shall be burdened with an easement of support for the benefit of such abutting Unit.

3.3 Modification of Units.

The Developer, on behalf of itself, its successors and assigns, hereby reserves the right to modify or reconstitute, at any time and from time to time and irrespective of whether the Transition Period has expired, one or more Units owned by Developer or its affiliates without the consent of the Association or any Owner other than those who may be directly affected; provided, however, that the total Assigned Value assigned to the Units so affected will not change even though the same may be reallocated among such changed Units. If Developer makes any changes in Units pursuant to this Section 3.3, such changes will be reflected by an amendment of this Master Deed which will be duly recorded in the Horry County ROD. Such amendment will not require the consent of Owners other than the Developer.

3.4 Common Elements and Limited Common Elements.

(a) Percentage Interest.

The Owners will own the Common Elements as tenants-in-common, with each Unit having, appurtenant thereto, the Percentage Interest in the Common Elements set forth in Exhibit "C" attached hereto; provided, however, that the use of the Limited Common Elements will be restricted as set forth in Section 3.4(e). The Percentage Interest appurtenant to each Unit has been determined by dividing the Assigned Value of the respective Unit as shown on Exhibit "C" by the aggregate Assigned Value of all Units as shown on Exhibit "C." The value assigned to any Unit in Exhibit "C" does not represent the sales price or market value of the Unit and will only be utilized for purposes of computing the Percentage Interest appurtenant to the respective Unit.

(b) Inseparability of Percentage Interests.

The Percentage Interest in the Common Elements cannot be separated from the Unit to which it appertains and will be automatically conveyed or encumbered with the Unit even though such Percentage Interest is not expressly mentioned or described in the deed or other instruments.

(c) No Partition.

The Common Elements will remain undivided and no right to partition the same or any part thereof will exist except as provided in the Condominium Act, the Bylaws and this Master Deed.

(d) Use of Common Elements.

The Common Elements will be used in accordance with the intended purposes without hindering the exercise of or encroaching upon the rights of other Owners. The Board of Directors will, if any question arises, determine the purpose for which a part of the Common Elements is intended to be used. All Owners and lessees of Owners, their families, invitees and guests will abide by all Rules and Regulations from time to time in effect governing the use of the Common Elements.

(e) Use of Limited Common Element.

Anything to the contrary contained herein notwithstanding, ownership of each Unit will entitle the Owner or Owners thereof to the exclusive use of the Limited Common Element adjacent and appurtenant to such Unit, which exclusive use may be delegated by such Owner to persons who reside in the Unit. All Owners and lessees of Owners, their families, invitees and guests will abide by all Rules and Regulations from time to time in effect governing the use of the Limited Common Element. Except as otherwise set forth in this Master Deed, an Owner will be responsible for maintenance and repair of the Limited Common Element appurtenant to his Unit as set forth in Section 8.3 below.

(f) Common Element Designated A Unit Limited Common Element for Buried Gas Fire Place Tanks.

The Developer may, but shall not be required to, offer as an option or upgrade to any Unit, a gas fireplace insert. In the event the Developer does so offer such an option or upgrade and a buyer selects such option, the Developer will set aside a portion of the Common Element as a Limited Common Element for the exclusive use and benefit of the designated Unit within which such fire place insert is to be installed for the purpose of installing an underground propane gas storage tank to serve such fireplace. The location of the Limited Common Element for such propane gas tank shall be designated on a survey thereof prepared at the sole cost of the Owner, which shall be filed as an amendment to Exhibit "B" and shown on the Plans by a numbering system corresponding to the number of the Unit to which assigned. All costs of maintenance, repair, propane gas service and other costs and expenses relating to the buried propane gas tank shall be the sole cost and expense of the Owner of the Unit to which such Limited Common Element is assigned. Such costs and expenses shall include a liability insurance policy and such policy shall name The Clearwater Bay Horizontal Property Regime an additional insured thereunder and a current certificate of insurance therefor shall be delivered to the Association not later than ten (10) days following the policy's effective date and each renewal thereof. The Association shall be responsible for regular landscape maintenance to the Limited Common Element within which the propane tank is buried; provided, however, in the event an Owner is required to dig up any landscaping or grass turf in the performance of its maintenance, repair and replacement activities involving the buried propane tank, the Owner shall, at Owner's sole cost, restore the Limited Common Element to its condition prior to such work being performed. The Developer shall have the unilateral right to amend this Master Deed pursuant to Section 14.2(b) below to effect the foregoing. Furthermore, in the event any Owner requests a location within the Common Element within which to install a propane gas tank to serve an installed fireplace after taking title to the Unit, the Developer during the Transition Period, and thereafter the Association, will use all reasonable efforts to find and set aside a suitable location therefor, but shall have no absolute obligation to do so if, in its respective reasonable judgment, doing so would be of

greater burden or hardship to the Regime or other Owners of Units within the same Building. In the event a suitable location is provided, the Developer during the Transition Period, and thereafter the Association by its President, shall have the unilateral right to amend this Master Deed pursuant to Section 14.2(b) below to effect the foregoing.

(g) Reservation of Easements and Use and Expansion Rights.

The Common Elements will be subject to all easements and use rights, if any, reserved by the Developer hereunder and the right of the Developer to expand the Regime by construction of additional Units pursuant to Section 14.2(a)(ii) and to convert Common Elements to Limited Common Elements, as herein provided.

3.5 Status of Title of Project.

The Developer represents to the Association and all the Owners that, as of the effective date hereof, the Developer has marketable, fee simple title to the Project. The rights and interests of all Owners in and to the Regime will be subject only to (i) liens for real estate taxes for the current year and subsequent years; (ii) existing and/or recorded easements, conditions, covenants, declarations, reservations and restrictions including, without limitation, those set forth in this Master Deed; (iii) easements and use rights, if any, reserved by the Developer hereunder; and (iv) applicable governmental regulations, including zoning laws, which may be imposed upon the Regime from time to time.

3.6 Limited Warranty From Developer.

FOR A PERIOD OF ONE (1) YEAR FROM THE DATE OF COMPLETION OF CONSTRUCTION (BEING THE LATER OF SUBSTANTIAL COMPLETION UNDER THE CONSTRUCTION CONTRACT, OR THE DATE A CERTIFICATE OF OCCUPANCY IS ISSUED THEREFOR), THE DEVELOPER SHALL AT NO COST TO THE ASSOCIATION REPAIR OR REPLACE (IN THE DEVELOPER'S DISCRETION) ANY PORTIONS OF THE COMMON ELEMENTS (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS) WHICH ARE DEFECTIVE AS TO MATERIALS OR WORKMANSHIP. THIS LIMITED WARRANTY IS IN PLACE OF ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND THE DEVELOPER DISCLAIMS ALL OTHER CONTRACTUAL OBLIGATIONS OR WARRANTIES, INCLUDING ANY IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE FULLEST EXTENT PERMITTED BY LAW, THE LIABILITY OF THE DEVELOPER SHALL BE LIMITED TO SUCH REPAIR OR REPLACEMENT AND THE DEVELOPER SHALL NOT BE LIABLE FOR DAMAGES OF ANY NATURE, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, REGARDLESS OF WHETHER SUCH DAMAGES ARE CLAIMED TO ARISE OUT OF THE LAW OF CONTRACT, TORT OR OTHERWISE, OR PURSUANT TO STATUTE OR ADMINISTRATIVE REGULATION. Each Owner, in accepting a deed from the Developer or any other party to a Unit, expressly acknowledges and agrees that this Section 3.6 establishes the sole liability of the Developer to the Association and the Owners related to defects in the Common Elements and the remedies available with regard thereto. At the end of the one (1) year warranty period referred to hereinabove in this Section 3.6, the Developer will assign to the Association in writing all of its rights, claims, causes of action and demands which it has or which may thereafter accrue against all other people who may be responsible for the design and/or construction of the Common Elements.

ARTICLE IV

ASSESSMENTS.

4.1 Creation of Lien and Personal Obligation for Assessments.

Each Unit is and will be subject to a lien and permanent charge in favor of the Association for the Assessments set forth herein. Each Assessment, together with interest thereon and cost of collection thereof as hereinafter provided, will be a permanent charge and continuing lien upon the Unit against which it relates, and will also be the joint and several personal obligation of each Owner of such Unit at the time the Assessment comes due and upon such Owner's successor in title if unpaid on the date of the conveyance of such Unit, and each and every Owner by acquiring or holding an interest in any Unit thereby covenants to pay such amounts to the Association when the same will become due; provided, however, that no Owner acquiring title to any Unit at a foreclosure sale of any Institutional Mortgage, his successors and assigns, will have any personal obligation with respect to the portion of any Assessments (together with late charges, interest, fees and costs of collection) related to such Unit, the lien for which is subordinate to the lien of the Institutional Mortgage being foreclosed as provided in Section 4.10. A Unit may be assessed as herein provided for Annual Assessments, Special Assessments and Specific Assessments.

4.2 Annual Assessments.

At least thirty (30) days prior to the Association's next succeeding Annual Assessment Period the Board will adopt a budget for the next succeeding Annual Assessment Period by estimating the Common Expenses to be incurred during such Annual Assessment Period, including a reasonable allowance for contingencies and operating and replacement reserves, such budget to take into account the projected anticipated income which is to be applied in reduction of the amount to be collected as an assessment. The Common Expenses for property and liability insurance premiums may be separately assessed (an "Insurance Assessment"). The Insurance Assessment may, in the exercise of the Board's reasonable business judgment, be based upon a prepaid amount, estimated to cover the anticipated property and liability insurance premium at the next anniversary date of the policy or policies, or the Board may specially assess an Insurance Special Assessment pursuant to Section 4.5(a) below to cover any third-party financed premium as it becomes due. Upon adoption of the budget, a copy thereof will be delivered to each Owner. The Annual Assessment and any separately stated Insurance Assessment fixed against each Unit will be based upon the budget and in proportion to the respective Percentage Interests of each Unit subject to assessment, and the Board will give written notice to each Owner of the Annual Assessment fixed against his Unit for such next succeeding Annual Assessment Period; provided, however, the delivery of a copy of said budget will not be a condition precedent to an Owner's liability for payment of such Annual Assessment. In fixing the annual budget, the Board of Directors shall reflect in the budget the recommendations of a maintenance audit conducted by a professional inspector at such frequency as the Board shall determine, but not less frequently than every three (3) years. The Board shall provide the Developer with a copy of each such inspection report or maintenance audit findings within fifteen (15) days following receipt thereof by the Board. The Board shall not be relieved of its duty to contract for a maintenance audit, as aforesaid, by virtue of the Developer's inspections pursuant to Section 11.5 below.

The Annual Assessment will not be used to pay for the following:

(a) Casualty insurance of individual Owners on their possessions within the Units and liability insurance of such Owners insuring themselves and their families individually, which will be the sole responsibility of such Owners;

- (b) Ad valorem taxes assessed against Units; or
- (c) Other charges or expenses related solely to individual use or occupancy of any Unit; or
- (d) Assessments chargeable to Owners by the Master Association pursuant to applicable provisions of the Master Declaration, to which the Regime is subject, and for which the Association hereunder is responsible pursuant to such Master Declaration.

It is anticipated that ad valorem taxes and other governmental assessments, if any, upon the Project will be assessed by the taxing authority upon the Unit, and that each assessment will include the assessed value of the Unit and of the undivided interest of the Owner in the Common Elements; provided, however, that for the current calendar year, the ad valorem taxes will be based upon the condition of the Land as of January 1, and the Developer will be liable for that portion of the taxes applicable to the period prior to the recordation of this Master Deed. When current ad valorem taxes are due and payable, the remainder of the ad valorem taxes for the current calendar year will be prorated between the Developer and each Owner based upon the Owner's Percentage Interest and based upon the number of days each owned the Unit as evidenced by the date of the Unit Deed. Any such taxes and governmental assessments upon the Project, which are not so assessed, will be included in the Association's budget as a recurring expense and will be paid by the Association as a Common Expense. Except as otherwise provided herein, each Owner is responsible for making his own return of taxes and such return will include such Owner's undivided interest in the Common Elements as such undivided interest is determined by law for purposes of returning taxes.

EACH OWNER, IN ACCEPTING A DEED TO A UNIT FROM THE DEVELOPER OR ANY OTHER PERSON, HEREBY ACKNOWLEDGES THAT THE REGIME BUDGET AND ANNUAL ASSESSMENT THEREUNDER INITIALLY ESTABLISHED BY THE DEVELOPER, AND AS MAY BE MODIFIED OR AMENDED BY THE BOARD OF DIRECTORS OF THE ASSOCIATION, MAY BE INADEQUATE TO FUND, AS MAY BE NEEDED, THE COSTS AND EXPENSES OF PREPARING THE PROJECT FOR AN IMPENDING HURRICANE OR STORM, INCLUDING, BUT NOT LIMITED TO, INSTALLING AND REMOVING STORM SHUTTERS. IN THE EVENT THE REGIME IS REQUIRED TO INCUR COSTS AND EXPENSES PREPARING THE PROJECT FOR AN IMPENDING HURRICANE OR STORM IN EXCESS OF THE UNEXPENDED AMOUNT BUDGETED FOR A PARTICULAR YEAR, THE REGIME MAY BE REQUIRED TO VOTE A SPECIAL ASSESSMENT UNDER SECTION 4.5 BELOW AGAINST THE OWNERS TO RAISE THE REQUIRED FUNDS TO PAY SUCH EXCESS COSTS AND EXPENSES. FURTHERMORE, IN THE EVENT THE REGIME DOES NOT, FOR ANY REASON, APPROVE ANY SUCH SPECIAL ASSESSMENT, THE VALUE OF A UNIT MAY BE SUBSTANTIALLY AND MATERIALLY AFFECTED.

NOTHING HEREIN PROVIDED IS INTENDED, NOR SHALL IT BE DEEMED TO PROVIDE, THAT THE ASSOCIATION IS OBLIGATED TO INSTALL AND REMOVE ANY STORM SHUTTERS OR PLYWOOD WINDOW COVERING IN PREPARATION FOR ANY HURRICANE OR STORM. IN THE ABSENCE OF A SPECIFIC BUDGET ITEM THEREFOR OR THE ADOPTION OF A SPECIFIC RESOLUTION BY THE BOARD OF DIRECTORS TO SO PROVIDE SUCH SERVICE, EACH OWNER SHALL BE

SOLELY RESPONSIBLE FOR PREPARING THE UNIT FOR AN IMPENDING HURRICANE OR STORM, INCLUDING, BUT NOT LIMITED TO, INSTALLING AND REMOVING STORM SHUTTERS OR PLYWOOD WINDOW COVERINGS. OWNERS SHALL NOT INSTALL PLYWOOD WINDOW COVERINGS OR CLOSE ANY INSTALLED STORM SHUTTERS UNLESS AND UNTIL THE NATIONAL WEATHER SERVICE ISSUES A HURRICANE WATCH OR TROPICAL STORM WATCH, WITH ANTICIPATED DAMAGING WINDS, COVERING Horry County, SOUTH CAROLINA.

4.3 Build-out Budget and Deficit Funding During Transition Period.

Notwithstanding the provisions of Section 4.2 above, during the Transition Period the budget and Annual Assessments shall be calculated as provided in sub-Section (a) below.

(a) Annual Assessments During Transition Period.

Budgets prepared during the Transition Period shall be based upon a projection of the total Common Expenses at full build-out of the Regime, which shall be deemed to be development of the sixty-two (62) phases under the current development plan for the Regime. Each Unit shall pay a prorata share of the projected build-out budget based upon the Unit's Percentage Interest following development of the sixty-two (62) phases under the current development plan for the Regime, and the developer shall pay as a subsidy the difference between the budgeted Common Expenses and the total Assessments collected based upon the build-out budget as aforesaid.

(b) Developer's Subsidy Based Upon Build-out Budget.

Any such subsidy paid by the Developer during the Transition Period pursuant to this Section 4.3 will, in the Developer's sole discretion, be (i) a contribution to the Association, or (ii) an interest-free loan to the Association, to be repaid commencing with the termination of the Transition Period and continuing for a term of not more than five (5) years.

4.4 Rounding.

Annual Assessments charged by the Association will be rounded off to the nearest dollar.

4.5 Special Assessments.

In addition to the Annual Assessments, the Board of Directors may levy in any calendar year "Special Assessments" for the purpose (i) of supplementing the Annual Assessments if the same are inadequate to pay the Common Expenses and (ii) of defraying, in whole or in part, the cost of any reconstruction, repair, or replacement of the Common Elements; provided, however, that any such Special Assessment which in the aggregate exceeds forty-five percent (45%) of the total budgeted Common Expenses, exclusive of insurance, for such year will be approved by a majority of the votes cast by Members in a written ballot or in person or by proxy at a meeting at which a quorum is present, duly called for the express purpose of approving such Special Assessment.

(a) Insurance Special Assessment without Vote of Members.

Notwithstanding the foregoing, the Board may, without a vote of the members, levy an Insurance Special Assessment to pay any premium charged to the Association in excess of the amount budgeted for insurance, or levy an Insurance Special Assessment to pay, when due, any third-party financed premium. If applicable, an Insurance Special Assessment shall only be assessed against

Owners of Units for which the Board separately assesses an Insurance Assessment based upon the type of Building in which a Unit is located, as further described in Section 4.2 above.

4.6 Date of Commencement of Annual Assessments; Due Dates.

Although the Annual Assessment is calculated on a yearly basis for the Annual Assessment Period, each Owner of a Unit will be obligated to pay to the Association or its designated agent such Assessment in advance in monthly, quarterly, semi-annual or annual installments as established by the Board. An installment shall be due and payable on the due date established by the Board, but in the absence of any such specific due date, the installment shall be due and payable in full on or before the last day of the month in which the Assessment is billed.

The obligations of Owners regarding the payment of monthly portions of the Annual Assessment provided for in this Article IV will, as to each Unit, commence upon the recording of this Master Deed. The first monthly payment of the Annual Assessment for each such Unit will be an amount equal to the monthly payment for the Annual Assessment Period in progress on such commencement date, divided by the number of days in the month of conveyance, and multiplied by the number of days then remaining in such month.

The Association will, upon demand at any time, furnish any Owner liable for any such Assessment a certificate in writing signed by an Officer of the Association or the property manager of the Association, setting forth whether the same has been paid. A reasonable charge, as determined by the Board, may be made for the issuance of such certificate. Such certificate will be conclusive evidence of payment of any Assessment stated to have been paid as to any person or entity that has relied on the certificate to his or its detriment.

4.7 Individual Specific Assessments.

Any expenses incurred by the Association because of the actions of one or more Owners or occupants of an Owner's Unit, or because of their failure to act, and with respect to which such expenses are chargeable thereto and recoverable therefrom pursuant to any provision of this Master Deed or rules and regulations adopted hereunder, and any fines as may be imposed against an Owner in accordance with this Master Deed will be specially assessed as a specific Assessment against each such Owner and the Owner's Unit. In addition, in the event that a specific Assessment is made for a judgment against the Association, such specific Assessment shall only be assessed against those who were Owners at the time the judgment was entered against the Association.

4.8 Effect of Non-Payment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association.

(a) If an Assessment is not paid on the date when due, as hereinabove provided in Section 4.5, then such Assessment together with such late charges and interest thereon and any costs of collection thereof as hereafter provided, will be a charge and continuing lien on the Unit to which it relates, and will bind such property in the hands of the Owner, his heirs, legal representatives, successors, and assigns. The personal obligation of the then Owner to pay such Assessment, however, will remain his personal obligation, and if his successors in title assume his personal obligation, such prior Owner will nevertheless remain as fully obligated as before to pay to the Association any and all amounts which he was obligated to pay immediately preceding the transfer. Furthermore, such prior Owner and his successor in title who assumes such liabilities will be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Owner and his successor in title creating the relationship of principal and surety as between themselves, other than one by virtue of which such prior Owner and his successor in title would be jointly and severally liable to pay such amounts.

(b) Any Assessment shall be due in full not later than the last day of the month in which the Assessment is billed, and any Assessment or portion thereof which is not paid when so due will be delinquent. Any delinquent Assessment will incur a late charge in an amount as may be determined by the Board from time to time and, upon adoption of a policy therefor by the Board of Directors, will also commence to accrue simple interest at the rate set by the Board of Directors from time to time. A lien and equitable charge as herein provided for each Assessment installment shall attach simultaneously as the same will become due and payable, and if an Assessment installment has not been paid as aforesaid, the entire unpaid balance of the Assessment installments for the Annual Assessment Period then in effect remaining to be paid during the fiscal year may be accelerated by the option of the Board and be declared due and payable in full.

(c) The Association may bring legal action against the Owner personally obligated to pay the same or foreclose its lien against the Unit to which it relates or pursue both such courses at the same time or successively. In any event, the Association will be entitled also to recover reasonable attorney's fees actually incurred and all other costs of collection. Each Owner, by his acceptance of a deed or other transfer of a Unit, vests in the Association or its agent the right and power to bring all actions against him personally for the collection of such charges as a debt and to foreclose the aforesaid lien in any appropriate proceeding at law or in equity. All Owners, to the fullest extent permitted by law, waive the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained by the Association against any Owner in the event of such foreclosure and further, waive all benefits that might accrue to any Owner by virtue of any present or future homestead exemption or law exempting any Unit or portion thereof from sale. If the Association commences to foreclose its lien, the Owner may be required to pay a reasonable rental for the Unit after the commencement of the action and at its option the Association will be entitled to the appointment of a receiver to collect such rents. The Association will have the power to bid on the Unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. No Owner may be relieved from liability from the Assessment provided for herein by abandonment of his Unit or otherwise.

(d) During any period in which an Owner will be in default in the payment of any Annual or Special Assessment levied by the Association, the voting rights of the Owner and the rights of the Owner and lessees of the Owner, their families, invitees and guests, to use and enjoy the recreational areas of the Common Elements may be suspended by the Board of Directors until such time as the Assessment has been paid.

4.9 Developer's Unsold Units.

The Developer shall pay annual Assessments for each Unit it owns.

4.10 Subordination of the Charges and Liens to Institutional Mortgages.

(a) The lien and permanent charge for the Assessments (together with late charges, interest, fees and cost of collection) authorized herein with respect to any Unit is hereby made subordinate to the lien of any holder of an Institutional Mortgage or his assigns placed on such Unit, and all Assessments with respect to such Unit having a due date on or prior to the date such Institutional Mortgage is filed for record have been paid. The lien and permanent charge for the Assessments (together with late charges, interest, fees and cost of collection) authorized herein with respect to any Unit is also hereby made subordinate to a lien for taxes or other governmental assessments owed for such Unit ("Governmental Assessments"). The lien and permanent charge hereby subordinated is only such lien and charge as relates to Assessments authorized hereunder having a due date subsequent to the date such Institutional Mortgage or Governmental Assessment is filed for record and prior to the satisfaction, cancellation or foreclosure of such Institutional Mortgage or the satisfaction or cancellation of such Governmental Assessment.

(b) Such subordination is merely a subordination and will not relieve the Owner of the mortgaged Unit of his personal obligation to pay all Assessments coming due at a time when he is the Owner; will not relieve such Unit from the lien and permanent charge provided for herein (except as to the extent the subordinated lien and permanent charge is extinguished against a Mortgagee or such Mortgagee's assignee or transferee by foreclosure); and no sale or transfer of such Unit to the Mortgagee or to any other person pursuant to a foreclosure sale will relieve any previous Owner from liability for any Assessment coming due before such sale or transfer.

(c) To the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Institutional Mortgage, then the amount or amounts otherwise secured thereby which cannot otherwise be collected will be deemed a Common Expense collectible from all Owners, including the person who acquires title through the foreclosure sale.

4.11 Reserves.

The Board of Directors will establish and maintain an adequate reserve fund for the periodic repair and replacement of the Common Elements. The Board of Directors will include amounts needed to maintain an adequate reserve fund in its estimation of the Common Expenses for each fiscal year and will cause deposits to the reserve fund to be made in connection with the collection of the Annual Assessment.

4.12 Working Capital Collected Unit Closings.

Notwithstanding anything to the contrary in this Master Deed, a working capital fund will be established for the Association by collecting from each buyer of a Unit a working capital amount equal to 2/12ths of the Annual Assessment then in effect, which Assessment will be due and payable at the time of closing the transfer of the Unit. Each such Owner's share of working capital, as aforesaid, will be transferred to the Association at the time of closing the conveyance to the Owner. Such sum is and will remain separate and distinct from the Annual Assessment and will not be considered advance payment of the Annual Assessment. The working capital receipts may be used by the Association in covering operating expenses as well as any other expense incurred by the Association pursuant to this Master Deed and the Bylaws.

4.13 Surplus Funds.

All funds paid into the Association by the Owners which remain after payment for Common Expenses, prepayment of reserves or any other expense, cost or fee defined herein shall be paid to the Owners in proportion to their Percentage Interests or credited to them to reduce future assessments.

4.14 Unit Owner's Share of Prepaid Insurance.

As indicated herein, the budgeted Common Expenses may include prepayment of the estimated premium for property and casualty insurance at the next anniversary date of the policies, and separately assess the same as an Insurance Assessment, further described in Section 4.2. Upon conveyance of a Unit, the selling Owner shall be entitled to a credit for the selling Owner's Percentage Interest in the amount of the prepaid insurance collected as an Insurance Assessment from the selling Owner by the Association to the date of the Unit closing.

ARTICLE V

INSURANCE AND CASUALTY LOSSES.

5.1 Hazard Insurance.

(a) The Association will obtain, maintain and pay the premiums, as a Common Expense, one "master" or "blanket" type policy or multiple policies of property insurance covering the entire Project, except (x) land, foundation, excavation, or other items normally excluded from coverage; and (y) the items set forth in Section 5.1(a)(i) below. Such coverage will also insure supplies, equipment and other personal property of the Association. All policies of property insurance will be single entity condominium insurance coverage. The insurance policy will afford, at a minimum, protection against loss or damage by fire and other perils normally covered by standard extended coverage endorsements, to include earthquake coverage; and all other perils which are customarily covered with respect to condominium projects similar in construction, location and use, including all perils normally covered by a standard "special coverage" endorsement, where such is available, and to include earthquake coverage. The policy will be in an amount equal to one hundred (100%) percent of the current replacement cost of the Project, exclusive of land, foundations, excavation, and other items normally excluded from coverage. A "deductible amount" not to exceed the lesser of \$10,000 or one percent (1%) of the policy face amount may be included at the discretion of the Board of Directors if available and if a material savings, as determined by the Board in its sole discretion, in premium cost results therefrom, but the deductible amount will be considered a Common Expense and borne by the Association regardless of the number of Owners directly affected by the loss and reserves will be established therefor.

(i) In addition to the items identified in clause (x) of Section 5.1(a) above to be excluded, there shall be excluded from the Association's hazard insurance policy (A) all improvements and betterment made to Units by Owners at their expense; (B) personal property of Owners and lessees of Owners, their families, invitees and guests; (C) the finished wood, vinyl, tile, carpet or other finish surface lying above the subfloor constituting the lower horizontal boundary of a Unit; (D) all paint, wallpaper, vinyl paper, tile, and other finish surface covering the unexposed surface of the wallboard or other surface comprising the perimeter walls enclosing a Unit; (E) all appliances; (F) all lighting and plumbing fixtures and all cabinetry and built-in improvements within a Unit. Insurance covering the items listed in clauses (A) through and including (F) of this Section 5.1(a)(i) shall be maintained by the Owner and proof of such insurance shall be provided to the Association by the Owner upon the Association's written request.

(b) The name of the insured under the master policy will be substantially as follows: "The Clearwater Bay Condominium Association for the use and benefit of the Individual Owners of Units in The Clearwater Bay Horizontal Property Regime." Loss payable provisions will be in favor of the Association and the Trustee, as a trustee for each Owner, and each such Owner's Mortgagee as the interests of such parties may appear. Each Owner and his respective Mortgagee, if any, will be beneficiaries of the policy in a percentage equal to the Percentage Interest attributable to the Unit owned by such Owner. All policies will contain a standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by Institutional Mortgage investors in the area in which the Project is located, and which appropriately names all Mortgagees or their servicer in such form as requested by such Mortgagees or their servicer.

(c) All policies will be written with a company holding a general policyholder rating of "A" or better by Best's Insurance Reports and in a financial category of Class VI or better in Best's Key Rating Guide. Policies are unacceptable where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, Owners,

Mortgagees or the designees of Mortgagees; (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policy holders or members; or (iii) the policy includes any limiting clause (other than insurance provisions) which could prevent Mortgagees or Owners from collecting insurance proceeds. Policies may not be cancelable, deemed nonrenewable or substantially modified by any party without at least thirty (30) days prior written notice to the Association and each Mortgagee, which is listed as a scheduled holder of a first Mortgage in the insurance policy. Policies should also contain a "special condominium endorsement" or its equivalent which provides for the following: recognition of any insurance trust agreement; a waiver of the rights of subrogation against Owners individually; the insurance is not prejudiced by any act or negligence of individual Owners which is not under the control of the Association or such Owners collectively; and the policy is primary in the event the Owner has other insurance covering the same loss.

(d) The Association will provide to Owners and/or Mortgagees requesting the same in writing a certificate of insurance, or a copy of the certificate of insurance, for the Regime, for which the Association may charge reasonable copying costs.

(e) Each Owner shall obtain and his sole cost and expense hazard insurance coverage on the items set forth in Section 5.1(a)(i) above, and may obtain additional insurance at his own expense; provided, however, that no Owner will be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all of the Owners and their Mortgagees, may realize under any insurance policy which the Association may have in force on the Project at any particular time. Any diminution in insurance proceeds otherwise payable under the Association's policies that results from the existence of any Owner's policy will be chargeable to the Owner who acquired such other insurance. Any Owner who obtains an individual insurance policy covering any portion of the Project, other than the personal property belonging to such Owner, will file a copy of such policy with the Association within thirty (30) days after purchasing such insurance. Each Owner, at his own expense, may obtain on his Unit or the contents thereof, title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterment and personal property damaged and lost. In addition, risk of loss with respect to any improvements made by an Owner within his Unit shall be that of the Owner. Betterments coverage or "improvements insurance" shall be secured solely by an Owner wishing such coverage of his risk of loss, and the Association shall have no liability therefor.

(f) If any part of the Project's improvements are in a special flood hazard area designated as A, AE, AH, AO, AR, A1-A30, A-99, V, VE, V1-30, or VO on the Flood Insurance Rate Map, the Association shall maintain a master or blanket policy of flood insurance and provide for the premiums to be paid as a Common Expense.

5.2 Liability Insurance.

The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a policy of comprehensive general liability insurance coverage covering at a minimum all of the Common Elements. Coverage limits will be in amounts generally required by private Institutional Mortgage holders for projects similar in construction, location and use to the Project; provided, however, that such coverage will be for at least \$1,000,000 for bodily injury, including death of persons, and property damage arising out of a single occurrence. Coverage under this policy will include, without limitation, legal liability to the insured for property damage, bodily injury and death of persons in connection with the operation, maintenance and use of the Common Elements and legal liability arising out of law suits related to employment contracts in which the Association is a party. If the policy does not include "severability of interest" in its terms, an endorsement will be included which precludes the insurer's denial of the claims of an Owner because of the negligent acts of the Association or another

Owner. Such policy must provide that it cannot be canceled or substantially modified, by any party, without at least thirty (30) days prior written notice to the Association and each Mortgagee listed as a scheduled holder of a first Mortgage in the insurance policy.

5.3 Fidelity Bonds and Other Insurance.

The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all officers, directors, trustees, employees and manager of the Association and all other persons handling or responsible for funds belonging to or administered by the Association, including any professional management company assisting with the administration of the Regime. The total amount of the fidelity bond coverage required will be based upon the best business judgment of the Board of Directors and will not be less than the estimated maximum funds, including reserve funds, in the custody of the Association or a professional management company, as the case may be, at any given time during the term of each bond; provided, however, that in no event will the aggregate amount of such bonds be less than a sum equal to 2/12ths of the total Annual Assessments plus reserve funds. Fidelity bonds will meet the following requirements: the Association will be named as an obligee; the bonds will contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and the bond will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of a premium) without at least ten (10) days prior written notice to the Association and each Mortgagee listed as a scheduled holder of a first Mortgage in the fidelity bond.

The Association will obtain, maintain and pay the premiums, as a Common Expense, on a policy of directors and officers liability insurance in such amounts as determined by the Board of Directors.

The Board of Directors will be authorized on behalf of the Association to obtain and maintain such other and further insurance as the Board of Directors may determine from time to time.

5.4 Authority to Adjust Loss.

The exclusive authority to negotiate, settle and otherwise deal in all respects with insurers and adjust all losses under policies provided for herein will be vested in the Board of Directors or its duly authorized agent for the benefit of all Owners and Mortgagees; provided, however, that all Owners and Mortgagees having an interest in such loss will be advised in advance of all actions anticipated to be taken of a material nature related to the adjustment of the loss. Each Owner, in accepting a deed to a Unit, expressly appoints the directors, and each of them, his due and lawful attorneys-in-fact, with full power of substitution, to act on behalf of the Owner as fully as the Owner could act in person on all matters related to the authority granted in this Section 5.4, including executing all documents required in connection therewith on behalf of the Owner.

5.5 Trustee.

(a) The Board of Directors may, from time to time, designate a third party Trustee hereunder. The Trustee, whether the Board of Directors acting in said capacity, or a third-party designated by the Board, will serve the Association and the Owners and their Mortgagees (as their interests may appear) as provided herein. Any third-party Trustee, but not the Board of Directors acting in such capacity, will be entitled to receive reasonable compensation for services rendered which will be a Common Expense of the Association.

(b) All insurance policies obtained by the Association will name the Association and the Trustee as loss payees. Immediately upon the receipt by the Association of any insurance proceeds,

the Association will endorse the instrument by means of which such proceeds are paid and deliver the instrument to the Trustee. The Trustee will not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor will the Trustee have any obligation to inspect the Project to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(c) Among other things, the duties of the Trustee will be to receive proceeds delivered to it, hold such proceeds in trust for the benefit of the Owners and their Mortgagees, and disburse the proceeds as hereinafter provided.

(d) Proceeds of insurance policies received by the Trustee will be disbursed as follows:

(i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purposes, will be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs will be paid to the Association for the benefit of all Owners and their Mortgagees, if any;

(ii) If it is determined, as provided in Section 5.6, that the damage or destruction for which the proceeds are paid will not be repaired or reconstructed, such proceeds will be disbursed to such persons as therein provided;

(iii) Any and all disbursements of funds by the Trustee for any purpose whatsoever will be made pursuant to and in accordance with a certificate of the Association signed by the President and attested by the Secretary directing the Trustee to make the disbursements;

(iv) If the damage or destruction is to the Common Elements and is to be repaired or reconstructed, prior written notice of each disbursement will be given to the Mortgagee known by the Trustee from the records of the Association to have the largest interest in or lien upon such Common Elements; and if the damage or destruction is to one or more Units and is to be repaired or reconstructed, said notice will also be given to the Mortgagee or Mortgagees known to the Trustee from the records of the Association to have an interest in or lien upon such Unit or Units.

(e) The Trustee will not incur liability to any Owner, Mortgagee or other person for any disbursements made by it in good faith pursuant to and in accordance with the foregoing requirements.

5.6 Damage and Destruction.

(a) Immediately after all or any part of the Project covered by insurance is damaged or destroyed by fire or other casualty, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section 5.6, means repairing or restoring the damaged property to substantially the same conditions in which it existed prior to the fire or other casualty, with each Unit and the Common Elements having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to the Project will be repaired unless repair or replacement would be illegal under any State or local health or safety statute or ordinance; provided, however, that any such damage which requires reconstruction will not be undertaken if repair or reconstruction is disapproved by Owners holding eighty percent (80%) of the Percentage Interests,

including 100% of the Owners whose units will not be rebuilt, by Referendum or at a duly held meeting of Members called for the purpose of disapproving the repair or reconstruction, which percentage will also constitute the quorum required for any such meeting. If the entire Project is not reconstructed, the insurance proceeds will be delivered in accordance with the provisions of Section 5.6(c) below. Except as otherwise provided, any such damage or destruction which renders any Unit untenable or uninhabitable, or any such damage or destruction to the Common Elements, will be repaired and reconstructed as promptly as practicable. No Mortgagee will have any right to restrict the use of insurance proceeds otherwise available for repair, reconstruction or rebuilding.

(c) In the event that it is determined by the Association in the manner prescribed above that the entire damage or destruction will not be repaired, reconstructed or rebuilt, then and in that event:

(i) the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project;

(ii) the insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt must be distributed to the Owners of those Units and to the Owners of those Units to which said Limited Common Elements were allocated, or to their lienholders, as their interests may appear; and

(iii) the insurance proceeds remaining must be distributed to all of the Owners and their lienholders, as their interests may appear, in proportion to the Owner's Percentage Interests.

If the Unit Owners vote not to rebuild any Unit, that Unit's allocated Percentage Interest is automatically reallocated upon the vote not to rebuild or reconstruct as if the Unit had been condemned, as provided in Section 6.1 below, and the Association promptly shall prepare, execute, and record an amendment to this Master Deed reflecting the reallocations.

5.7 Insufficient Proceeds to Repair.

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, or if no insurance proceeds exist with respect to such damage or destruction, the Board of Directors will levy an Assessment against the Owners of damaged or affected Units in sufficient amounts to provide funds to pay costs in excess of insurance proceeds for repair or reconstruction. Additional Assessments may be made at any time during or following the completion of any repair or reconstruction. That portion of such Assessments levied against each Owner will be equal to that percentage computed by dividing the Percentage Interest appurtenant to such Owner's Unit by the aggregate Percentage Interests appurtenant to all Units damaged or affected.

(b) Any and all sums paid to the Association under and by virtue of those Assessments provided for in subsection (a) of this Section 5.6 will be deposited by the Association with the Trustee. Such proceeds from insurance and Assessments, if any, received by the Trustee will be disbursed as provided in Section 5.5.

ARTICLE VI

CONDEMNATION.

6.1 Unit Condemnation With No Practical or Lawful Use Remaining.

If a Unit is acquired by eminent domain, or if part of a Unit is acquired by eminent domain leaving the Unit Owner with a remnant which may not practically or lawfully be used for any purpose permitted by this Master Deed, the award shall compensate the Unit Owner for his Unit and its interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, that Unit's Assigned Value shall automatically be reallocated to the remaining Units in proportion to the respective Percentage Interests of those Units before the taking exclusive of the Unit taken, and the Association shall promptly prepare, execute, and record an amendment to this Master Deed reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this subsection is thereafter a Common Element.

6.2 Condemnation of Part of Unit with Some Practical or Lawful Use Remaining.

Except as provided in Section 6.1 above, if part of a Unit is acquired by eminent domain, the award must compensate the Unit Owner for the reduction in value of the Unit and of its Percentage Interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, (1) that Unit's Assigned Value shall be reduced in proportion to the reduction in the size of the Unit, and (2) the portion of the Assigned Value divested from the partially acquired Unit shall automatically be reallocated to that Unit and the remaining Units in proportion to the respective Assigned Values of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Assigned Value.

6.3 Condemnation of Common Elements.

If part of the Common Elements is acquired by eminent domain, the portion of the award not payable to Unit Owners under Section 6.1 above shall be paid to the Association and distributed in accordance with the provisions of Section 5.6 as if such condemnation were damage or destruction which will not be repaired or reconstructed. Any portion of the award attributable to the acquisition of a Limited Common Element must be apportioned among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

6.4 Claims.

The Board of Directors of the Association shall have exclusive authority to negotiate and settle on behalf of the Owners all claims arising from condemnation of any portion or all of the Units or Common Elements and the Owners hereby appoint the Board of Directors as their attorney in fact for this purpose.

ARTICLE VII

ARCHITECTURAL CONTROL.

7.1 Approval Required for Unit Changes and Interior Features.

To preserve the original architectural appearance of the Project, the structural integrity thereof and the Unit designs, including architectural and engineering aspects therein, no construction, reconstruction or Unit modification of any nature whatsoever, except as specified in the Regime Documents, will be commenced or maintained upon or within, the Building, including without limitation

within a Unit and a Limited Common Element, nor will there be any change, modification or alteration of any nature whatsoever of the design and appearance of any surfaces or facades, nor will any Owner paint any gate, fence or roof, nor will any Owner change the design or color of the exterior lights, nor will any Owner install, erect or attach to any part of the exterior any addition or change until after the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same will have been submitted to and approved in writing as to harmony of design, color and location in relation to the surrounding features by the Board of Directors and pursuant to original plans and specifications or Design Guidelines adopted therefor. Furthermore, such required approval by the Board of Directors shall extend to any interior features or aesthetic elements that are proposed to be changed. The failure of an Owner to secure the required approval of the Board of Directors as aforesaid, or to take such action, remedial or otherwise, as the Board of Directors shall at any time determine to be required hereunder shall be subject to the authority and enforcement powers of the Board of Directors as set forth Section 18.5(a) below. The Board of Directors may delegate the architectural review functions to a committee, but enforcement of all violations shall remain with the Board of Directors.

ARTICLE VIII

MAINTENANCE.

8.1 Responsibility of Association.

Except as specifically provided to the contrary herein (e.g., a Limited Common Element with respect to which an Owner has exclusive access and use), the Association will maintain, and repair and replace as necessary, the Common Elements and Storm Water Management System in first class condition in accordance with proper maintenance procedures applicable thereto and will enforce all warranties with respect thereto. Except as otherwise provided herein, the cost of such will be charged to the Owners as a Common Expense. A Limited Common Element with respect to which an Owner has exclusive access and use shall be maintained pursuant to Section 8.3 below by such Owner.

8.2 Access to Units.

The Association will have the irrevocable right, to be exercised by the Board of Directors or its agent, which term includes the Association manager, to have reasonable access to each Unit from time to time as may be necessary for the periodic inspection and application of termite and other bug control treatment for which the Association may contract, from time to time; to undertake such action as it may determine to prepare and secure the Building and the Unit in anticipation of storm or hurricane, provided the Association shall be under no obligation to an Owner to do so; and for the inspection, maintenance, repair or replacement of any of the Common Elements accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to other Units.

8.3 Responsibility of Owner.

In the event that the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in this Article VIII is caused through the willful or negligent act of an Owner or the lessee of an Owner, their families, invitees or guests, or the Owner's allowed pet under Section 10.2 below, the cost of which is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs will be added to and become a part of the Assessment to which such Owner and his Unit are subject. Each Owner will maintain, repair or replace at his own expense all portions of his Unit which may become in need thereof, including the heating and air-conditioning system components within such Unit, all bathroom and kitchen fixtures and appliances, light fixtures, interior non-load-bearing walls, carpeting, drapes, doors, windows, screens, window and door hardware, and other items within the Unit. Further, each Owner will, at his own expense, maintain, repair

and replace, when necessary, that portion of the heating and air-conditioning system exclusively servicing his Unit, which is located outside his Unit. Each Owner will, at his own expense, keep the Limited Common Element to which his Unit has exclusive access and to which he has exclusive use, including, but not limited to, any patio or courtyard adjacent to the Unit and whether or not enclosed with a screen, clean and neat, and will conduct maintenance and repair thereto as necessary. If the Owner does not make those repairs required to be made by him within thirty (30) days from the date of receipt of written demand from the Association, the same may be repaired by the Association and the cost thereof will be assessed against the Owner and Unit owned by such Owner.

ARTICLE IX

ACCESS, INGRESS AND EGRESS.

9.1 Owners' Access.

All Owners, by accepting title to a Unit, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress will be limited to roadways, sidewalks and walkways located within the Project from time to time, provided that pedestrian and vehicular access to and from all such property will be provided at all times. There is reserved unto Developer, the Association, and their respective successors and assigns the right and privilege, but not the obligation, to maintain guarded or electronically-monitored gates controlling vehicular access to and from the Project, provided that access may be granted to any person who gives reasonable evidence satisfactory to entry guards, if there are any, that entry is with the specific permission of the Owner, or his duly authorized agent. Neither the Developer nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Project in accordance with the foregoing.

NEITHER THE DEVELOPER NOR THE ASSOCIATION SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF ANY CONTROLLED ACCESS TO THE PROJECT OR SAFETY MEASURES UNDERTAKEN WITH RESPECT THERETO BY EITHER OR BOTH OF THEM AND WHETHER OR NOT SUCH ACTIVITIES OR UNDERTAKINGS ARE REFERRED TO AS "SECURITY" MEASURES, NOR SHALL EITHER OR BOTH BE LIABLE FOR ANY LOSS OR DAMAGE RESULTING FROM ANY FAILURE TO PROVIDE CONTROLLED ACCESS OR SAFETY MEASURES, OR FROM LEAVING ANY CONTROLLED ACCESS OPEN, AS PERMITTED UNDER SECTION 9.1 BELOW, OR FROM A FAILURE OR INEFFECTIVENESS OF ANY SUCH CONTROLLED ACCESS OR SAFETY MEASURES UNDERTAKEN BY EITHER OR BOTH OF THEM. NO REPRESENTATION, WARRANTY OR COVENANT IS GIVEN TO ANY OWNER OR OCCUPANT BY EITHER OR BOTH OF THE DEVELOPER AND THE ASSOCIATION THAT ANY CONTROLLED ACCESS OR SAFETY MEASURES INSTALLED OR UNDERTAKEN CANNOT BE BYPASSED OR COMPROMISED, OR THAT THEY WOULD, IN FACT, AVERT DAMAGE OR LOSS RESULTING FROM THAT WHICH THEY ARE DESIGNED TO PREVENT, AND EACH OWNER BY ACCEPTANCE OF A DEED TO A UNIT AND EACH OCCUPANT THEREOF SHALL INDEMNIFY AND HOLD THE DEVELOPER AND ASSOCIATION HARMLESS FROM ANY DAMAGE AND COSTS AND EXPENSES, INCLUDING ATTORNEY FEES, INCURRED BY EITHER OR BOTH OF THEM AS A RESULT OF ANY SUCH ASSERTION OR DETERMINATION.

9.2 Developer's Right to Develop.

Notwithstanding anything herein contained to the contrary, the Declarant hereby reserves unto itself, and for its successors and assigns, the right and option to control any access to the Project and to leave any controlled access in an open position for the unobstructed and uncontrolled passage of construction personnel and equipment engaged for or used in infrastructure and building construction activities. Except with respect to the Developer's right to convert Common Elements to Limited Common Elements and to amend this Master Deed therefor, the Developer's rights hereunder shall and will terminate upon sale by it of the last Unit it owns.

ARTICLE X

UNIT RESTRICTIONS.

10.1 Units.

All Units will be, and the same are hereby restricted exclusively, for residential use, provided, however, a Unit may be used as a combined residence and executive or professional office by the Owner thereof so long as such use does not interfere with the quiet enjoyment by other Owners and does not include visitation by clients, or unreasonable levels of mail, shipping, storage or trash requirements. No immoral, improper, offensive or unlawful use will be made of any Unit and no use or condition will be permitted which is a source of unreasonable noise or interference with the peaceful possession and quiet enjoyment of any other portion of the Project by other Owners or lessees of Owners, their families, invitees and guests. All Units will be kept in a clean and sanitary condition and no rubbish, refuse or garbage will be allowed to accumulate. No fire hazard will be allowed to exist and no use or condition will be permitted which will increase any rate of insurance related to the Project. In addition, all Owners and lessees of Owners, their families, invitees and guests will abide by all Rules and Regulations in effect from time to time governing the use of Units.

10.2 Animals and Pets.

No animals of any kind will be raised, bred or kept on any part of the Project, except that dogs, cats or other normal household pets may be kept by the Owners inside their respective Units. In connection with the foregoing, the Board of Directors shall have the following authorities and powers:

(a) The Board of Directors may prohibit the keeping of any dog with a prior history of causing bodily injury established through insurance claims records, or through the records of local public safety, law enforcement or other similar regulatory agency.

(b) The Board of Directors may, in its sole discretion, establish by rule that dogs of other breed are potential hazards to the Regime and its occupants, and may not be kept upon the Property.

(c) The Board of Directors may establish reasonable rules and regulations to insure that all permitted pets are properly licensed and inoculated for rabies and such other disease for which inoculation is customary for that breed of pet.

(d) The Board of Directors may require that an Owner execute a written indemnification and hold harmless agreement in favor of the Regime and the Regime's management company, in form and content satisfactory to counsel for the Board, prior to bringing the Owner's pet upon the Property;

(e) The Board of Directors may, in the exercise of its reasonable business judgment, prohibit the keeping of any pet it believes creates a health hazard, is a nuisance or otherwise unreasonably

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disturbs the peaceful possession and quiet enjoyment of any other portion of the Project by other Owners and lessees of Owners, their families, invitees and guests.

(f) The Board may establish reasonable rules to limit the number of allowed pets. Pets shall be kept on a leash and under personal control at all times when outside of a Unit, on the Common Elements, patios or courtyards, balconies, etc; and the Owner shall clean up after his or her pet.

(g) The Board shall have the right at any time and in its sole and absolute discretion to require the Owner of a particular pet to remove such pet from the Regime if such pet is determined by the Board to be in violation of these restrictions.

(h) The Board shall have the power to levy fines for violation of these pet restrictions or of any additional rule or regulation adopted by the Board therefor, and any such fine or the cost of the Association to repair any damages to Common Elements caused by a pet shall be assessed against the Owner and Unit as a Specific Assessment..

If, for any reason whatsoever, the Association needs to detain, incarcerate, capture, or tranquilize any animal or animals which may roam free, and it is found that said animals are the property of an Owner, then all fees necessary to cover such detainment, incarceration, capture, or tranquilization shall be levied against the Owner of said animal.

Notwithstanding the use of the word, "Owner" hereunder, the terms and provisions hereof shall extend to an Owner's family members, guests, tenants, lessees, and the Owner shall be fully responsible hereunder for the pets thereof on the same basis as the Owner would be for its owned pets.

10.3 Antennas.

No television antenna, radio receiver, or other similar device will be attached to or installed on any portion of the Regime by an Owner, except as required by the Telecommunications Act of 1996 and implementing rules therefor issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission; provided, however, the Developer and the Association, and their successors and assigns, will not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Regime. Plans for the installation of any such antenna as allowed pursuant to the foregoing shall first be submitted to the ARC in accordance with its guidelines prior to any such installation being undertaken.

10.4 Leasing of Units.

An Owner of a Unit will have the right to lease or rent his Unit; provided, however, that all leases and rental contracts will be for a duration of 2 nights or more and will be in writing and will require the lessee to abide by all conditions and restrictions placed on the use and occupancy of the Unit and the Common Elements by the Regime Documents. The Board of Directors will have the right to approve the form of all such leases and rental contracts at any time if it elects to do so. Permitted occupancy by a tenant or renter under any such approved form of lease or rental contract is subject to continuing approval of the Board thereunder, which may be removed at any time by the Board for any violation by any such tenant or renter of the Rules and Regulations of the Association.

10.5 Motor Homes, Trailers, Boats, Etc.

All vehicles will be parked in spaces within the Common Elements designated therefor. There will be no storage or parking upon any portion of the Project of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pick-up trucks), commercial vehicles of

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any type, camper, motorized camper or trailer, boat or other watercraft, boat trailer, motorized bicycle, motorized go-cart, or any other related forms of transportation devices. Motorcycles will be permitted if garaged while not being driven.

10.6 Signs.

Except as may be required by law or by legal proceedings, no signs or advertising posters of any kind, including, but not limited to, "For Rent," "For Sale," and other similar signs, shall be erected by an Owner, the Association, or any agent, broker, contractor or subcontractor thereof, nor shall any sign or poster be maintained or permitted on any window, or within a Unit and viewable through any window, or on the exterior of any improvements or on any unimproved portion of property located within the Project, except pursuant to written design standards and applicable rules of placement adopted therefor by the Developer during the Transition Period, and as the same may be amended, from time to time thereafter by the Board of Directors. Notwithstanding the foregoing, the restrictions of this Section 10.6 shall not apply to the Developer or to any person having the prior written approval of the Developer. In addition, the Association shall have the right to erect reasonable and appropriate signs on any portion of the Common Elements in accordance with architectural design standards adopted therefor and approved by governmental authority with jurisdiction thereof.

10.7 Grills.

With regard to the Buildings, the use of individual grills (charcoal, gas or electric) is a fire hazard and is strictly prohibited within five (5') feet of the Building. Provided, further, however, with respect to an Owner's use of a grill five (5') feet or more from the Building, the Owner's use shall be in accordance with any Rules or Regulations specially adopted therefor, the City of North Myrtle Beach Fire Code from time to time existing, and within the Limited Common Element patio of such Owner's Unit.

ARTICLE XI

EASEMENTS.

11.1 Encroachments.

If any portion of the Common Elements encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Elements as a result of settling or shifting of the Building or variances from the Plans, an easement will exist for the encroachment and for the maintenance of the same so long as the Building stands. If the Building, any Unit, and/or any adjoining part of the Common Elements will be partially or totally destroyed as a result of fire or other casualty or a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements due to such rebuilding, will be permitted, and valid easements for such encroachments and the maintenance thereof will exist so long as the Building will stand.

11.2 Easement for Air Space.

The Owner of each Unit will have an exclusive easement for the use of the air space occupied by said Unit as it exists at any particular time and as said Unit may be altered or reconstructed from time to time pursuant to this Master Deed.

11.3 Utilities, etc.

During the Transition Period, the Developer, and thereafter the Association, shall have an appurtenant, transferable easement upon, across, over and under all the Project for ingress, egress,

installation, replacing, repairing and maintaining a master television antenna or CATV system and all utilities, including, but not limited to water, sewer, telephone and electricity, and other forms of telecommunication and technology cabling, now existing or developed in the future. Such easements shall be for the purpose of granting to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment on the Project and to affix and maintain utility wires, circuits and conduits on, above, across and under the roofs and exterior walls of the Units. In addition, the Board of Directors will be entitled to grant additional permits, licenses and easements over the Common Elements for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Project.

11.4 Easement for Construction.

During the Transition Period, the Developer, and thereafter the Association, shall have an appurtenant, transferable easement to enter upon and cross over the Common Elements for purposes of ingress and egress to all portions of the Project; to use portions of the Common Elements and in the case of the developer, any Units owned by the Developer for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project; and to maintain and correct drainage of surface, roof or storm water.

11.5 Easement for Inspection by Developer.

Notwithstanding anything herein to the contrary, Developer and persons designated by the Developer will have an easement to enter upon and cross over the Common Elements for purposes of ingress and egress to all portions of the Project; as well as an easement for reasonable access to each Unit as the Developer may find desirable, for the inspection of the whole or any portion of the Project, its Units and Common Elements, the components and structural parts thereof, as well as the their maintenance requirements and the maintenance performed thereon to the date of any such inspection. Nothing herein shall require the Developer to perform any such inspection, but if the Developer does undertake any such inspection, Developer shall provide to the Board of Directors a copy of its findings or the inspection report produced therefrom. Nothing herein shall relieve the Board from engaging a professional inspector to perform an annual maintenance audit as part of the Board's annual budgeting process under Section 4.2 above.

11.6 Easement for Sales Purposes.

Developer and persons designated by the Developer will have an easement to maintain one or more sales offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Elements while the Developer is selling Units in the Project or any contemplated expansion thereof. Developer reserves the right to place models, management offices and sales offices in any Units owned by Developer and on any portion of the Common Elements in such number, of such size and in such locations as Developer deems appropriate. So long as Developer will be selling Units in the Project or any contemplated expansion thereof, Developer will have the right to restrict the use of a reasonable number of parking spaces, for purposes including, but not limited to, the providing of spaces for use by prospective Unit purchasers, Developer's employees and others engaged in sales, maintenance, construction or management activities.

11.7 No View Easements.

No view easements, express or implied, will be granted to any Owner in connection with the conveyance of a Unit to such Owner.

11.8 Other.

There is hereby granted to the Association, its directors, officers, agents and employees and to any manager employed by the Association and to all policemen, firemen, ambulance personnel, and all similar emergency personnel, an easement to enter upon the Project or any part thereof in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section 11.8 will be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner or Owners affected thereby.

ARTICLE XII

SPECIAL PROVISIONS APPLICABLE TO THE GOLF COURSE LAND.

12.1 Landscaping, Fencing and Signage Along Golf Course Land.

The owner of the Golf Course Land shall have the right to place landscaping, fencing, signage, and similar improvements at the boundary lines of the Golf Course land and the Project as reasonably necessary to prevent trespass, to regulate play on the Golf Course Land and to frame and beautify golf holes (as determined in its sole discretion). Neither the Association nor any Owner may install any fencing between the Golf Course Land and the Project except as approved by the Board of Directors or architectural review committee established by the Board, and by the owner of the Golf Course Land.

12.2 Restrictions and Owners' Assumed Risks Related to the Golf Course Land.

So long as the Golf Course Land is owned and operated as a golf facility, the following shall apply to the Project:

(a) Distracting Activity by Owners Prohibited.

Owners and occupants, as well as their pets, will refrain from any actions that would detract from the playing qualities of the Golf Course Land. Such prohibited actions will include, but are not limited to, burning materials where smoke will cross the Golf Course Lands, owning dogs or other pets under conditions which interfere with golf course play due to their loud barking or other actions, playing of loud radios, televisions, stereos and musical instruments, running, bicycling, skateboarding, walking or trespassing in any way upon the Golf Course Land, picking up balls or any other similar interference with play.

(b) Assumed Inconveniences and Disturbances by Owners Adjacent to Golf Course Land.

By the acceptance of a deed of conveyance to a Unit, each Owner acknowledges and agrees that such Owner assumes the risks of the entry by golfers onto the Project to retrieve golf balls pursuant to the easement set forth in Section 12.3(a) below (which such entry will not be deemed a nuisance or trespass); possible overspray in connection with the irrigation and fertilization of the roughs, fairways, greens and tees of the golf course and odors arising therefrom; noise from golf course maintenance and operation equipment; disturbance and loss of privacy resulting from golf cart traffic and golfers, and activities associated with lake or lagoon and lagoon edge maintenance. Additionally, each Owner acknowledges and understands that herbicides, fungicides, pesticides and chemicals may be applied to the golf course areas throughout the year, and that treated effluent or other sources of non-potable water may be used for the irrigation thereof.

(c) Assumption of Risks by Owners Adjacent to Golf Course.

Each Owner and occupant, for himself and his guests and invitees, acknowledges that risks of injury to persons or property are inherent to persons or property located upon or in close proximity to a golf course, and agrees that an Owner or occupant assumes all risks resulting therefrom, including but not limited to, claims of negligent design of the golf course, dwellings and negligent construction of improvements or location of improvements. Each Owner and occupant, by expressly assuming such detriments and risks, agrees that neither the Developer, nor the owner of the Golf Course Land, nor the Association, nor their successors or assigns will be liable to any Owner or occupant claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of, or damage to, property, trespass, or any other alleged wrongdoing or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of the Project to the Golf Course Land, including, without limitation, any claim arising in whole or in part from the negligence of the Developer, any affiliate of the Developer, the owner of the Golf Course Land, the Association, and/or their invitees, agents, servants, successors and assigns, against any and all such claims, including claims of negligent design of the golf course, dwellings and negligent construction of improvements or location of improvements.

12.3 Easements and Restrictions for the Benefit of the Golf Course Land.

(a) Flight and Retrieval of Golf Balls.

The owner of the Golf Course Land and its guests will have, for as long as said land is used as a golf course, a perpetual, exclusive easement of access over the Project for the flight and retrieval of golf balls over, across and upon the Project, and for the purpose of retrieving golf balls from bodies of water within the Common Elements, lying reasonably within range of golf balls hit from the Golf Course Land.

(b) Golf Play.

The owner, and its guests, licensees, and employees, of the Golf Course Land will have, for as long as said land is used as a golf course, a perpetual, non-exclusive easement to do every act necessary and incident to playing golf on the Golf Course Land, including, but not limited to, the creation of usual and common noise levels associated with golf play, and the play while standing out of bounds of a golf ball that lies within bounds as permitted by the rules of golf as are from time to time applicable.

(c) Overspray.

The Project is hereby burdened with a nonexclusive easement for overspray of water from the irrigation system serving the Golf Course Land, as well as overspray of herbicides, fungicides and pesticides. Under no circumstances will the Developer, the owner of the Golf Course Land, or the Association be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) Golf Course Land Maintenance Noise Easement.

There is hereby reserved for the benefit and use of the owner of the Golf Course Land the perpetual, nonexclusive right and easement over and across the Property for the creation of noise related to normal maintenance and operation of the golf course, including, but not limited to, the operation of mowing, raking and spraying equipment.

(e) Golf Course Facilities' Construction, Maintenance, Repair and Replacement.

There is hereby reserved for the benefit and use of the owner of the Golf Course Land the perpetual, nonexclusive right and ingress, egress, access and construction easement over the Project's roadways and Common Elements reasonably necessary to the construction, operation, maintenance, repair and replacement of the golf course facilities.

(f) Errant Golf Balls.

The existence of the within easements shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall the Developer, the Association or the owner of the Golf Course Land, nor any of their respective appointees, directors, officers, employees, contractors, consultants, shareholders, affiliates, assignees, successors, nominees or agents, be held liable for any damage or injury to person or the Unit or any Project improvement thereon resulting from errant golf balls, whether in motion or at rest, which has been driven from the golf course or its environs.

(g) Encroachment Easements.

If, after any repair, reconstruction, maintenance or other work on the Golf Course Land is complete, minor encroachments exist by the golf course playing area and improvements onto the Project or the Project onto the golf course playing area and improvements, the Regime Owners and the owner of the Golf Course Land Club Owner shall be deemed to have hereby granted to each other easements which shall allow said encroachments to exist, so long as they are not expanded in any way. Further, should any improvement constituting an encroachment ever be abandoned for a period of six (6) months or destroyed, the easement for that particular encroachment shall be terminated. The Association and Regime Owners and the owner of the Golf Course Land shall cooperate with each other to locate and accommodate said minor encroachments.

ARTICLE XIII

ASSIGNED VALUE AND VOTING RIGHTS.

13.1 Units, Assigned Values, and Percentage Interests.

The Schedule of Percentage Interests contained in Exhibit "C" attached hereto shows the Assigned Value of each Unit as of the date of this Master Deed and the Percentage Interest appurtenant to such Unit for all purposes, and the aggregate Assigned Values of Units in Buildings of all phases which may be added to the Regime pursuant to Section 14.2. The aggregate Assigned Values of Units in a Building to be added to the Regime in a future phase may be changed by the Developer at the time Developer submits said Building and its Units to this Master Deed, provided that following such submission the total Assigned Values of all Units in the Project, if all phases are constructed and submitted, will not be greater than the total permitted under in Exhibit "C."

13.2 Voting Rights.

Members and the Developer will be entitled to a vote in the Association and for all other purposes herein in accordance with the provisions of the Association's Articles of Incorporation attached hereto as Exhibit "D" and the By-Laws of the Association attached as Exhibit "E," and as the same may be hereafter amended. Each Owner shall be entitled to one vote for each Unit owned.

(a) Voting by Multiple Owners.

When any Unit is owned in the name of two or more persons, other than husband and wife, or entities, whether fiduciaries, or in any manner of joint or common ownership, the vote for such Unit will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting; or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners recorded in the ROD Office for Horry County, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

ARTICLE XIV

THE DEVELOPMENT PLAN FOR THE PROJECT.

14.1 The Regime.

The overall development plan for the Property is one condominium regime having a single type of Building, a triplex composed of three (3) townhomes, which will be developed in phases. The Regime initially contains one phase of development consisting of (1) Building, known as Building number 2, and the Common Elements, as more fully described in the Regime Documents and on Exhibit "B" attached hereto. Each Building submitted to this Master Deed has three (3) townhome Units that are described in Exhibit "B."

The Developer's plan of development for The Clearwater Bay is to develop and construct the Regime's Buildings and Common Elements in sixty-two (62) phases, each phase consisting of one (1) triplex Building. The Developer, however, reserves the right and option during the Transition Period, to add a sixty-third (63rd) phase. The current development plan calls for a total of sixty-two (62) Buildings of three (3) townhome Units each, or a total of one hundred eight-six (186) Units; provided, however, if the Developer further adds the maximum number of Units as a sixty-third (63rd) phase, as previously reserved, The Clearwater Bay Horizontal Property Regime will consist of a maximum of one hundred eighty-nine (189) Units.

14.2 Reservation of Development Rights to Expand, Contract and Convert.

(a) Expansion of the Regime.

Anything to the contrary contained in this Master Deed notwithstanding, at any time during the Transition Period, the Declarant will be entitled to expand the Regime to a total number of Units reserved by it under Section 14.1 above, added to the Regime in accordance with these expansion rights as provided in this Article XIV.

(i) Additional Land Added to Regime.

The Declarant is entitled, but not obligated, to expand the Regime during the Transition Period by adding additional land to the Regime, which may then be converted to Buildings and Units as further provided in Section 14.2(a)(ii) below.

(ii) Expansion; Conversion of Common Elements.

The Developer is entitled, but not obligated, to expand the Regime during the Transition Period by constructing additional Units on all or any portion of the Common Elements and to submit said real property (or any portion thereof) and all improvements constructed

thereon, to the Regime, from time to time, by filing one or more amendments to this Master Deed (including amendments to the Exhibits, including Exhibit "C" to reflect any required change in the Percentage Interests pursuant thereto and Section 13.1). Improvements as shall be so constructed by Developer shall be consistent with the quality and structure type of those constructed at the time this Master Deed is filed of record in the ROD, although additional Units may be laid out in different configurations or plans and different classes of accessory Units may be provided. An amendment will be executed solely by the Developer for itself and as attorney in-fact for all Owners. An amendment will be effective upon recording such amendment in the Horry County ROD.

(b) Contraction; Withdraw of Unimproved Common Elements.

During the Transition Period, the Developer is entitled to subdivide portions of the Common Elements from the Project, which are unimproved with structures, and to remove the subdivided portion from the application of this Master Deed by filing one or more amendments to this Master Deed (including amendments to the Exhibits). An amendment will be executed solely by the Developer for itself and as attorney in-fact for all Owners. An amendment will be effective upon recording such Amendment in the Horry County ROD.

(c) Conversion of Common Element to Limited Common Elements for Buried Propane Gas Tank.

During the Transition Period, the Developer, and thereafter the Association, may, but shall not be obligated, to install a propane gas tank upon the Common Element and survey the location thereof and show the same on the Plans as a Limited Common Element for the exclusive use and benefit of the Owner of the Unit to which such buried tank is assigned, as described in Section 3.4(f) above, and to file one or more amendments to this Master Deed (including amendments to the Exhibits, including Exhibit "C" to reflect the Unit assignment of such designated Limited Common Element, said amendment being executed solely by the Developer or by the President of the Association, as the case may be and as provided in such Section 3.4. Such amendment will be effective upon recording such amendment in the Horry County ROD.

14.3 Amenities; Required Expansion.

Amenities may be, but will not be required to be, constructed as part of the expansion of the Regime pursuant to this Article XIV, all such amenities being optional with the Developer. No Owner will have the right to require construction or addition to the Regime under any circumstances.

14.4 Assignability of Rights.

The Developer will be entitled to assign the rights reserved in this Article XIV to any person or entity by an instrument recorded in the Horry County ROD.

14.5 Application of Master Deed.

Upon the filing of the amendment prescribed by Section 14.2 hereof, all definitions contained in this Master Deed will be deemed amended to the extent necessary to cause the additional real property and the improvements described in such amendment to be treated as fully an integral part of the Regime as if said real property and improvements constituted a portion of the Project as of the effective date hereof.

14.6 Annual Assessments for Additional Units and Working Capital Reserve.

The Annual Assessment with respect to the Units added to the Regime pursuant to Section 14.2 will be equal to the then current Annual Assessment applicable to existing Units with equivalent Percentage Interests, pro rated on a per diem basis; provided, however, that as to any type of Unit being added to the Regime for which there is currently no Annual Assessment, the Annual Assessment will be proportionately increased or decreased based upon the Percentage Interest of such Units. Assessments regarding all of the additional Units will commence upon the recording of the amendment prescribed by Section 14.2 hereof.

All obligations with respect to working capital provided for in Section 4.12 will be applicable upon the transfer of the additional Units by the Developer.

14.7 No Consent Required.

Subject to the time limit set forth in Section 14.2 hereinabove, the Developer, its successors and assigns, will have the absolute right to effect an expansion or contraction of the Regime in accordance with this Article XIV and to file amendments to this Master Deed without any action or consent on the part of any Owner or Mortgage holder; provided, however, that to the extent any action on the part of any Owner is required by any third party to assure the expansion of the Regime as provided in this Article XIV, each Owner, in accepting a deed to a Unit, agrees to undertake such actions and/or provide such consents as are reasonably requested, and expressly appoints the Developer his due and lawful attorney-in-fact, with full power of substitution, to execute all documents reasonably required to evidence the requisite action or consent.

14.8 Multiple Ownership.

No Unit in the Regime will be used for or subject to any type of Vacation Time Sharing Plan or Vacation Multiple Ownership Plan as defined by the 1976 Code of Laws for the State of South Carolina, as amended, Section 27-32-10, et. seq., or any subsequent laws of this State dealing with that or similar type of ownership by a Unit Owner, or which is used for, in conjunction with and/or as an advertised part of any time share exchange program which makes available as accommodations the Unit and which is not otherwise registered as a Vacation Time Sharing Plan or Vacation Multiple Ownership Plan or which utilizes the Unit as accommodations for time share sale prospects of any Person, without the prior written consent of the Developer during the Developer's Transition Period and thereafter by the Board of Directors of the Association. The Developer specifically reserves the right in its sole discretion, to time share any additional phase added to the Regime pursuant to this Article XIV.

ARTICLE XV

TRANSITION PROVISIONS.

15.1 Appointment of Directors and Officers.

(a) The Developer shall have the right to appoint or remove any or all members of the Board of Directors and any or all officers of the Association until such time as the first of the following dates: (i) December 31, 2011; (ii) three (3) months after the conveyance by the Developer, in the ordinary course of Developer's business to persons other than a successor Developer, of Units representing fifty (50%) of the Assigned Values of Units to be contained in all phases of the Project; or (iii) three (3) months following the date the Developer surrenders its authority to appoint directors of the Association by an express amendment to the Master Deed executed and filed of record by the Developer.

(b) The Developer shall have the right to appoint and remove a majority of the members of the Board of Directors (but not the officers, who shall be elected by the Board) until such time as the first of the following dates: (i) December 31, 2011; (ii) three (3) months after the conveyance by the Developer, in the ordinary course of business to persons other than a successor Developer, of ninety percent (90%) of the maximum number of Units to be contained in all phases of the Project; or (iii) three (3) months following the date the Developer surrenders its authority to appoint directors of the Association by an express amendment to the Master Deed executed and filed of record by the Developer

(c) After the expiration of Developer's right to appoint under both subparagraph (a) above, and notwithstanding anything contained herein to the contrary, the Developer shall, nevertheless and so long as it holds one or more Units included in the Regime for sale in the ordinary course of business, have the right to appoint one (1) member of the Board of Directors.

15.2 Special Meeting to Elect Board.

Within sixty (60) days after the date on which Owners other than the Developer become entitled pursuant to Section 15.1 to elect members of the Board of Directors of the Association, the Association will call, and give not less than thirty (30) days' and not more than sixty (60) days' notice of, a special meeting of the Members to elect the Board of Directors.

15.3 Cooperation.

The Association will cooperate with the Developer to the extent reasonably requested by the Developer during and after the Transition Period to promote the orderly development and marketing of the additional Units planned for the Project, and it is acknowledged by the Association that it is in the best interest of all Owners to expand the Regime to include all Units authorized by Article XIV hereof.

15.4 Controlling Provisions.

In the event of any inconsistency between this Article XV and the other provisions of the Regime Documents, this Article XV will be controlling and binding on all parties having an interest in the Regime.

ARTICLE XVI

ALTERNATIVE DISPUTE RESOLUTION.

16.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes.

The Declarant, Association, and Owners (collectively, the "Parties" and singularly, a "Party"), agree that any dispute, controversy or claim among them, including counterclaims and crossclaims, whether based upon contract, tort, statute, common law or otherwise (collectively, a "Dispute"), arising from or relating directly or indirectly to the Regime Documents or the Project, including, without limitation, Disputes relating to the design and construction of the Project (but not matters arising solely under the Master Declaration), or any portion thereof, or interpretation, application or enforcement of the Regime Documents, except for "Exempt Claims" under Section 16.2, are subject to arbitration, as defined by the South Carolina Uniform Arbitration Act and the Federal Arbitration Act, in lieu of civil proceedings and governed by the procedures set forth in Section 16.3.

16.2 Exempt Claims.

The following are exempt from the provisions of Section 16.3 and are "Exempt Claims":

(a) any suit by the Association against a Party to enforce any Assessments or other charges under this Master Deed; and

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association until the matter may be resolved on the merits pursuant to Section 16.3 below; and

(c) any suit between Owners which does not include the Declarant or the Association as a party, if such suit asserts a claim which would constitute a cause of action independent of the Regime and the Project; and

(d) any suit in which an indispensable party is not a party to the action, provided that any suit involving a Dispute between or among the Declarant, the Association, one or more Owners, the Project architect, engineer or other design professional shall be resolved by non-jury trial, the Parties expressly hereby waiving all resort to trial-by-jury of any and all issues otherwise so triable; and

(e) any suit which otherwise would be barred by any applicable statute of limitation; and

(f) any suit involving a matter which is not an Exempt Claim, but as to which matter the Party against whom the Claim is made waives the mandatory provisions of Section 16.3 below..

Any Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 16.3, but there is no obligation to do so.

16.3 Mandatory Procedures for Non-Exempt Claims.

(a) Parties to be Joined.

The Parties agree to arbitrate all Disputes with each other and with the Project architect, engineer, other design professionals to the extent those entities have agreed to participate in and be subject to arbitration of all Disputes.

(b) Mediation.

Prior to and as a precondition to any demand for arbitration, if the Dispute cannot be settled through direct discussions, the Parties shall endeavor to resolve the Dispute between themselves, as well as between the Parties and the Project architect, engineer, other design professional, by participating in a mediation before a mediator mutually agreed upon by the Parties.

(c) Arbitration.

Any Dispute that cannot be settled by negotiation or mediation shall be settled by binding arbitration before a single arbitrator, mutually agreed upon by the Parties, who is a person with substantial experience in the subject matter of the Dispute. Arbitration will be governed by the commercial or construction arbitration rules of the American Arbitration Association (AAA), whichever is applicable, but will not be administered by the AAA unless the Parties so agree.

(d) The Arbitrator.

If the Parties cannot agree on a single arbitrator, each Party will pick an arbitrator who is an attorney with substantial experience in the subject matter of the Dispute. Those two arbitrators

will then pick a third arbitrator who is an attorney with substantial experience in the subject matter of the Dispute, and the panel of three (3) arbitrators will decide the arbitration. If there is an impasse in the selection of arbitrators, any Party may make a motion to compel arbitration with the circuit court for Horry County, South Carolina and ask the court to resolve the selection of arbitrators.

(e) Arbitrability.

The issue of whether or not a Dispute is within the scope of this arbitration requirement (or "arbitrability") will be decided by an arbitrator or arbitrators selected pursuant to the terms of this Article XVI.

(f) Situs of Mediation and Arbitration.

All mediation and arbitration proceedings will be conducted in M. The participating Parties shall share the costs and expenses of mediation and arbitration, other than the Parties' respective legal fees, equally.

(g) Judgment on the Award.

Judgment on the arbitration award rendered by the arbitrator(s) shall be final and binding, shall not be appealable, and may be entered in any court having jurisdiction, as provided in the applicable state and federal statutes.

16.4 Litigation.

No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving the proceeding, which percentage will also constitute the quorum required for any such meeting. This Section will not apply, however, to (a) actions brought by the Association to enforce the collection of assessments, including the foreclosure of liens, as well as the enforcement of other provisions of the Regime Documents, except where it is asserted that the Developer is in violation of any provision of the Regime Documents other than a violation of its requirement to pay Assessments or to fund operating shortfalls in accordance with Section 4.9; (b) proceedings involving challenges to ad valorem taxation; (c) counterclaims brought by the Association in proceedings instituted against it; or (d) actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by both the Developer and the requisite percentage of votes of Members of the Association, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the alternative dispute resolution provisions of this Article XVI.

16.5 Miscellaneous Alternative Dispute Resolution Provisions.

(a) Conflicting Provisions.

Any conflict or discrepancy between the terms and conditions set forth in this Article XVI and any term, condition or procedure of the American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, procedures and remedies set forth in this Article XVI will control.

(b) TIME IS OF ESSENCE.

All periods of time set forth herein or calculated pursuant to provisions of this Article XVI will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

ARTICLE XVII

MORTGAGEE PROTECTION.

17.1 Introduction.

This Section establishes certain standards and covenants that are for the benefit of the holders, insurers and guarantors of certain mortgages. This Section is supplemental to, and not in substitution for, any other provisions of the Master Deed, the Bylaws of the Association and the Articles of Incorporation of the Association (the "Constituent Documents"), but in the event of conflict, this Section shall control. Unless the Board of Directors shall vote to suspend this provision, the Board shall periodically amend this Section from time to time, to be consistent with generally applicable requirements of the Federal National Mortgage Association governing mortgagee approval requirements.

17.2 Eligible Mortgagees.

Wherever in the Constituent Documents the approval or consent of a specified percentage of "Eligible Mortgagees" is required, it shall mean the approval or consent of the Institutional Mortgagees holding or insuring first lien Mortgages on Units which have provided to the Association written requests, stating their names and addresses and the street addresses of the Units to which their Mortgages relate, to receive written notice of the matters for which they are entitled to vote, and which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Units then subject to first Mortgages held by Eligible Mortgagees.

17.3 Notice of Actions.

The Association shall give prompt written notice to each Eligible Mortgagee of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee;

(b) Any delinquency in the payment of Assessments owed by an Owner whose Unit is subject to a first Mortgage held, insured, or guaranteed, by such Eligible Mortgagee, which remains unpaid for a period of sixty (60) days.

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

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 17.4; and

(e) Any judgment rendered against the Association.

17.4 Consents Required; Constituent Documents' Changes.

Notwithstanding any lower requirement permitted by the Constituent Documents or the Nonprofit Corporation Act, no amendment of any material provision of the Constituent Documents by the

Owners described in this Section 17.4 may be effective without the vote of sixty-seven percent (67%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), or any greater vote required in the Constituent Documents or the Nonprofit Corporation Act, and until approved in writing by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by the Constituent Documents). The foregoing approval requirements do not apply to amendments effected by the exercise of any rights of the Developer to amend the Constituent Documents until expiration of the Transition Period. Consent of an Eligible Mortgagee is deemed granted if no denial is received within thirty (30) days after the Eligible Mortgagee receives notice of the proposed changes. Material provisions requiring such Members' vote and Eligible Mortgagees' approval include, but are not limited to, any provision affecting:

- (a) Assessments, assessment liens, or subordination of assessment liens;
- (b) Voting rights;
- (c) Reserves for maintenance, repair and replacement of the Common Elements;
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the Common Elements or Limited Common Elements except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees, which hold Mortgages on such Units, must approve such action;
- (f) Rights to use Common Elements and Limited Common Elements;
- (g) Boundaries of Units except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding mortgages on such Unit or Units must approve such action.
- (h) Convertibility of Units into Common Elements or Common Elements into Units except pursuant to Developer's right to expand the Regime pursuant to Section 14.2(a)(ii);
- (i) Expansion or contraction of the Regime, or the addition, annexation or withdrawal of property to or from the Regime, except pursuant to Developer's right to expand the Regime pursuant to Section 14.2(a)(ii);
- (j) Insurance or fidelity bonds;
- (k) Leasing of Units;
- (l) Imposition of restrictions on a Unit Owner's right to sell or transfer his or her Unit;
- (m) Establishment of self-management when professional management had been required previously by the Constituent Documents or by an Eligible Mortgagee;
- (n) Restoration or repair of the Property after a hazard damage or partial condemnation in a manner other than that specified in the Constituent Documents;
- (o) Termination of the legal status of the Regime after occurrence of substantial destruction or condemnation; and

- (p) Any provision that expressly benefits Eligible Mortgagees.

17.5 Actions.

Notwithstanding any lower requirement permitted by the Constituent Documents or the Nonprofit Corporation Act, the Association may not take any of the following actions without the approval of at least fifty-one (51%) of the Eligible Mortgagees or such higher percentage as set forth herein:

- (a) The conveyance or encumbrance of the Common Elements or any portion thereof, as to which at least a sixty-seven percent (67%) approval by Eligible Mortgagees is required. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements for the benefit of the Regime shall not be deemed a conveyance or encumbrance within the meaning of this clause;

- (b) The restoration or repair of the Property after damage or a partial condemnation in a manner other than that specified in the Constituent Documents;

- (c) The termination of the legal status of the Regime for reasons other than substantial destruction or condemnation, as to which at least sixty-seven percent (67%) approval by Eligible Mortgagees is required;

- (d) The alteration of any partition or creation of any aperture between adjoining Units when Unit boundaries are not otherwise being affected, in which case only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;

- (e) The merger of the Association with any other common interest community;

- (f) The granting of any easements, leases, licenses and concessions through or over the Common Elements excluding, however, any utility easements serving or to serve the Regime and excluding any leases, licenses or concessions for no more than one year;

- (g) The assignment of the future income of the Association, including its right to receive Common Expense Assessments; and

- (h) Any action taken not to repair or replace the Property.

The foregoing consents do not apply to the exercise of any right reserved by the Developer in the Constituent Documents.

17.6 Change From Monthly Assessment.

The Association may not change the period for collection of regularly budgeted Common Expenses Assessments to other than monthly without the consent of all Eligible Mortgagees.

17.7 Developer's Reserved Rights.

No rights reserved by the Developer may be voluntarily abandoned or terminated by the Developer unless all persons holding security interests in the Developer's reserved rights consent to the abandonment or termination.

17.8 Inspection of Books.

The Association shall permit any Eligible Mortgagee to inspect the books and records of the Association during normal business hours.

17.9 Financial Statements.

The Association shall provide any Eligible Mortgagee, which submits a written request, with a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if the number of Units is 50 or more, or if the number of Units is less than 50 and no audited statement is otherwise required under the Constituent Documents, any Eligible Mortgagee may have an audited statement prepared at its own expense.

17.10 Enforcement.

The provisions of this Section 17 are for the benefit of Eligible Mortgagees and their successors, and may be enforced by any of them by any available means, at law, or in equity.

17.11 Attendance at Meetings.

Any representative of an Eligible Mortgagee may attend any meeting that a Unit Owner may attend.

ARTICLE XVIII

GENERAL PROVISIONS.

18.1 Adherence to Provisions of Master Deed, Bylaws and Rules and Regulations.

Every Owner who rents his Unit must post inside his Unit a list of the Rules and Regulations of the Association applicable thereto. Any rental agency handling an Owner's rental must further agree to abide by the Rules and Regulations and will be responsible for informing persons renting through its agency of any breaches of the Rules and Regulations by said persons and for taking any and all necessary corrective action. Should a particular agency or person continue not to take corrective action against the renters it has contracted with, or refuse to cooperate with the Association in the enforcement of its Rules and Regulations or other provisions of the Regime Documents, the Association may require the Owner to cease using the services of that particular rental agency. Refusal to do so may result in fines against the Owner in an amount to be determined by the Board of Directors. Any fines will be added to and become a part of the Assessment against the Unit and Owner.

18.2 Amendment.

Amendments to this Master Deed, except as herein expressly provided to the contrary, including, but not limited to amendments pursuant to Article XIV which may be made without the consent or approval of either the Board or the Members, will be proposed by the Board of Directors in accordance with the following procedure:

(a) Notice.

Notice of the subject matter of the proposed amendment or amendments will be included in the notice of the meeting of the Association at which such proposed amendment or amendments are to be considered.

(b) Adoption.

The Master Deed may be amended at any time and from time to time at a meeting of the Association called in accordance with the Bylaws and this Master Deed upon the vote of Members holding sixty-seven percent (67%) or more of the total vote in the Association; provided, however, that if the Association will vote to amend the Bylaws in any respect, such amendment will be set forth in an amendment to this Master Deed and will be valid only when approved by Members holding more than fifty percent (50%) of the total vote in the Association.

(c) Nondiscrimination.

Irrespective of the foregoing, no amendment will (i) alter the Percentage Interest applicable to each Unit (except as permitted in accordance with Section 3.3, Article VI and Section 13.1 hereof); or (ii) discriminate against any Owner or against any Unit or class or group of Units, unless in each instance all Owners adversely affected thereby expressly consent thereto in writing. Notwithstanding any Rule or Regulation or other restriction, the Board of Directors of the Association will make reasonable accommodations in its Rules and Regulations or other restrictions as may be necessary to afford a handicapped person equal opportunity to use and enjoy his Unit and the Common Elements, and in furtherance thereof is authorized and empowered to assign Common Element parking spaces for handicap parking generally or to assign same for exclusive use of a Person as handicap parking.

(d) Necessary Amendments.

Notwithstanding any other provisions of this Master Deed to the contrary, if any amendment is necessary in the judgment of the Board to cure any ambiguity or to correct or supplement any provisions of the Regime Documents that are defective, missing or inconsistent with any other provisions thereof, or if such amendment is necessary to conform to the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other secondary Mortgage market lenders, guarantors or insurers with respect to condominium projects, then at any time and from time to time the Board may effect an appropriate corrective amendment so long as written objection to such amendment is not received from Members representing more than fifty percent (50%) of the total votes of the Association within twenty (20) days after written notice of the proposed amendment is given to all Members.

(e) Recording.

A copy of each amendment provided for in this Section 18.2 will be certified by the Association as having been duly adopted and will be effective when recorded.

(f) Approval of the Developer.

In recognition of the fact that certain provisions of this Master Deed are for the benefit of the Developer, no amendment in derogation of any right reserved or granted to the Developer by provisions of this Master Deed may be made without the written approval of the Developer.

(g) Approval of the Owner of the Golf Course Land.

In recognition of the fact that certain provisions of this Master Deed are for the benefit of the owner of the Golf Course Land, no amendment in derogation of any right reserved or granted to the owner of the Golf Course Land by provisions of this Master Deed may be made without the written approval of the owner of the Golf Course Land. The limitations hereof shall not apply, however, to amendments made by the Developer.

18.3 Termination.

The Regime may be terminated and the Project removed from the provisions of the Act in the following manner:

(a) By Agreement.

All of the Owners may remove the Project from the provisions of the Act by an instrument to that effect, duly recorded, subject to the Mortgagee Protection provisions of Article XVII of this Master Deed.

(b) Due to Destruction or Condemnation.

In the event of the destruction of the entire Project and a vote not to rebuild, or in the event of taking by eminent domain of the entire Project, the Regime will be terminated and the Regime Documents revoked. The determination not to repair or reconstruct after casualty, or the taking of the entire project by eminent domain will be evidenced by a certificate of the Association certifying as to such facts effecting the termination.

18.4 Covenants Running With the Land.

All provisions of this Master Deed will be construed to be covenants running with the land, and with every part thereof and interest therein, including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of this Master Deed will bind and inure to the benefit of the Developer and all Owners and claimants of the Regime or any part thereof or interest therein, and their heirs, executors, administrators, successors and assigns.

18.5 Enforcement.

Each Owner will comply strictly with the Bylaws and with the Rules and Regulations of the Association, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Master Deed and in the deed to his Unit. Failure to comply with any of the same will be grounds for an action to recover sums due, for damages or injunctive relief, or for all three, maintainable by the Board of Directors on behalf of the Association or by any aggrieved Owner. In addition, the rights of any Owner or lessee of an Owner, their families, invitees or guests to use and to enjoy the Common Elements may be suspended by the Board of Directors for continued violation of the Rules and Regulations. Failure by the Association or any Owner to enforce any of the foregoing will in no event be deemed a waiver of the right to do so thereafter.

(a) Authority and Enforcement

Subject to the provisions of Section 18.5(b) hereof, upon the violation of this Master Deed, the Bylaws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any Assessments, the Board will have the power (i) to impose reasonable monetary fines which will constitute an equitable charge and a continuing lien as a specific Assessment, (ii) to suspend an Owner-Member's right to vote in the Association, or (iii) to suspend an Owner's or Unit occupant's right to use any of the Common Elements. The Board will have the power to impose all or any combination of these sanctions, and may establish each day a violation remains uncured as a separate violation for which a fine is due; provided, however, an Owner's access to its property over the private roads and streets constituting Common Elements will not be terminated hereunder. An Owner or Unit's occupant will be subject to the foregoing sanctions in the event of such a violation by such Owner or Unit's occupant. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

(b) Procedure.

Except with respect to the failure to pay Assessments, the Board will not impose a fine in excess of \$100 per occurrence of the event or condition giving rise to the imposition of a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other occupant of the Project for violations of the Master Deed, By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

(i) Demand to Cease and Desist. Written demand to cease and desist from an alleged violation will be served upon the Owner responsible for such violation specifying:

(A) The alleged violation;

(B) The action required to abate the violation; and

(C) A time period of not less than five (5) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Master Deed, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(ii) Notice of Hearing. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice of a hearing to be held by the Board in executive session. The notice will contain:

(A) The nature of the alleged violation;

(B) The time and place of the hearing, which time will be not less than ten (10) days from the giving of the notice;

(C) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and

(D) The proposed sanction to be imposed.

(iii) Hearing. The hearing will be held in executive session of the Board of Directors pursuant to the notice and will afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if the officer, director, or other individual who delivered such notice enters a copy of the notice together with a statement of the date and matter of delivery. The notice requirement will be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction imposed, if any.

The \$100 fine limitation herein provided shall be increased, but not decreased, by changes in the CPI, as measured from the month and year in which this Master Deed is recorded in the ROD. "CPI" shall mean the Consumer Price Index, as published by the Bureau of Labor Statistics of the United States Department of Labor, or comparable index if the Consumer Price Index is discontinued.

18.6 Severability.

All provisions of this Master Deed and all of the Regime Documents will be construed in a manner that complies with the Act and South Carolina law to the fullest extent possible. If all or any portion of any provision of this Master Deed or any other Regime Documents will be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability will not affect any other provision hereof or thereof, and such provision will be limited and construed as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein or therein.

18.7 Gender or Grammar.

The singular whenever used herein will be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, will in all cases be assumed as though in each case fully expressed. In addition, the use of the terms "herein" or "hereof" will mean this Master Deed and not merely the Section or paragraph in which such term is utilized.

18.8 Headings.

All Section headings are utilized merely for convenience and will not restrict or limit the application of the respective Sections.

18.9 Powers of Attorney.

By acceptance of a deed or other conveyance of an interest in a Unit, all Members do hereby grant, and if further required, do agree to vote in a manner to provide to, and to ratify and confirm retention by, Developer of Developer's rights under this Master Deed, including, without limitation, the right to amend this Master Deed in accordance with the provisions hereof. In connection with this voting agreement, each member appoints Developer as proxy for such member with full power of substitution to vote for the member on all such matters on which the member may be entitled to vote, and with respect to which there is a reservation or designation of voting rights in Developer under this Master Deed, and with all powers which the member would possess if personally present at any meeting of members. Such appointment will be, upon acceptance of a deed or other conveyance by the member and without the necessity of further action by the Developer or the member, a power coupled with an interest and will be irrevocable. Such appointment will be effective as of the date on which a deed or other conveyance of an interest to the Member is recorded in the Horry County ROD office. This irrevocable proxy will automatically terminate thirty (30) days after the conveyance in the ordinary course of Developer's business of Units representing ninety-five percent (95%) of the Assigned Values of Units to be contained in all phases of the Project and shown in Exhibit "C" of this Master Deed, as the same may be amended as a result of any expansion of the Regime pursuant to Section 14.2 hereof. The within voting agreement and proxy are in addition to, and not in substitution of, all rights of Developer herein provided, which will run with the land.

18.10 Unit Deeds.

In accepting a deed to any Unit, the grantee will be deemed to have accepted and agreed to all terms and conditions contained in this Master Deed and the Exhibits, as amended, and further agrees to execute any and all documents reasonably requested by the Developer or the Association from time to time to expressly evidence the foregoing.

18.11 Conflicts.

In the case of any conflict between the Articles of Incorporation and the Master Deed, the Articles of Incorporation shall control; in the case of any conflict between the Master Deed and the Bylaws, the Master Deed shall control; and in the case of any conflict between the Master Deed and any required term or condition imposed by the Horizontal Property Regime Act upon the Association and/or the governance of the Regime that is at variance with the Master Deed and is a mandatory provision of such Act, the provisions of the Horizontal Property Regime Act shall control.

ARTICLE XIX

EXHIBITS.

19.1 Exhibits Attached.

The following Exhibits are attached hereto and incorporated verbatim in this Master Deed by reference as fully as if set forth herein.

Description	Identification
Legal Description of the Land	A
Site Plan and Floor Plans	B
Schedule of Assigned Values, and Percentage Interests	C
Articles of Incorporation of Association	D
Bylaws of the Association	E

IN WITNESS WHEREOF, Developer has caused this Master Deed to be executed to be effective as of this 5th day of February, 2007

WITNESS:

CENTEX HOMES, a
Nevada general partnership

Louis M. Alpino
[Signature]

By: [Signature]
Its: Controller

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

PERSONALLY appeared before me the undersigned witness who being duly sworn, says that s/he saw the within-named CENTEX HOMES, a Nevada general partnership, by Kellie Honeycutt, its Assistant Secretary, sign, seal and as its act and deed deliver the within-written Master Deed and that s/he with the other witness whose signature appears above witnessed the execution thereof.

Luis M. Alfaro
WITNESS

SWORN TO before me this

5th day of February, 2007.

[Signature] (L.S.)
Notary Public for South Carolina

My Commission expires: 11/15/14

Exhibit "A"

Legal Description of the Land

All AND SINGULAR, all that certain, piece, parcel or tract of land situate, lying and being in Barefoot Resort North Myrtle Beach, SC identified as Lot 24(D), consisting of 41.22 acres, more or less, as shown on that certain Plat entitled "Map of Lot 24(D)- Barefoot Resort" prepared by DDC Engineers, Inc., dated March 21, 2003 and revised September 26, 2003 and recorded November 16, 2004 in Plat Book 201 at Page 063 in the Office of the Register of Deeds for Horry County.

The within property is subject to all easements of record and/or upon the ground, and is a portion of the property conveyed to Centex Homes, a Nevada general partnership by Coastal Resort Holdings, LLC, a North Carolina limited liability company by deed dated January 16, 2006 and recorded January 18, 2006 in Deed Book 3037, at Page 209.

TMS No. 155-00-01-014

Exhibit "B"

SITE PLAN AND FLOOR PLANS

THE CLEARWATER BAY HORIZONTAL PROPERTY REGIME

PHASE I

BUILDING 2

NOTE

Exhibit "B" is composed of a survey showing the location of Building 2 and other improvements, as well as the vertical locations of each floor and the Units located thereon. Exhibit "B" also includes a set of floor plans for Building 2, which shows graphically the dimensions, area and location of each Unit in the Building, and the dimensions, area and location affording access to each such Unit. The survey for Building 2 has been recorded in Plat Book 221 at Page 177. The floor plans for Building 1 have been recorded in Condominium Cabinet 221 at Page 178. Exhibit "B" further includes the matters set forth below, and includes the attached Building 2 certification letter by Miller Design Services, P.A., architect of the above referenced plans, dated February 2, 2007 and recorded herewith.

Building 2 contains three (3) Units. Each Unit is individually numbered and described as 0211, 0212 and 0213. 0211 and 0212 are each two stories in height, and Unit 0213 is one-story in height. Unit 0211 is located on the northwest end of Building 2, and Unit 0213 is located on the southeast end of Building 2. All the Units have both garage and living area on the ground floor. Units 0212 and 0213 have additional living area on the second floor, as well as a Limited Common Element courtyard adjacent to each of the Units. Unit 0211 has a master and second bedroom and 2½baths on the first floor, and a third bedroom and bath on the second floor. Unit 0212, a two-story Unit, has an owner's suite with adjoining sitting room and a second bedroom and two full baths on the first floor, and a third bedroom and full bath on the second floor. Unit 0213, the one-story Unit, has two bedrooms, a master bedroom and a second bedroom, and two full baths.

The locations of each Unit and the floor plan for Building 2 are graphically shown on the floor plans of Miller Design Services, P.A., dated February 2, 2007. The as-built survey of Dale Land Surveying, dated January 29, 2007 shows the ground location of Building 2, the elevations of each floor of the Building, and the Common Elements, which as-built survey is made a part hereof and recorded simultaneously herewith.

As to each Unit: All built-in kitchen appliances, any refrigerator, air conditioner units and condensers and hot water heater located in each Unit are part of the Unit in which they are located and are not Common Elements. The entry stoop, patio or courtyard adjacent to each Unit, including the railing thereof, is a Limited Common Element and is subject to restrictions as set forth elsewhere in this Master Deed.

The Developer shall provide either to the Owner or to the Association plywood sheets that may be placed over all of the windows in Building 2 in the event of an impending hurricane or storm. If given to the Association, the Association shall make such plywood sheets available to each Building 2 Owner in the event of such impending hurricane or storm and if the Association is not to undertake such installation and removal, which the Association is not otherwise obligated to undertake as further provided in Section 4.2 of the Master Deed to which this Exhibit is attached and incorporated by reference. Unless specifically provided in this Exhibit "B" or any amendment or addition to this Exhibit for future phases and as may be required by law, the Developer shall not be obligated to provide plywood sheets or other hurricane covering for windows in the Regime's Buildings, other than is covenanted to be provided for Building 2, as herein stated.

Reference to areas as Common Elements or elements in this paragraph will be in addition to and read in conjunction with the further designations of Common Elements and elements set out in other portions of this Master Deed and the survey and floor plans making up the balance of this Exhibit "B". The asphalt parking areas designated on the as-built survey are Common Elements.

Architects' Certification

[Attached Hereto]



PLACE HOLDER FOR
ORIGINAL LETTER

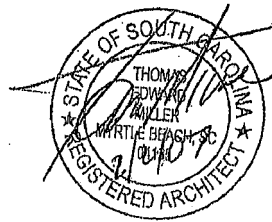
Brian F. Kernaghan, Esq.
Nexsen Pruet Jacobs Pollard & Robinson, LLC
P.O. Drawer 14610
Surfside Beach, SC 29587

Re: Clearwater Bay, Building No. 2

This letter is to serve as the Architect's Certification for the above referenced project as requested by you for attachment to the Master Deed.

The undersigned Architect, registered to practice in the State of South Carolina, certifies that these documents reflect, to the best of the Architect's knowledge, information and belief, the observable and accessible configuration of the structures. They show floor plans and elevations of the building, and graphically show the dimensions, area and location of the common elements affording access to each apartment.

Thomas E. Miller, AIA
Miller Design Services, P.A.
South Carolina Architect
License No. 04135



Myrtle Beach, SC
February 2, 2007

Exhibit "C"

Schedule of Assigned Values and Percentage Interests in the Common Elements

This is a schedule of Assigned Values and Percentage Interests in the Common Elements appurtenant to Units in Clearwater Bay. The Developer's current plan provides for sixty-two (62) Buildings developed in sixty-two (62) phases, which the Developer may, but is not obligated to, develop; provided, the Developer has also reserved the right to expand the Regime further by adding an additional sixty-third (63rd) Phase Building. At the date hereof, the Declarant has completed construction of one (1) Building, Building 2 and being development Phase I. The Declarant has reserved the right, but not the obligation, to develop Phases II through LXIII, inclusive. The Assigned Value is for statutory purposes only and has no relationship to the actual value of each Unit.

Clearwater Bay			
Buildings / Units Numbering Per Horizontal Property Regime Act	Assigned Value	Percentage Interests	Propane Tank Ltd Common Area
0211	\$2,000	33.33333%	
0212	\$2,000	33.33333%	
0213	\$2,000	33.33333%	
	\$6,000	99.99999%	

Buildings 1 and 3 through and including 63, or any of them, may be submitted in any order as Phases II through LXIII of The Clearwater Bay Horizontal Property Regime. As each phase is added, the total Assigned Value of all phases submitted and constituting The Clearwater Bay Horizontal Property Regime at that time and the Percentage Interest of each Unit may be determined. In determining the Percentage Interest of each Unit, a formula is employed using the Assigned Value of each Unit set forth in this Exhibit "C", as amended for each phase added, as the numerator and the total Assigned Values of all Units (including the phase being submitted and all phases previously submitted to the Regime) as the denominator. The resulting fraction will then be expressed as a percentage rounded to the nearest .00001. The total Assigned Values assigned to each Building currently a part of the Regime and that may be constructed and submitted to the Regime as Phases II through LXIII, if constructed and submitted, will be in accordance with the following schedule.

Total Assigned Values in Building 2 Submitted Herewith	\$ 6,000
Total Assigned Values in Proposed Building 1	6,000
Total Assigned Values in Proposed Building 3	6,000
Total Assigned Values in Proposed Building 4	6,000
Total Assigned Values in Proposed Building 5	6,000
Total Assigned Values in Proposed Building 6	6,000

Total Assigned Values in Proposed Building 7	6,000
Total Assigned Values in Proposed Building 8	6,000
Total Assigned Values in Proposed Building 9	6,000
Total Assigned Values in Proposed Building 10	6,000
Total Assigned Values in Proposed Building 11	6,000
Total Assigned Values in Proposed Building 12	6,000
Total Assigned Values in Proposed Building 13	6,000
Total Assigned Values in Proposed Building 14	6,000
Total Assigned Values in Proposed Building 15	6,000
Total Assigned Values in Proposed Building 16	6,000
Total Assigned Values in Proposed Building 17	6,000
Total Assigned Values in Proposed Building 18	6,000
Total Assigned Values in Proposed Building 19	6,000
Total Assigned Values in Proposed Building 20	6,000
Total Assigned Values in Proposed Building 21	6,000
Total Assigned Values in Proposed Building 22	6,000
Total Assigned Values in Proposed Building 23	6,000
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Total Assigned Values in Proposed Building 30	6,000
Total Assigned Values in Proposed Building 31	6,000
Total Assigned Values in Proposed Building 32	6,000
Total Assigned Values in Proposed Building 33	6,000
Total Assigned Values in Proposed Building 34	6,000
Total Assigned Values in Proposed Building 35	6,000
Total Assigned Values in Proposed Building 36	6,000
Total Assigned Values in Proposed Building 37	6,000
Total Assigned Values in Proposed Building 38	6,000
Total Assigned Values in Proposed Building 39	6,000
Total Assigned Values in Proposed Building 40	6,000
Total Assigned Values in Proposed Building 41	6,000
Total Assigned Values in Proposed Building 42	6,000
Total Assigned Values in Proposed Building 43	6,000
Total Assigned Values in Proposed Building 44	6,000
Total Assigned Values in Proposed Building 45	6,000
Total Assigned Values in Proposed Building 46	6,000
Total Assigned Values in Proposed Building 47	6,000

Total Assigned Values in Proposed Building 48	6,000
Total Assigned Values in Proposed Building 49	6,000
Total Assigned Values in Proposed Building 50	6,000
Total Assigned Values in Proposed Building 51	6,000
Total Assigned Values in Proposed Building 52	6,000
Total Assigned Values in Proposed Building 53	6,000
Total Assigned Values in Proposed Building 54	6,000
Total Assigned Values in Proposed Building 55	6,000
Total Assigned Values in Proposed Building 56	6,000
Total Assigned Values in Proposed Building 57	6,000
Total Assigned Values in Proposed Building 58	6,000
Total Assigned Values in Proposed Building 59	6,000
Total Assigned Values in Proposed Building 60	6,000
Total Assigned Values in Proposed Building 61	6,000
Total Assigned Values in Proposed Building 62	6,000
Total Assigned Values in Proposed Building 63 (TBD - 3 max. Units)	<u>6,000</u>

Total Assigned Values of the Project, If All Phases Remaining Are Constructed and Submitted \$ 378,000

As an example, if Building 17, composed of 3 Units, is added as Phase II, the total Assigned Values in Phase I (\$6,000) would be added to the additional Assigned Values in Phase II (\$6,000), so that, following submission the total Assigned Values in Phases I – II would be \$12,000.00. To determine the Percentage Interest of Unit 1711 if Phase II is added to Phase I and those phases constitute the entire Regime, the following formula would be used:

$$\frac{\text{ASSIGNED VALUE}}{\text{TOTAL ASSIGNED VALUES}} = \frac{\$ 2,000}{\$12,000} = 16.66667\%$$

EXHIBIT "D"

Articles of Incorporation

Attached Hereto