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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.

2005 FEB 24 AM 11:30

JALLEN L. ...
REGISTRAR OF DEEDS

HORRY COUNTY ASSESSOR
NEW PARCEL 163-37-01-104 thru 111
SPLIT FROM 163-00-01-130
Map Blk Parcel
2/25/05

MASTER DEED

CAROLINA WILLOWS HORIZONTAL PROPERTY REGIME

DEED
2865 1236

2865-1236

MASTER DEED
THE CAROLINA WILLOWS HORIZONTAL PROPERTY REGIME

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STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

**MASTER DEED
OF THE CAROLINA WILLOWS
HORIZONTAL PROPERTY REGIME**

TO ALL WHOM THESE PRESENT MAY COME:

WHEREAS, CAROLINA WILLOWS, LLC (the "Developer") is a South Carolina Limited Liability Company having its principal place of business located at 6200 Frontage Road, Suite C, Myrtle Beach, South Carolina 29572; 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 within the community known as "Carolina Forest," and

WHEREAS, the Developer intends to construct certain improvements on the Land; 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 Section 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 CAROLINA WILLOWS HORIZONTAL PROPERTY REGIME, subject to the following:

1. 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 the 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:

"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.

"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 Carolina Willows 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.

"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 Residential Units comprising a portion of the Regime.

"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 Area" shall mean and refer to both the General Common Area and Limited Common Area and shall include all portions of the Regime Property not included within the Units and further defined as:

1. General Common Area shall include, without limitation, the following:

(i) Except for such portion reserved as Limited Common Area, all land within the boundaries of the Regime Property, together with all easements, rights, and hereditaments appurtenant thereto.

(ii) All improvements, exclusive of the Units and Limited Common Area, erected upon the land described on Exhibit A, including, without limitation, those shown on the Plans as: (a) the roof or roof elements covering the Buildings; (b) the exterior surfaces of the building, including those limited exterior areas having plywood or other material over wood, or aluminum studs; (c) the pipes, wires, conduits, pumps, motors, air handling vents, material, and equipment, and other equipment installed to provide utility service to the Units or to portions of the Common Area; (d) the entire parking areas, except where noted, street signs, light poles, interior signage, fences, concrete walks and decks, all concrete or asphalt paving, brick pavers, irrigation wells and systems, landscaping, storm drainage features, the grassed and other storm water retention areas, catch basins, and drainage pipes; (e) the foundations, pilings, and structural members, sub-flooring, girders, beams, supports, load bearing interior walls, and interior walls enclosing pipe chases and utility installations serving more than one Unit; (f) pools, and ponds, and all pool equipment, including pool heaters, and the pool equipment room; (g) all corridors, (all exterior railings, all exterior lattice, and all stairs and (h) all other elements rationally of common use or not either a Unit or a Limited Common Area.

2. Limited Common Area. The Limited Common Area shall include those special areas designated for the exclusive use of a specific Unit. The Limited Common Area are more specifically shown on Plot Plan and Plans and include, in the case of all Units, the screen porch adjoining the Unit.

"Common Expense(s)" means (a) all expenses incident to the administration of the Association and maintenance, repair and replacement of the Common Areas and the Limited Common Areas, after excluding 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 Act or the Regime Documents; and (d) reasonable reserves established for the payment of any of the foregoing.

"Developer" means Carolina Willows, LLC., A South Carolina Limited Liability Company, its successors and assigns.

"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

"Limited Common Area" shall mean and refer to those special Common Areas designated as appurtenant to and reserved for the exclusive use of a specific Unit, or several specific Units.

"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.

"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 Areas. "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 Areas 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 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.

"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, as amended from time to time in accordance with the provisions of this Master Deed and constituting an "apartment" as defined in the Act.

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

"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, 2008; or
2. Three (3) months after the conveyance in the ordinary course of Developer's business of Ninety-five percent (95%) of the maximum number of Units to be contained in all phases of the Project; 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 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 a residential unit, and constitutes that part of the Project intended principally for their respective residential use by an Owner, established hereunder, and situate within the Unit boundaries described in Exhibit "B" attached hereto, 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 in the architect's plans, which are attached hereto marked Exhibit B which are incorporated herein, 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 Area.

2. 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, and cable television contracts as it may deem necessary or desirable for the administration and operation of the Regime, subject, however, to the following limitations:

(a) The Association will not enter into any contractual arrangement with a term of longer than two (2) years without Member approval therefor by a majority of the votes cast by written ballot or in person or by proxy at a meeting at which a quorum is present; and

(b) Any agreements entered into during the Transition Period will provide that such contractual arrangement is subject to termination without cause at any time after the expiration of the Transition Period without a penalty upon not more than ninety (90) days prior written notice from the Association.

Anything contained herein to the contrary notwithstanding, the following contracts will be exceptions to the provisions of Sections 2.3(a) and 2.3(b) above:

(i) Any contract with a utility company if the rates charged for the materials or services are subject to regulation by the South Carolina Public Service Commission; provided, however, that the term of the contract will not exceed the shortest term for which the utility will contract at the regulated rate in effect at the contract date;

(ii) Any prepaid casualty and/or liability insurance policy with a term not to exceed three (3) years, provided that the policy permits short rate cancellation by the insured;

(iii) Any contract for cable television services and equipment or satellite dish television services and equipment for a term not to exceed five (5) years, provided the supplier is not an entity in which the Developer has a direct or indirect ownership interest of ten percent (10%) or more; and

(iv) Any contract for the sale or lease of burglar and/or fire alarm equipment, installation and/or services for a term not to exceed five (5) years, provided the supplier is not an entity in which the Developer has a direct or indirect ownership interest of ten percent (10%) or more.

Each Owner by acquiring or holding an interest in a Unit thereby ratifies and agrees to be bound by the terms and condition of all such contractual arrangements entered into by the Developer or 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 Area 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 review 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 Areas. 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 manager or property management company to manage the day-to-day affairs of the Association.

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 Owners who elect to receive such optional service made available to the Owners through the Regime and remit the same to the provider thereof on behalf of such Owners. Such elective costs and expenses will not be deemed a Common Expense hereunder, but will be charged to the 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. 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 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.

3. 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 provision of the Act and this Master Deed, will be entitled to the exclusive ownership and possession of his Unit, together with the undivided percentage interest in the Common Areas.

3.2 Description of Units.

The dimensions, area and location of the Units are as 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; screens on any screened balcony; 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 Areas 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 area 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, 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 aggregate Percentage Interest assigned to the Units so affected will not change except as required by the addition of additional phases, 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 Area and Limited Common Area.

(a) Percentage Interest.

The Owners will own the Common Area as tenants-in-common, with each Unit having, appurtenant thereto, the Percentage Interest in the Common Areas set forth in Exhibit "C" attached hereto; provided, however, that the use of the Limited Common Area 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. The Percentage Interest will be modified as additional phases are submitted to for Regime.

(b) Inseparability of Percentage Interest.

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

(d) Use of Common Area.

The Common Area 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 Area 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 Area.

(e) Use of Limited Common Area.

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 Area adjacent and appurtenant to such Unit, which exclusive use may be delegated by such Owner to persons who reside in his 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 Area. An Owner will be responsible for maintenance and repair of the Limited Common Area appurtenant to his Unit as set forth in Section 8.3 below.

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

The Common Areas 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).

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 Project 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 presently exist or may be imposed upon the Project 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 PORTION OF THE UNIT AND COMMON AREA (EXCEPT FIXTURES, ACCESSORIES AND APPLIANCES COVERED BY SEPARATE WARRANTIES OF THEIR RESPECTIVE MANUFACTURERS) WHICH ARE DEFECTIVE AS TO MATERIAL 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 Units and the Common Area and the remedies available with regard thereto.

4. 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, 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 Mortgage, its successors and assigns, will have any personal obligation with respect to the portion of any delinquent 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 Mortgage being foreclosed as provided in Section 4.8.

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. Upon adoption of the budget, a copy thereof will be delivered to each Owner. The Annual Assessment fixed against each Unit will be based upon said 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 first contract for the performance of an annual maintenance audit by a professional inspector and shall reflect such inspector's recommendations in the Board's adopted annual budget. The Board shall not be relieved of its duty to contract for an annual maintenance audit 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;

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 Area; 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 Area 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 TO PREPARE 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 4.4 BELOW AGAINST THE OWNERS TO RAISE THE REQUIRED FUNDS TO PAY SUCH EXCESS COSTS AND EXPENSES. FURTHERMORE, IN THE EVENT THE BOARD OF DIRECTORS OF THE MEMEBERSHIP, AS THE CASE MAYBE DOES NOT, FOR WHATEVER REASON, APPROVE ANY SUCH SPECIAL ASSESSMENT, THE VALUE OF A UNIT MAY BE SUBSTANTIALLY AND MATERIALLY AFFECTED.

4.3 Rounding.

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

4.4 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 Area.

4.5 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 or quarterly, 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 15th 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 Section 4 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.

4.6 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 event that a unit is sold, excluding purchasers at lender foreclosure sales, the subsequent purchaser shall be liable for any delinquent assessment, provided however, such prior Owner will 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.

(b) Any Assessment shall be due in full not later than the 15th of the month in which the Assessment is billed, and any Assessment or portions 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 foresaid, 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 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 claim of setoff or otherwise. The Association's responsibility under these documents is separate and independent from an Owner's responsibility to pay assessments and no Owner shall have the right to withhold assessments because of the Associations alleged breach of its duties.

(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 right of the Owner and lessees of the Owner, their families, invitees and guests, to use and enjoy the recreational areas of the Common Area may be suspended by the Board of Directors until such time as the Assessment has been paid.

4.7 Developer's Unsold Units.

Anything contained in this Section 4 to the contrary notwithstanding, so long as the Developer owns any Unit for sale, the Developer may annually elect either to pay the regular Assessment for each such Unit or to pay the difference between the amount of Assessment collected on all other Units not owned by the Developer and the sum of (a) the amount of actual operating expenditures incurred by the Association during the fiscal year, and (b) the amount of reserves budgeted to be funded during the year, but not in a sum greater than its regular Assessment. Unless the Developer otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, the Developer will be deemed to have elected to continue paying on the same basis as during the immediately preceding year. Furthermore, so long as the Developer owns any Unit for sale, the Developer may, but will not be obligated to, reduce the regular Assessment for any year to be paid by Owners of Units, which may be a contribution to the Association, an advance against future regular Assessments due from said Owners, or a loan to the Association, in the Developer's sole discretion. The amount and character (contribution, advance or loan) of such subsidy will be conspicuously disclosed as a line item in the budget and will be made known to the Owners. The payment of such a subsidy in any year will under no circumstances obligate the Developer to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Developer.

4.8 Subordination of the Charges and Liens to Mortgages.

(a) The lien and permanent charge for the Assessment (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 a Mortgage or its assigns placed on such Unit, and all Assessments with respect to such Unit having a due date on or prior to the date such Mortgage is filed for record have been paid. 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 Mortgage is filed for record and prior to the satisfaction, cancellation or foreclosure of such Mortgage.

(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.

4.9 Reserves.

The Board of Directors will establish and maintain an adequate reserve fund for the periodic repair and replacement of the Common Area. 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.

5. Insurance and Casualty Losses.

5.1 Hazard Insurance.

(a) The Board, or its duly authorized agent, shall have the authority to and shall obtain blanket special form insurance coverage, flood insurance coverage, wind, and earthquake insurance coverage, if reasonably available, for all insurable improvements on the land described on Exhibit A. If blanket special form insurance coverage, flood insurance coverage, wind and earthquake insurance coverage is not reasonably available, then, at a minimum, an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred (100%) percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard. All hazard insurance shall cover the entire insurable real estate of the Regime Property, including each Unit as delivered to a Owner by Grantor, regardless of whether or not such portion of the Regime Property is a general Common Area, a Limited Common Area, or a Unit, exclusive only of the contents, decorations, and furnishings of an individual Unit supplied by a Owner and any additions or improvements made by the Owner of a Unit. The Board may establish reasonable deductibles for each category of insurance and may establish reasonable reserves for such deductibles.

All hazard insurance policies obtained by the Board shall designate the Board as the named insured and as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Board as Insurance Trustee under the provisions of this Master Deed.

All hazard insurance policies obtained by the Board shall provide for the issuance of Certificates of Insurance by the insurance company or its agent to each Owner. Each certificate shall evidence the issuance of the Master Policy and shall indicate the amount of insurance covering the Building within which the respective Unit is located. If a Unit is mortgaged, a Certificate of Insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

If obtainable, all hazard insurance policies upon the Regime Property shall include provisions waiving: (i) any rights of the insurer to subrogation against the Council, its agents and employees, and against the individual Owners and their servants, agents, and guests and (ii) any rights of the insurer to contribution from hazard insurance purchased by the Owners upon contents and furnishings of their Units.

(b) The name of the insured under the master policy will be substantially as follows: "The Carolina Willows Homeowners Association for the use and benefit of the Individual Owners of Units in the Carolina Willows Property Regime." Loss payable provisions will be in favor of the Association, 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.

(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 be responsible for obtaining, and shall obtain, at his or her sole expense, insurance covering the personal property, decorations, and furnishings within his or her own Unit, and the additions and improvements made by him or her to the Unit. Each Co-owner shall be responsible for obtaining, and shall obtain, at his or her own expense, insurance covering his or her liability for the safety of the premises within his or her own Unit. If obtainable, all such insurance policies shall include, however, provision or endorsement waiving (i) any right of the insurer to subrogation to claims against the Council and against individual Co-owners, as well as their agents, servants, employees, and guests and (ii) any right of the insurer to contribution or proration because of the master hazard policy. A current copy of all insurance required by this provision shall be filed with the Council or its manager.

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 Area. 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 a least \$1,000,000 for bodily injury, including death of person, 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 or persons in connection with the operation, maintenance and use of the Common Area 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 and employees of the Association. 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 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. Association shall require all persons or entities, including any professional property management company, assisting with the administration of the Regime, to obtain and maintain a Fidelity bond in an amount to be determined by the Board of Directors. 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 acts 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 if a third-party Trustee has been designated 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 if a third-party Trustee has been designated. 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 Area and is to be repaired or reconstructed, two days 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 Area; 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 condition in which it existed prior to the fire or other casualty, with each Unit and the Common Area having the same vertical and horizontal boundaries as before.

(b) Any such damage or destruction to the Project will be repaired; provided, however, that any such damage which requires the reconstruction of the whole or more than two-thirds (2/3) of the Project will not be undertaken, unless otherwise unanimously agreed upon by the Co-owners. If the Project is not reconstructed, all 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 Area, 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 damage or destruction will not be repaired, reconstructed or rebuilt, then and in that event:

(i) The Owners as tenants-in-common will own the Project;

(ii) The undivided interest in the Project of each Owner will be a percentage equal to the Percentage Interest appurtenant to the Unit theretofore owned by the Owner;

(iii) All liens affecting any of the Units will be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owners of the respective Units;

(iv) The Project will be subject to an action for partition at the instance of any Owner, in which event the net proceeds of the sale will be deposited with the Trustee;

(v) The Association will proceed to satisfy all of its liabilities and convert all of its assets to cash, which will be deposited with the Trustee;

(vi) The proceeds from the sale of the Project, the liquidation of the assets of the Association and the insurance proceeds related to the damage or destruction to the project will be considered one fund which, after paying the reasonable expenses of the Trustee, will be distributed to all the Owners and their respective Mortgagees as their interests may appear in percentages equal to the Percentage Interests of said Owners. Distributions to such Owners and their Mortgagees will be made pursuant to certificates provided for in Section 5.5.

5.7 Insufficient Proceeds to Repair.

(a) If the damage or destruction for which the insurance proceeds are paid to the Trustee or to the Association, if a third-party Trustee has been designated, 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 Interest 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 5.7 will be held by the Association or deposited by the Association with the Trustee, if such third party Trustee has been designated. Such proceeds from insurance and Assessments, if any, received by the Trustee will be disbursed as provided in Section 5.5.

6. Condemnation.

6.1 General.

Whenever all or any part of the Project will be taken by any authority having the power of condemnation or eminent domain, each Owner will be entitled to notice thereof; provided, however, that the exclusive right to negotiate, settle and otherwise deal in all respects with the condemning authority as to the taking of the Common Area will be vested in the Board of Directors or its duly authorized agent on behalf of the Association. 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 in all matters related to the authority granted in this Section 6.1, including executing all documents required in connection therewith on behalf of the Owner. The award made for such taking will be payable to the Trustee. Unless otherwise required by law at the time of such taking, any award made therefor will be disbursed by the Trustee, as hereinafter provided in this Section 6.

6.2 Non-Essential Areas.

If the taking does not include any portion of any Unit or any portion of the Common Area essential to the continued occupancy of any Unit, then the Board of Directors will be permitted to replace any nonessential improvements to the extent deemed appropriate and the Trustee will disburse the proceeds of such awards in the same manner as hereinabove provided for and in connection with the

repair, reconstruction or rebuilding of improvements after damage or destruction, with all excess proceeds to be distributed to the Association.

6.3 Essential Areas.

If the taking includes any portion of a Unit or the Common Area essential to the use of any Unit, then the award will be disbursed, and all related matters, including, without limitation, alteration of the Percentage Interests appurtenant to each Unit, will be handled, by (i) the Developer during the Transition Period, and (ii) thereafter, the Board of Directors in a just and equitable manner to all Owners; provided, however, that all action of the Board of Directors will be pursuant to and in accordance with a plan approved by Members representing at least sixty-seven (67%) percent of the total votes of the Association voting in person or by proxy, at a meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving such in a duly recorded amendment to this Master Deed. In the event that such amendment is not recorded within ninety (90) days after the taking, then such taking will be deemed to be and will be treated as damage or destruction which will not be repaired or reconstructed as provided for in Section 5.6, whereupon the Regime will be terminated in the manner therein prescribed.

7. 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 Area, 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. 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 in 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. In the event the Board of Directors does approve a requested alteration or modification, an amendment to their MASTER DEED shall be recorded in the public records, relative to such alterations or modifications, along with the plans and specifications depicting the same.

8. Maintenance.

8.1 Responsibility of Association.

Except as specifically provided to the contrary herein, the Association will maintain the Common Area in accordance with proper maintenance procedures applicable thereto and will enforce all warranties with respect to the Common Area. In addition, the Association will repair or replace all parts of the Common Area as necessary. Except as otherwise provided herein, the cost of such will be charged to the Owners as a Common Expense.

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 Area accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to other Units. Each Owner shall be required and deposit a key with the Association in order to facilitate such required access.

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 Section 8 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 pets, 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 for 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 Area to which his Unit has exclusive access and to which he has exclusive use 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.

9. Access, Ingress and Egress.

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, 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 GATE OR 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 GATE 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 THE DEVELOPER OR 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.

9.1 Developer's Right to Develop.

Notwithstanding anything herein contained to the contrary, the Developer hereby reserves unto itself, its successors and assigns, the right and option to control any gate to the Project and to leave the gate in an open position for the unobstructed and uncontrolled passage of construction vehicles for persons engaged in both infrastructure and building construction activities. The within right, if exercised, will be limited to the hours of 6 a.m. to 6 p.m. and will terminate upon expiration of the Transition Period.

10. 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 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 INTENTIONALLY OMITTED

10.3 Animals and Pets.

No animals, livestock or poultry 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 respective Owners inside their respective Units provided that (i) the Board of Directors may, in its sole discretion, establish by rule that dogs of a certain breed such as those known as Pit Bulls, Rotweillers, Dobermans, Chows and German Shepards, are deemed not to be normal household pets and are a potential hazard to Owners, invitees and guests, (ii) 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; (iii) an Owner may be required to execute a written indemnification and hold harmless agreement in favor of the Association and the Association's management company, in form and content satisfactory to counsel for the Board, prior to bringing the Owner's pet upon the Property; (iv) permitted pets are not kept, bred or maintained for any commercial purpose and do not create any health hazard or, in the sole discretion of the Board of Directors,

unreasonably disturb 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; and (v) the Board may establish reasonable rules to limit the number of such allowed pets. Pets shall be kept on a leash at all times when outside of a Unit, and the Owner shall clean up after his or her pet. **UNDER NO CIRCUMSTANCES SHALL A TENANT BE ENTITLED TO KEEP ANIMALS AND OR PETS IN THEIR RESPECTIVE UNITS.**

10.4 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 permitted by the Telecommunications Act of 1996 and implementing rules therefor issued by the Federal Communications Commission; provided, however, in the event any damage is done to the Common Area by virtue of said installation, the Owner shall be responsible for said damage expense, which if not paid can be assessed against the Unit. 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.

10.5 Leasing of Residential Units.

An Owner of a Residential 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 6 months 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 Residential Unit and the Common Area by the Regime Documents. The Board of Directors may approve the form of all such lease and rental contracts. Occupancy by a tenant or renter under any lease or rental contract is subject to continuing approval of the Board thereunder, which may be withdrawn at any time by the Board for any violation by any such tenant or renter of the Rules and Regulations of the Association. **ALL LEASES SHALL RESTRICT OCCUPANCY TO NO MORE THAN FIVE PERSONS.** In the event of any such violation, the Board shall notify the Owner to request compliance. If such compliance is not forthcoming in a timely manner, the Board may fine the Owner and or pursue any other remedies including a covenant enforcement action available under this document.

10.6 Motor Homes, Trailers, Boats, Etc.

All vehicles will be parked in spaces within the Common Area 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 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.

10.7 INTENTIONALLY OMITTED

10.8 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, without the express written permission of the Developer during the Transition Period, and thereafter without the written permission of the Board of Directors. The approval of any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by party entitled to approve the same and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Section 10.8 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 Areas in accordance with architectural design standards adopted therefor and approved by governmental authority with jurisdiction thereof.

10.9 Grills.

The use of individual grills (charcoal, gas or electric) is a fire hazard and is strictly prohibited.

11. Easements.

11.1 Encroachments.

If any portion of the Common Area encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area 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 Area 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 Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area 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.

There is hereby granted a blanket 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, gas, sewers, telephones and electricity, and other forms of telecommunication and technology cabling, now existing or developed in the future. Such easements grant to appropriate utility companies the right to erect and maintain the necessary poles and other necessary equipment of 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 Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Project.

11.4 Easement for Construction.

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 Areas for purposes of ingress and egress to all portions of the Project or any contemplated expansion thereof; to use portions of the Common Areas and 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 its successors and assigns and persons designated by the Developer will have an easement to enter upon and cross over the Common Areas for purposes of ingress and egress to all portions of the Project or any contemplated expansion thereof; 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 Areas, the components and structural parts thereof, as well as the 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 Areas 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 Area 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 Easement for Future Development.

In addition to the lands with improvements thereon in Phase 1, the GRANTOR may acquire and complete construction of additional Units, and Common Area on property contiguous to or near the property described herein. The additional property shall be referred to as "Phase 2", "Phase 3", "Phase 4", "Phase 5", and "Phase 6", and continue with consecutive numbers up to and including as many as sixteen (16) phases. Such additional phase(s) will contain no more than 8 per Phase. In the event the GRANTOR exercises its right and option to add additional phases, the property of said phases will become an integral part of Carolina Willows Horizontal Property Regime once appropriate amendments to this Master Deed have been filed as hereinafter provided. Further, there is reserved by the GRANTOR, for itself, its successors or assigns, in, over, across, under and upon the land hereby submitted to the Horizontal Property Regime and the properties to be designated as additional phases all easements and rights of ingress and egress necessary and convenient for the construction of the said additional phases, as the case may be, which such easements shall remain in full force and effect for such time as the GRANTOR, its successors or assigns, retains the option of submitting the said additional phases to the Regime.

11.9 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.

12. INTENTIONALLY OMITTED

13. 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. 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 or less than said total contained 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.

(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, 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. Regardless of the number of Co-owners of a Unit, each Unit shall be entitled to one vote.

14. The Development Plan For The Project.

14.1 The Regime.

The Regime is initially composed of one (1) Building, known as Building 6, and the Common Areas, as more fully described in the Regime Documents and on Exhibit "B" attached hereto. Building 6 has 8 residential Units as depicted on Exhibit "B."

14.2 Reservation of Right to Expand

Anything to the contrary contained in this Master Deed notwithstanding, at any time during the Transition Period, the Developer will be entitled to expand the Regime an additional fifteen phases of eight Units per building per phase totaling of one hundred twenty eight (128) Units in the Regime in accordance with these expansion rights as provided in this Section 14.

(a) Expansion; Conversion of Common Area.

The Developer is entitled, but not obligated, to expand the Regime during the Transition Period by constructing additional Units on land and additional and to thereafter submit said real property and the 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 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.

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 Section 14, all such amenities shall be the sole discretion of the Developer. No Owner will have the right to require construction or addition to the Regime under any circumstances.

14.4 Assignment of Rights.

The Developer will be entitled to assign the rights reserved in this Section 14 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

The Annual Assessment with respect to the Units added to the Regime pursuant to this Section 14 will be equal to the then current Annual Assessment applicable to existing Units with equivalent Percentage Interests, prorated 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.

14.7 No Consent Required.

Subject to the time limit set forth as defined herein, the Developer, its successors and assigns, will have the absolute right to effect an expansion of the Regime in accordance with this Section 14.2 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 Section 14.2, each Owner, in accepting a deed to a Unit, agrees to undertake such actions and/or provide such consents as are reasonable requested, and expressly appoints the Developer his due and lawful attorney-in-fact, with full power of substitution, to execute all document reasonably required to evidence the requisite action or consent.

14.8 Multiple Ownership.

No Unit in the Regime will be used for or be 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. Furthermore, no Unit will be used for, in conjunction with, and/or as an advertised part of any time share exchange program which makes available accommodations in 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.

15. 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, 2008; (ii) three (3) months after the conveyance by the Developer, in the ordinary course of business to persons other than a successor Developer, of fifty percent (50%) 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.

(b) The Developer shall have the right to appoint and remove a majority of the members of the Board of Directors until such time as the first of the following dates: (i) December 31, 2007; (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 five percent (95%) 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) and subparagraph (b) 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 Section 14 hereof.

15.4 Controlling Provisions.

In the event of any inconsistency between this Section 15 and other provisions of the Regime Documents, this Section 15 will be controlling and binding on all parties having an interest in the Regime.

16. Alternative Dispute Resolution.

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

The Developer, Association, Owners, and any person not otherwise subject to the Regime Documents who agrees to submit to this Section 16 (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between and among themselves involving the Regime Documents or the Project, and agree that all claims, grievances and disputes (including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Regime Documents or the Regime, including without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for "Exempt Claims" under Section 16.2, are subject to the procedures set forth in Section 16.3.

16.2 Exempt Claims.

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

(a) any suit by the Association against any Bound Party to collect any Assessments or other charges hereunder; 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 covenant enforcement suit by the Association to preserve and protect the Association's interest, and;

(d) any suit between Owners which does not include the Developer 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

(e) any suit in which an indispensable party is not a Bound Party; and

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

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

Any Bound 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.

Any Bound Party having a Claim ("Claimant") against Bound Party involving the Regime Documents or the Regime, or all or any combination of them ("Respondent") other than an Exempt Claim

under Section 16.2, will not file suit in any court or initiate and proceeding before any administrative tribunal seeking redress or resolution of the Claim until it has complied with the procedures set forth in Exhibit "F", and then only to enforce the results hereof.

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. The section will not apply, however, to (a) actions brought by the Association or to fund operating shortfalls in accordance with Section 4.7; (b) proceedings involving challenges to ad valorem taxation; (c) counterclaims brought by the Association in proceedings instituted against it; (d) actions brought by the Association to enforce written contracts with its suppliers and service providers. (e) actions brought by the Association to collect delinquent assessments; and (f) actions brought by the Association to enforce the covenants against Owners and their respective tenants violating the same. This Section will not be amended unless the amendment is approved by both the Developer and the requisite percentage of votes of Members of Association, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Section 16 and the procedures therefore set forth in Exhibit F, if applicable.

16.5 Miscellaneous Alternative Dispute Resolution Provisions.

(a) Conflicting Provisions.

Any conflict or discrepancy between the terms and conditions set forth in this Section 16 and the procedures set forth in Exhibit F 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 herein and Exhibit F will control.

(b) TIME IS OF ESSENCE.

All periods of time set forth herein or calculated pursuant to provisions of this Section 16 will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

17. 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 "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 Documents the approval or consent of a specified percentage of "Eligible Mortgagees" is required, it shall mean the approval or consent of the Mortgagees holding or insuring first lien Mortgages on Units, which mortgagees have provided to the Association written notice of listing the

owners name and addresses and the street addresses of the Units, to which their Mortgages relate, and as said Mortgagee, shall receive written notice of the matters in for which they are entitled to vote.

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 or Eligible as applicable;

(b) Any delinquency in the payment of Assessments owed by an Owner whose Unit is subject to a 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:

This Master Deed and all Exhibits, including the By-Laws, may be amended from time to time by resolution adopted by the affirmative vote of the Owners of two-thirds (2/3) of the Percentage Interest in the Common Areas subject to the following conditions: No amendment by the Owners shall be in violation of the Act and no Amendment shall alter the dimensions of a Unit or the Percentage Interest in the Common Areas appurtenant thereto without the unanimous consent of the Owners of such Unit. Notwithstanding anything to the contrary in this section, no amendment shall be made to provisions of this Master Deed requiring Grantor's consent to such changes unless GRANTOR, shall consent to such changes in advance in writing.

17.5 Actions.

Notwithstanding any lower requirement permitted by the Master Deed or the South Carolina 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 Areas 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 Areas for the benefit of the Regime shall not be deemed a conveyance or encumbrance within the meaning of this clause;

(b) 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.

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

The forgoing consents do not apply to the exercise of any right reserved by the

Developer herein.

17.6 Intentionally Omitted.

17.7 Developer's Reserved Rights.

No rights reserved by the Developer herein 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, 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.

18. 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 Section 14 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 (67%) or more 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 6 and Sections 3.3 and 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 Area, and in furtherance thereof is authorized and empowered to assign Common Area parking spaces for handicap parking general 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, 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. The Developer, in addition to the amendment rights reserved in Section 14, may also amend the documents to correct any typographical error or to cause the documents to effect their intended purpose.

(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.

18.3 Intentionally Omitted

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 Area 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 provision 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 Areas. 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 Areas will not be terminated hereunder. An Owner or Unit occupant will be subject to the foregoing sanctions in the event of such a violation by such Owner or Unit 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. Furthermore, in the event the Association must bring an action to enforce the terms of the documents or any reasonable rule or regulation adopted by the Board (i.e. Except claim as defined in Section 16.2), the violating Owner shall be responsible for the reasonable attorney fees and costs incurred by the Association.

(b) Procedure.

Except with respect to the failure to pay Assessments, the Board will not impose 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 ten (10) 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.

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 ninety-five percent (95%) of the maximum number of Units to be contained in all phases of the Project. 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 of the Association from time to time to expressly evidence the foregoing.

19. 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
Alternative Dispute Resolution Procedures	F

IN WITNESS WHEREOF, Developer has caused this Master Deed to be executed to be effective as of this 23 day of February, 2005.

WITNESS:

GRANTOR:
CAROLINA WILLOWS, LLC

[Signature]
[Signature]

By: [Signature]
Charles E. Corbett, Sr.

Its: Member

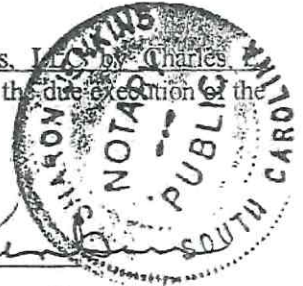
ACKNOWLEDGMENT

STATE OF SOUTH CAROLINA, COUNTY OF HORRY :

I, the undersigned Notary Public, do hereby certify that Carolina Willows, LLC by Charles Corbett, Sr., Member personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this the 23 day of February, 2005

[Signature]
Notary Public for SC
My Commission Expires: 1-16-11



(SEAL)

EXHIBIT "A"

Legal Description of the Land

ALL AND SINGULAR, all that certain piece, parcel or tract of land, together with all improvements located thereon, situate, lying and being in Horry County, South Carolina, being more particularly shown and designated as Phase 1 of Carolina Willows Horizontal Property Regime, on plat dated February 3, 2005, prepared by Robert A Warner and Associates, Inc recorded February 24, 2005 in Plat Book 203 at Page 134 records of Horry County, South Carolina.

This being the identical property conveyed to Carolina Willows, LLC by Deed of International Paper Realty Corporation recoded in Deed Book 2729 at page 219, records of Horry County, South Carolina.

EXHIBIT "B"
TO MASTER DEED OF CAROLINA WILLOWS
HORIZONTAL PROPERTY REGIME

Apartment Description, Numbers & Architect Certificate

Exhibit "B" is composed of a survey showing the location of Building 6 and other improvements, as well as the vertical location of each floor and the Units located thereon. Exhibit "B" also includes a set of floor plans for Building 6 which shows graphically the dimensions, area and location of each Unit therein, and the dimensions, area and location affording access to each Unit. The survey for Building 6 has been recorded in Plat Book 203 at Page 134. The floor plans for Building 6 have been recorded in Condominium Cabinet E at Page 131. Said Exhibit further includes the matters set forth below, and includes the attached Building 6 certification letter by Design Inc., architect of the above referenced plans, dated February 23, 2005 and recorded herewith.

The Regime Plans and the as-built survey show that the 8 apartments located in Building 6, Phase 1, of the Regime are contained in 1 building. The Regime Plans, filed in the Office of the Register of Deeds for Horry County, in Condominium Plat Book E at Page 131, show in detail the individual units, together with their specifications and dimensions.

Building 6 is two stories in height. Four units are located on the first floor and four units are located on the second floor. Each unit contains 3 bedrooms and 2 bathrooms. Each Unit in Building 6 is individually numbered and described as A, B, C, D, E, F, G and H. There are 8 storage closets located on the 1st Floor of Building 6. Each storage closet is individually numbered and described as 6-A, 6-B, 6-C, 6-D, 6-E, 6-F, 6-G and 6-H. Storage closet 6-A, is a Limited Common Area for the exclusive use of the Owner of Unit A; Storage closet 6-B, is a Limited Common Area for the exclusive use of the Owner of Unit B; Storage closet 6-C, is a Limited Common Area for the exclusive use of the Owner of Unit C; Storage closet 6-D, is a Limited Common Area for the exclusive use of the Owner of Unit D; Storage closet 6-E, is a Limited Common Area for the exclusive use of the Owner of Unit E; Storage closet 6-F, is a Limited Common Area for the exclusive use of the Owner of Unit F; Storage closet 6-G, is a Limited Common Area for the exclusive use of the Owner of Unit G; Storage closet 6-H, is a Limited Common Area for the exclusive use of the Owner of Unit H.

Each of the Units in Building 6 is a one story flat, each with a separate entrance door. There is one (1) distinct floor plan for the Units in Building 6 shown on the floor plans. Units A & B are a mirror configuration of each other. C & D are a mirror configuration of each other. E & F are a mirror configuration of each other. G & H are a mirror configuration of each other. In addition to the bedrooms and bath, all Units consists of a foyer, a kitchen area, living room, and a laundry room, as well as a screened porch which is a Limited Common Area.

On the first floor, Unit A is located on the south end of the first floor of Building 6. Unit B is located adjacent to Unit A; Unit C is located adjacent to Unit B; and Unit D is located adjacent to Unit C and is on the north end of Building 6. On the second floor, Unit E is located above Unit A; Unit F is located above Unit B; Unit G is located above Unit C; and Unit H is located above Unit D. Storage closets A, B, E and F are located on 1st floor between Units A and B; storage closets C, D, G and H are located on the 1st floor between Units C and D.

As to each Unit, all built-in kitchen appliances, refrigerator, air conditioner units and condensers, heating units and hot water heaters located in each Unit are a part of the Unit in which they are located and are not Common Area nor Limited Common Area. The front balcony and stairways adjacent to each Unit, including the railing thereof, are Common Areas and are subject to restrictions set forth elsewhere in this Master Deed.

The asphalt roadways and parking areas around the Building and shown on the as-built survey are Common Areas. Included in the Common Area are stairs, balconies, walkways, parking areas, concrete walks, entranceways, ponds, gates and landscaping. Specific designations of Common Areas contained herein are for clarification only and are to be read in conjunction with the definitions of such areas contained elsewhere in the Master Deed and also in conjunction with the Regime Plans.

Design, Incorporated

Suite 2
4603 Oleander Drive
Myrtle Beach, SC 29577

23 February 2005

Mr. Kenneth S. Corbett
405 79th Avenue North
Myrtle Beach, SC 29572

SUBJECT: ARCHITECT'S CERTIFICATION

RE: 8 UNIT TWO STORY APARTMENT BUILDING
CAROLINA WILLOWS
BUILDING 6

Dear Mr. Corbett:


This letter is to serve as the Architect's certification for the above referenced Project as required for attachment to the Master Deed.

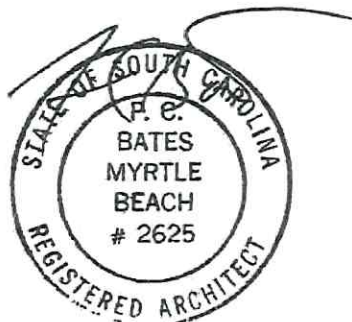
The undersigned Architect, registered to practice in the state of South Carolina, certifies that these documents reflect, to the best of the Architect's knowledge, information and belief, the observable and accessible configuration of the structures. They show floor plans prior to Owner upgrades and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

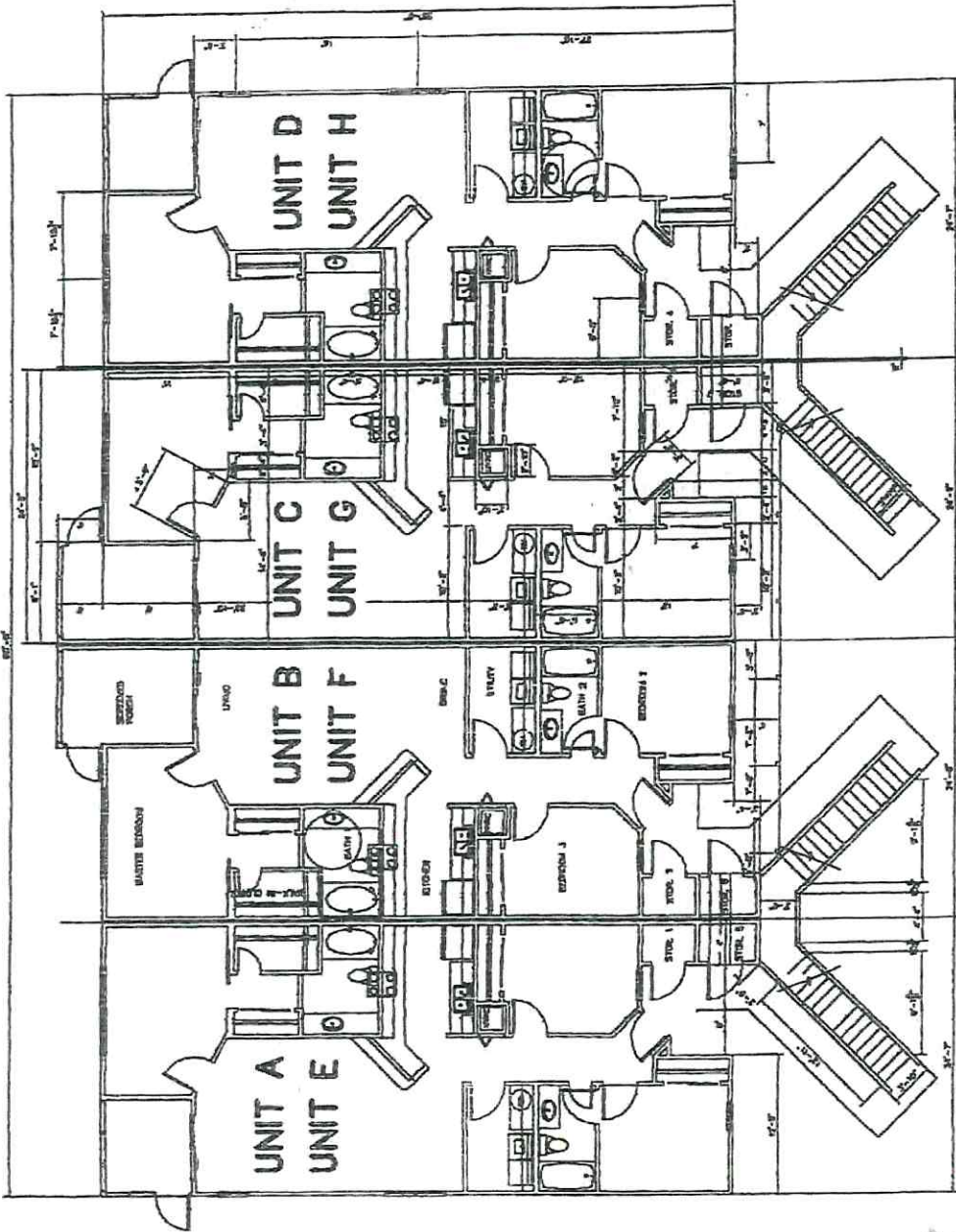
If you have any further questions, please do not hesitate to contact us.

Thank you for your attention.

Design, Incorporated

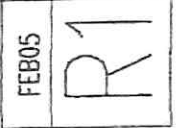
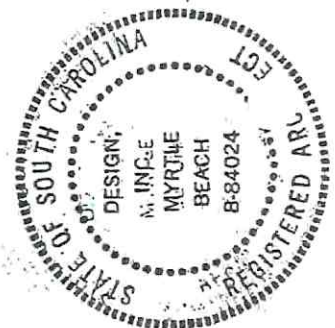
By: 
Frankie C. Bates, Architect
President





FLOOR PLAN

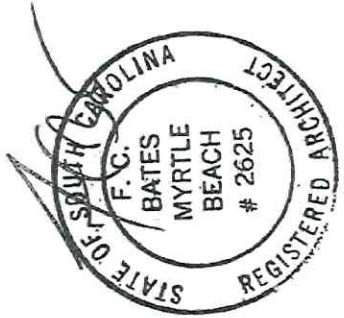
Carolina Willows



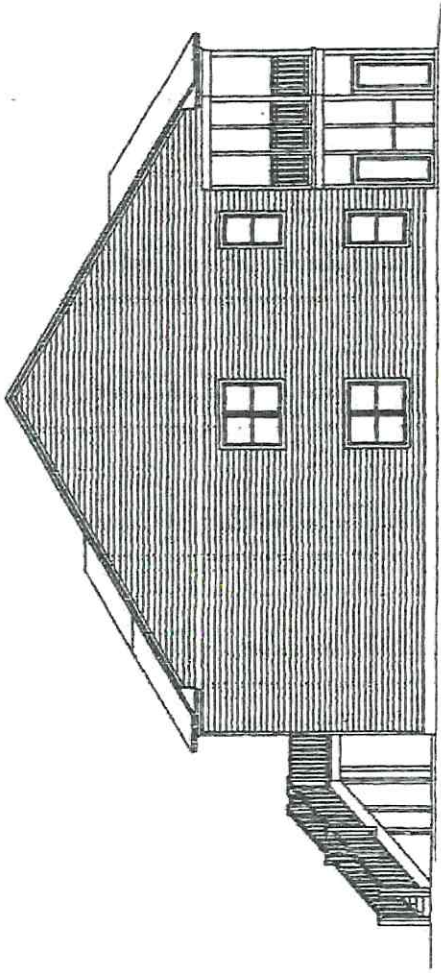
RECORD DRAWINGS
BUILDING 6

I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THIS RECORD DRAWING REFLECTS THE CURRENT EXISTING CONDITIONS OF CONSTRUCTION OF THIS BUILDING WITHIN REASONABLE CONSTRUCTION TOLERANCES, MINOR CONSTRUCTION CHANGES, LAYOUT, LOCATION, NUMBER IDENTIFICATION AND DIMENSIONS.

CONTRACTOR
DEVELOPER: CAROLINA WILLOWS, LLC
ARCHITECT
DESIGN, INC.
BY FRANKIE C. BATES
PRESIDENT

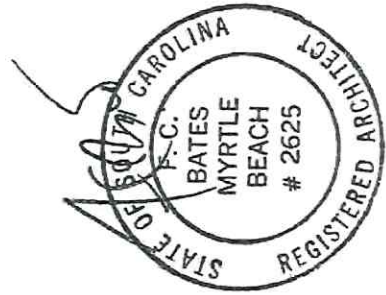
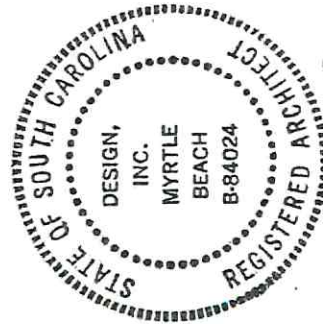


665' ± per unit X
8 units
10,120
x 16 PMS
161,980



SIDE ELEVATION

Carolina Willows



RECORD DRAWINGS
BUILDING 6

I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THIS RECORD DRAWING REFLECTS THE CURRENT EXISTING CONDITIONS OF CONSTRUCTION OF THIS BUILDING WITHIN REASONABLE CONSTRUCTION TOLERANCES, MINOR CONSTRUCTION CHANGES, LAYOUT, LOCATION, NUMBER IDENTIFICATION AND DIMENSIONS.

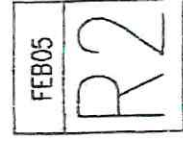
CONTRACTOR

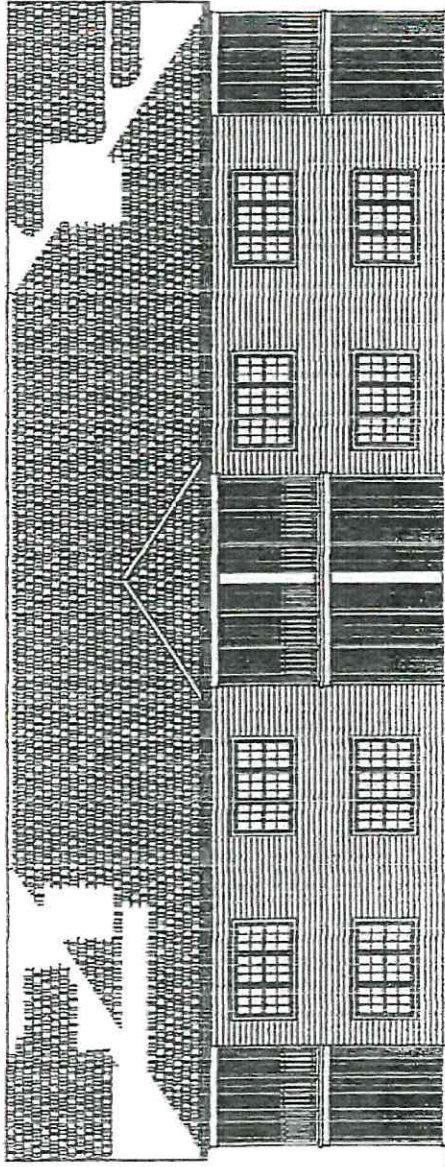
DEVELOPER: CAROLINA WILLOWS, LLC

ARCHITECT

DESIGN, INC.

BY FRANKIE C. BATES
PRESIDENT





REAR ELEVATION

Carolina Willows

CONTRACTOR

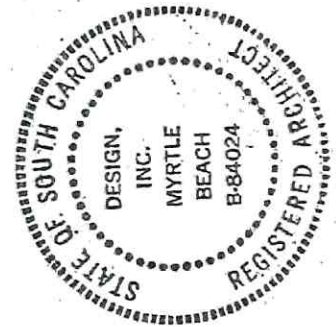
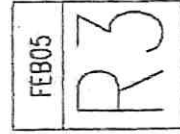
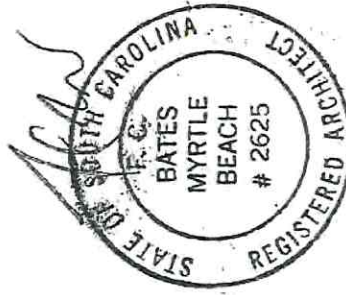
DEVELOPER: CAROLINA WILLOWS, LLC

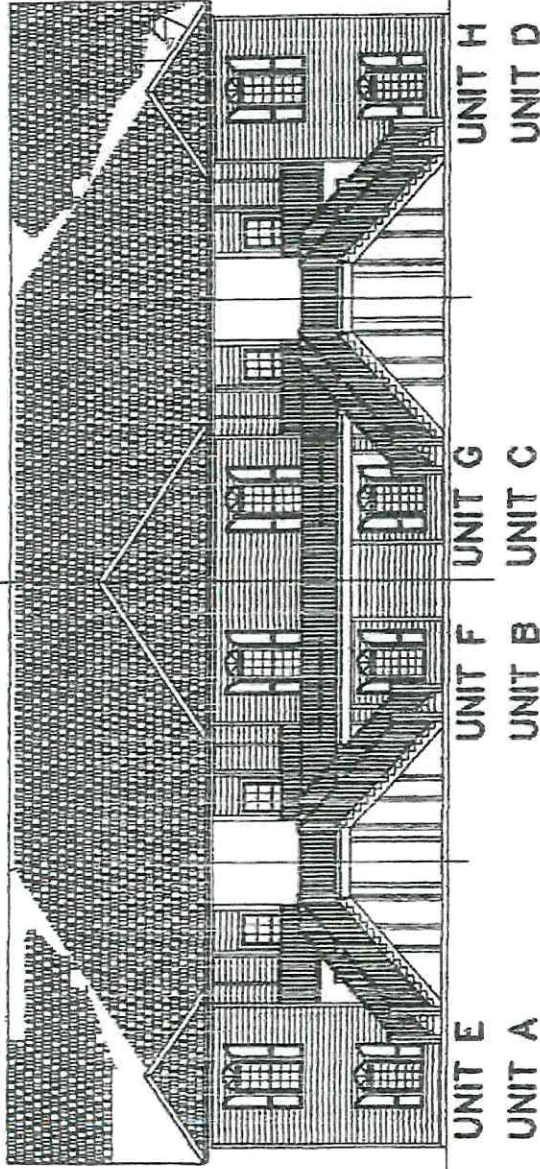
ARCHITECT
DESIGN, INC.

BY FRANKIE C. BATES
PRESIDENT

RECORD DRAWINGS
BUILDING 6

I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THIS RECORD DRAWING REFLECTS THE CURRENT EXISTING CONDITIONS OF CONSTRUCTION OF THE BUILDING WITHIN REASONABLE CONSTRUCTION TOLERANCES, MINOR CONSTRUCTION CHANGES, LAYOUT, LOCATION, NUMBER IDENTIFICATION AND DIMENSIONS.





FRONT ELEVATION

Carolina Willows

CONTRACTOR

DEVELOPER: CAROLINA WILLOWS, LLC

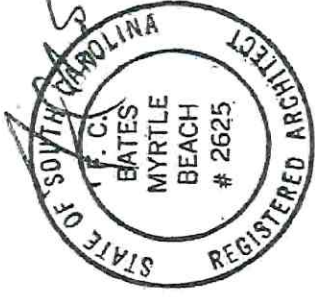
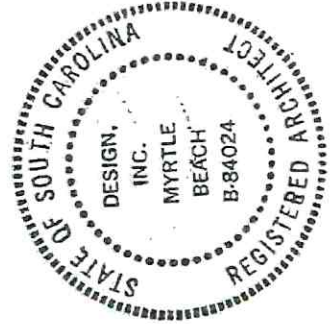
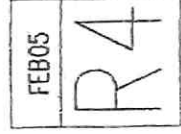
ARCHITECT

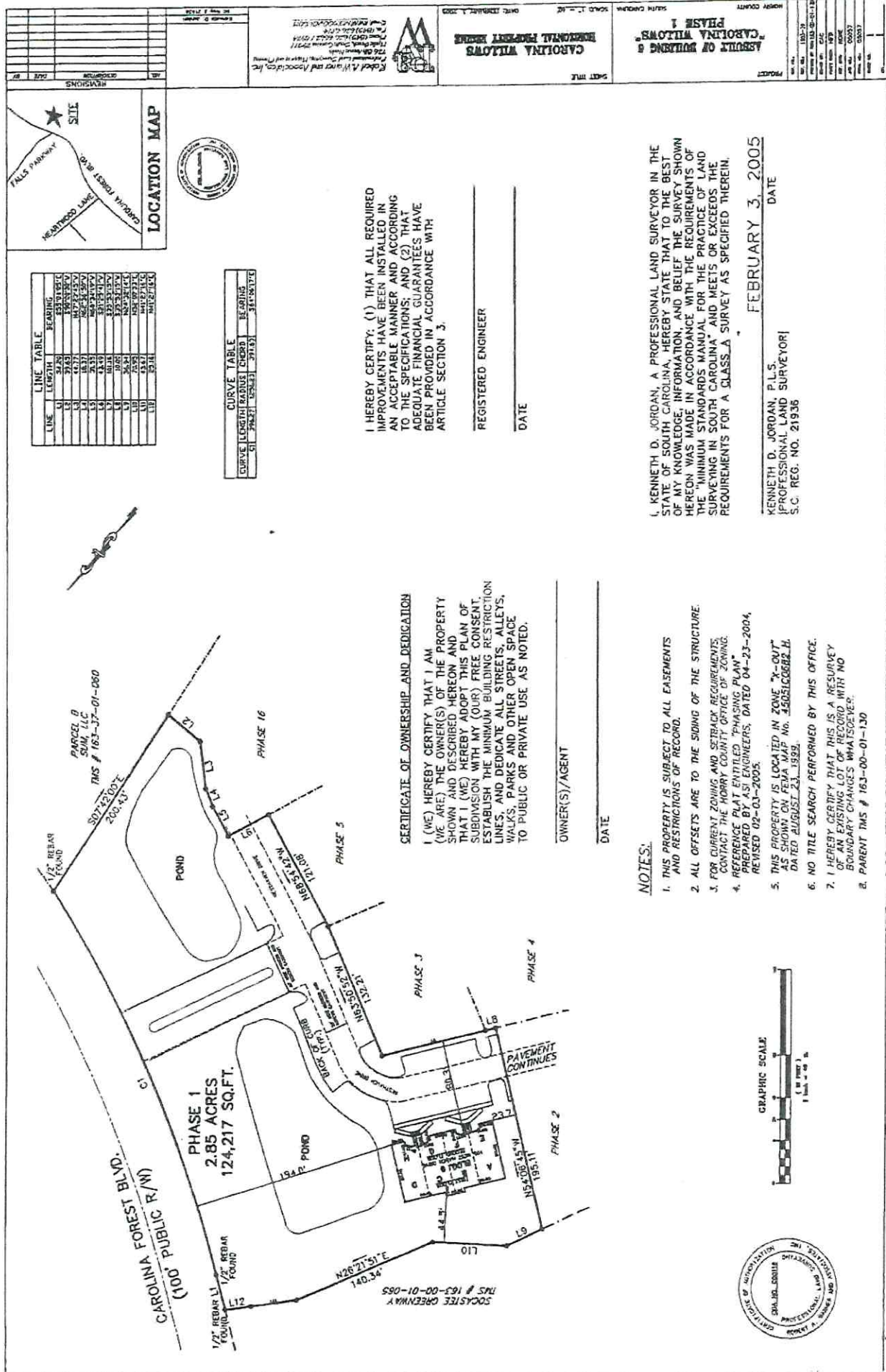
DESIGN, INC.

BY FRANKIE C. BATES
PRESIDENT

RECORD DRAWINGS
BUILDING 6

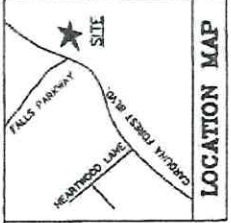
I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF, THIS RECORD DRAWING REFLECTS THE CURRENT EXISTING CONDITIONS OF CONSTRUCTION OF THIS BUILDING WITHIN REASONABLE CONSTRUCTION TOLERANCES, MINOR CONSTRUCTION CHANGES, LAYOUT, LOCATION, NUMBER IDENTIFICATION AND DIMENSIONS.





LINE	LENGTH	BEARING
L1	54.28	S89°51'52\"/>

CURVE	LENGTH	RADIUS	CHORD	CHORD BEARING
C1	39.82	371.63	371.63	S44°28'37\"/>



I HEREBY CERTIFY: (1) THAT ALL REQUIRED IMPROVEMENTS HAVE BEEN INSTALLED IN AN ACCEPTABLE MANNER AND ACCORDING TO THE SPECIFICATIONS; AND (2) THAT ADEQUATE FINANCIAL GUARANTEES HAVE BEEN PROVIDED IN ACCORDANCE WITH ARTICLE SECTION 3.

REGISTERED ENGINEER
DATE

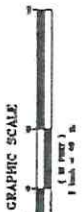
CERTIFICATE OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY (OUR) FREE CONSENT, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES, AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACE TO PUBLIC OR PRIVATE USE AS NOTED.

OWNER(S)/AGENT
DATE

NOTES:

1. THIS PROPERTY IS SUBJECT TO ALL EASEMENTS AND RESTRICTIONS OF RECORD.
2. ALL OFFSETS ARE TO THE SIDING OF THE STRUCTURE.
3. FOR CURRENT ZONING AND SETBACK REQUIREMENTS, CONTACT THE Horry COUNTY OFFICE OF ZONING.
4. REFERENCE PLAT ENTITLED "PHASING PLAN" PREPARED BY ASI ENGINEERS, DATED 04-23-2004, REVISED 02-03-2005.
5. THIS PROPERTY IS LOCATED IN ZONE "X-OUT" AS SHOWN ON FEMA MAP No. 45051C0682.H DATED AUGUST 23, 1992.
6. NO TITLE SEARCH PERFORMED BY THIS OFFICE.
7. I HEREBY CERTIFY THAT THIS IS A RESURVEY OF AN EXISTING LOT OF RECORD WITH NO BOUNDARY CHANGES WHATSOEVER.
8. PARENT TMS # 163-00-01-130



I, KENNETH D. JORDAN, A PROFESSIONAL LAND SURVEYOR IN THE STATE OF SOUTH CAROLINA, HEREBY STATE THAT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF THE SURVEY SHOWN HEREON WAS MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE "MINIMUM STANDARDS MANUAL FOR THE PRACTICE OF LAND SURVEYING IN SOUTH CAROLINA" AND MEETS OR EXCEEDS THE REQUIREMENTS FOR A CLASS A SURVEY AS SPECIFIED THEREIN.

KENNETH D. JORDAN, P.L.S.
PROFESSIONAL LAND SURVEYOR
S.C. REG. NO. 21936
DATE
FEBRUARY 3, 2005

CAROLINA WILLOWS ENVIRONMENTAL PROJECT PHASE 1



Robert A. Wilson and Associates, Inc.
Professional Land Surveyors, Planners and Engineers
1100 North Park Drive
P.O. Box 1000
Fountain Inn, SC 29048
Tel: 803-686-1100
Fax: 803-686-1101

EXHIBIT "C"
 TO MASTER DEED OF
 CAROLINA WILLOWS HORIZONTAL PROPERTY REGIME

This is a schedule of Assigned Values and Percentage Interest in the Common Areas appurtenant to Units in Carolina Willows Horizontal Property Regime, Phase 1, and if delivered, Phases 2 through 16, inclusive. The assigned value is for statutory purposes only and has no relationship to the actual value of each Unit.

BUILDING 6 (PHASE 1)

Apartment Number	Statutory Value	Statutory Percentage
A	\$2,000.00	12.5%
B	\$2,000.00	12.5%
C	\$2,000.00	12.5%
D	\$2,000.00	12.5%
E	\$2,000.00	12.5%
F	\$2,000.00	12.5%
G	\$2,000.00	12.5%
H	\$2,000.00	12.5%
TOTAL	\$16,000.00	100%

Buildings 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16, or any of them, may be submitted in any order as Phases 2 through 16, of Carolina Willows Horizontal Property Regime. As each phase is added, the total Assigned Value and Percentage Interest of each Unit may be determined. In determining the Percentage Interest of each of 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 that may be constructed and submitted to the Regime as Phase 2 through 16, if constructed and submitted, will be accordance with the following schedule.

Total Assigned Values in Building 6 (submitted herewith)	\$16,000.00
Total Assigned Values in Building 1	\$16,000.00
Total Assigned Values in Building 2	\$16,000.00
Total Assigned Values in Building 3	\$16,000.00
Total Assigned Values in Building 4	\$16,000.00
Total Assigned Values in Building 5	\$16,000.00
Total Assigned Values in Building 7	\$16,000.00
Total Assigned Values in Building 8	\$16,000.00
Total Assigned Values in Building 9	\$16,000.00
Total Assigned Values in Building 10	\$16,000.00
Total Assigned Values in Building 11	\$16,000.00
Total Assigned Values in Building 12	\$16,000.00
Total Assigned Values in Building 13	\$16,000.00
Total Assigned Values in Building 14	\$16,000.00
Total Assigned Values in Building 15	\$16,000.00
Total Assigned Values in Building 16	\$16,000.00
TOTAL ASSIGNED VALUES OF THE PROJECT, IF ALL	\$256,000.00

As an example, if Building 5, composed of 8 Residential Units is added as Phase 2, the total Assigned Values in Phase 1 (\$16,000.00) would be added to the additional Assigned Values in Phase 2 (\$16,000.00), so that, following submission, the total Assigned Values in Phase 1 and 2 would be \$32,000.00. To determine the Percentage Interest of Apartment A, Building 5 (Phase 2), if Phase 2 is added to Phase 1, and those two (2) phases constitute the entire Regime, the following formula would be used:

$$\begin{array}{l} \text{ASSIGNED VALUE} \\ \text{TOTAL ASSIGNED VALUES} \end{array} \quad \begin{array}{l} \underline{\$2,000.00} \\ \$32,000.00 \end{array} \quad = \quad 6.25\%$$