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**MASTER DEED
FOR
MAGNOLIA PLACE
HORIZONTAL PROPERTY REGIME**

MASTER DEED

for

Magnolia Place

Horizontal Property Regime

Horry County, South Carolina

Heritage Communities, Inc., A South Carolina Corporation, having its principal office at Myrtle Beach, County of Horry, State of South Carolina, hereinafter referred to as the GRANTOR, as the sole owner in fee simple of the land and improvements hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the lands and buildings hereinbelow described (Phase I and Phase II), together with all other improvements thereon, including all easements, rights and appurtenances thereto belonging, to a Horizontal Property Regime (sometimes termed "condominium" ownership) to be known as Magnolia Place, in the manner provided for by Sections 27-31-10 through 27-31-300 (both inclusive) of Chapter 31 entitled "Horizontal Property Act of the 1976 Code of Laws of South Carolina", as amended (the "Act"). In conformity with Sections 27-31-30 and 27-31-100 of said Act, the GRANTOR sets forth the following Particulars:

I.

The lands which are hereby submitted to the Horizontal Property Regime are described as follows:

FOR PROPERTY DESCRIPTION SEE ATTACHED EXHIBIT "A", WHICH IS INCORPORATED HEREIN AND MADE A PART AND PARCEL HEREOF.

II.

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Annexed hereto and expressly made a part hereof, as Exhibit B, is a plot plan showing the location of the land, buildings and other improvements comprising Phase I and Phase II, and a set of floor plans of the buildings which show graphically the dimensions, area and location of each UNIT therein and the dimensions, area, and location of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS affording access to each UNIT. Each UNIT is identified by a specific number on said Exhibit B, and no UNIT bears the same designation as any other UNIT. Exhibit B is also recorded as a separate condominium plat in the public records of Horry County, maintained by the Register of Mesne Conveyances.

III.

ADDITIONAL PHASES AND EASEMENTS THEREFORE

In addition to the lands with improvements thereon in Phase I and Phase II, the GRANTOR may construct additional UNITS on property contiguous to or near the property described in Paragraph I herein and submit same to Magnolia Place Horizontal Property Regime in additional phases ~~not to exceed 60 phases~~ (including Phase I and Phase II). The additional property shall be referred to as "Phase III", "Phase IV" and continuing on with additional phases numbered consecutively through "Phase LX". ~~Each additional phase shall consist of one building containing not less than 10 UNITS and not more than 15 UNITS and associated COMMON ELEMENTS.~~ In the event the GRANTOR exercises its right and option to add Phases III through LX (or any one or more of said Phases), the property of said phase then submitted will become an integral part of Magnolia Place Horizontal Property Regime once the appropriate amendment to this Master Deed has 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 properties shown as Phase I and Phase II (and each additional phase(s) which is submitted to the terms and provisions of this Master Deed) all easements and rights of ingress and egress necessary and convenient for the construction of the said Phases III through LX, or any one or more of them, as the case may be, which such easements shall remain in full force and effect for such time as the GRANTOR, its successors and/or assigns, retains the option of submitting the said Phases III through LX, or any one or more of them, to the Regime. The easements reserved by the GRANTOR shall include, but not be limited to, the easements expressly reserved by the GRANTOR pursuant to the terms of this Master Deed and the Exhibits and Amendments hereto, as well as non-exclusive easements over the roads, driveways, and parking areas for ingress and egress (including vehicular ingress and egress) and for the installation and maintenance of utilities. Such easements may be assigned, mortgaged or otherwise conveyed by GRANTOR, including a partial or non-exclusive assignment, mortgage or conveyance of such rights held by GRANTOR.

The GRANTOR hereby reserves unto itself, its successors or assigns, the right and option, to be exercised at its sole discretion, to submit the Phases III through LX property, to the provisions of this Master Deed, thereby causing such Phase(s), to become and be a part of Magnolia Place Horizontal Property Regime. The GRANTOR may elect to exercise this right or option as to Phases III through LX, ~~no later than twenty (20) years from the filing of this Master Deed.~~ Each additional Phase shall be added only upon execution by the GRANTOR, its successors or assigns, within the time specified herein, of an amendment or amendments to this Master Deed which shall be filed of record in the Office of the Register of Mesne Conveyances for Horry County, South Carolina. Any such amendment

shall expressly submit such Phase to all of the provisions of this Master Deed and the By-Laws of Magnolia Place Property Owners' Association, Inc. made a part hereof, as either or both may be amended. Upon the exercise, if any, of this right or option, the provisions of this Master Deed and all exhibits hereto shall then be construed and understood as embracing Phase I and Phase II (the basic "property" herein defined) and any future Phase(s) so submitted, as appropriate, together with all improvements then or thereafter constructed. Should the GRANTOR fail to exercise its right or option within the time specified herein, then in that event, said option shall expire and be of no further force or effect.

Although the site plan or other plans for Magnolia Place Horizontal Property Regime may show or depict certain amenities to be constructed as part of Magnolia Place Horizontal Property Regime, the GRANTOR shall have no obligation to construct any such amenities until such time, if at all, that the GRANTOR exercises its option to submit the phase of Magnolia Place Horizontal Property Regime actually containing such amenities. In the event that the GRANTOR does not construct and submit any phase to the terms and provisions of this Master Deed thereby making it a part of Magnolia Place Horizontal Property Regime, the GRANTOR shall have no obligation whatsoever to construct any amenity associated with that phase of Magnolia Place Horizontal Property Regime as provided for in this paragraph.

The right to submit the additional Phases to the Horizontal Property Regime is assignable by the GRANTOR. If GRANTOR elects to assign such right, the assignee shall be solely responsible therefor including, but not limited to, the quality of construction and compliance with this Master Deed.

The GRANTOR shall be under no obligation to construct or submit Phase III or any subsequent phase(s). Should Phase III or any subsequent Phase be constructed and submitted, GRANTOR shall be under no obligation to submit any future Phase(s). The construction and submission of each Phase shall be at the sole option of the GRANTOR. Further, GRANTOR may submit any Phase(s) to the provisions of this Master Deed in any order notwithstanding the numerical sequence thereof.

Each Phase shall be depicted on a map or plat showing the boundaries of the Phase and the location thereon of all improvements, amenities, parking, etc. Phases I and II and each additional Phase, as constructed and submitted, shall constitute the entirety of the Regime, and the Regime, the Association (as hereinafter defined) and the Owners of UNITS shall not acquire any rights as to any properties not depicted thereon and specifically submitted to the provisions of this Master Deed. The "site plan", "floor plans", and all other Exhibits attached hereto, incorporated herein and/or associated herewith which depict or refer to any

Phase which has not been specifically made a part hereof by amendment as herein provided shall be of no force or effect as to such additional phase(s) until such Phase has been incorporated herein by amendment. No such "site plan", etc. shall constitute a warranty or representation that any additional Phase will be constructed or submitted or that any amenity is or will be constructed or submitted. Until such time, if at all, as an additional Phase is submitted to the terms of this Master Deed by amendment as herein required, all real estate upon which additional Phases may be added may be used for any lawful purpose by the Owner thereof.

ALTHOUGH PORTIONS OF MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME ARE LOCATED ADJACENT TO PROPERTY ON WHICH IS CURRENTLY LOCATED A GOLF COURSE AND RELATED FACILITIES, SUCH GOLF COURSE AND RELATED FACILITIES ARE OWNED BY AN UNRELATED THIRD PARTY AND ARE NOT OWNED OR CONTROLLED BY GRANTOR. NO OWNER SHALL ACQUIRE ANY RIGHTS IN SUCH GOLF COURSE AND RELATED FACILITIES BY VIRTUE OF HIS OWNERSHIP OF A UNIT(S) WITHIN MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME. FURTHER, GRANTOR MAKES NO REPRESENTATIONS REGARDING THE CONTINUED EXISTENCE OF SAID GOLF COURSE OR AS TO THE FUTURE USE OF THE PROPERTY ON WHICH SAID GOLF COURSE IS CURRENTLY LOCATED.

IV.

UNITS, COMMON ELEMENTS AND LIMITED COMMON ELEMENTS

The CONDOMINIUM consists of UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS as said terms are hereinafter defined.

UNITS, as the term is used herein, shall mean and comprise the thirty (30) separate and numbered UNITS which comprise Phase I and Phase II and are described in Exhibit B to this Master Deed, excluding, however, all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and above the undecorated and/or unfinished inner surfaces of the ceilings of each UNIT, and further excluding all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of all interior loadbearing walls and/or unfinished bearing partitions, and further excluding all pipes, ducts, wires, conduits and other facilities running through any interior wall or partition for the furnishing of utility services to UNITS and COMMON ELEMENTS.

COMMON ELEMENTS, as the term is used herein, shall mean and comprise all of the real property, improvements and facilities of the CONDOMINIUM other than the UNITS, as same are hereinabove defined, and shall include easements through UNITS for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility service to UNITS and COMMON ELEMENTS, easements of support in every portion of a UNIT which contributes to the support of the improvements, all elevators, elevator

equipment and the spaces housing such equipment, and shall further include all personal property held and maintained for the joint use and enjoyment of all of the Owners of all such UNITS. The term "COMMON ELEMENTS" may be further defined in other provisions of this Master Deed and the exhibits and amendments hereto by specific designation of certain improvements and facilities as COMMON ELEMENTS. Such further designation of COMMON ELEMENTS shall not act to limit the definition of COMMON ELEMENTS as herein provided, but is intended to be in addition thereto.

LIMITED COMMON ELEMENTS, as the term is used herein shall mean and comprise the following: (A) The surface areas, railing and/or walls of all balconies, screened porches, decks or grade-level patios accessible by normal means from the UNIT, (including fences and railings) immediately adjacent to the UNIT, and all storage closets located outside of the Units which are designated for the exclusive use and benefit of a single UNIT in this Master Deed and Amendments hereto; (B) All water, power, telephone, electricity, plumbing, gas and sewage lines located in the UNIT; provided, however, that the portion of said lines located in a common compartment for, or installation of, such lines shall be COMMON ELEMENTS as described above. LIMITED COMMON ELEMENTS are intended for the exclusive use and benefit of the UNIT which it is associated with. In all other respects, and except as specifically provided in this Master Deed, LIMITED COMMON ELEMENTS shall be treated as, and included within the definition of the term "COMMON ELEMENTS".

V.

OWNERSHIP OF UNITS AND APPURTENANT
INTEREST IN COMMON ELEMENTS

Each UNIT shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner or Owners of each UNIT shall own, as an appurtenance to the ownership of each said UNIT, an undivided interest in the COMMON ELEMENTS, the undivided interest appurtenant to each said UNIT being that which is hereinafter specifically assigned thereto. The percentage of undivided interest in the COMMON ELEMENTS assigned to each UNIT shall not be changed except with the unanimous consent of all of the Owners of all of the UNITS and except as provided in Article III with regard to the amendments of this Master Deed to admit additional Phase(s) into this Horizontal Property Regime. There shall also be appurtenant to each UNIT the exclusive right to the use of the LIMITED COMMON ELEMENTS appurtenant to that UNIT in accordance with the provisions of this Master Deed.

VI.

RESTRICTION AGAINST FURTHER SUBDIVIDING
OF UNITS AND SEPARATE CONVEYANCE
OF APPURTENANT COMMON ELEMENTS, ETC.

No UNIT may be divided or subdivided into a smaller UNIT than as shown on Exhibit B attached hereto, nor shall any UNIT, or portion thereof, be added to or incorporated into any other UNIT, except as provided in Exhibit B hereto. Notwithstanding the foregoing, the GRANTOR may install, or may permit the installation of, doorways connecting any UNIT to an adjoining UNIT without the consent or approval of ASSOCIATION or any other party being necessary. Each such UNIT so adjoined by such doorway shall remain a separate UNIT for all purposes, including all provisions of this Master Deed. The undivided interest in the COMMON ELEMENTS and the right as to the LIMITED COMMON ELEMENTS declared to be an appurtenance to each UNIT shall not be conveyed, devised, encumbered or otherwise dealt with separately from said UNIT, and the undivided interest in COMMON ELEMENTS appurtenant to each UNIT shall be deemed conveyed, devised, encumbered, or otherwise included with the UNIT even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such UNIT. Any conveyance, mortgage, or other instrument which purports to affect the conveyance, devise or encumbrance, or which purports to grant any right, interest or lien in, to, or upon, a UNIT, shall be null, void and of no effect insofar as the same purports to affect any interest in a UNIT and its appurtenant undivided interest in COMMON ELEMENTS, and the right as to the LIMITED COMMON ELEMENTS unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire UNIT. Any instrument conveying, devising, encumbering or otherwise dealing with any UNIT which describes said UNIT by the UNIT Number assigned thereto in Exhibit B without limitation or exception, shall be deemed and construed to affect the entire UNIT and its appurtenant undivided interest in the COMMON ELEMENTS and its right as to the LIMITED COMMON ELEMENTS. Nothing herein contained shall be construed as limiting or preventing ownership of any UNIT and its appurtenant undivided interest in the COMMON ELEMENTS by more than one person or entity as tenants in common, or joint tenants. Further, nothing contained herein shall be construed as limiting or preventing the GRANTOR, its successors or assigns, from adding additional phase(s) as provided herein.

VII.

CONDOMINIUM SUBJECT TO RESTRICTIONS, ETC.

The UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS shall be, and the same are hereby declared to be, subject to the restrictions, easements, conditions and covenants prescribed and established herein, governing the use of said UNITS and COMMON

ELEMENTS, and setting forth the obligations and responsibilities incident to ownership of each UNIT and its appurtenant undivided interest in the COMMON ELEMENTS, and said UNITS and COMMON ELEMENTS are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the CONDOMINIUM. Further, portions of the property being herewith submitted to Magnolia Place Horizontal Property Regime are subject to the terms and provisions of that certain Corrective Easement Agreement between GRANTOR and Myrtle Beach Farms Company, Inc., recorded in Deed Book 1793 at Page 991, records of Horry County, South Carolina, as previously amended and as hereinafter amended (the "Entranceway Easement"). As a part of ASSOCIATION'S obligations to maintain the COMMON ELEMENTS, ASSOCIATION shall perform the obligations of GRANTOR arising pursuant to the Entranceway Easement relative to the maintenance and repair of any roads and drives which are the subject thereof. Further, until such time as the dedication of the roads known as "Wild Iris Drive" and "48th Avenue North Extension" is accepted by a governmental entity, the ASSOCIATION shall maintain "Wild Iris Drive" and that portion of "48th Avenue North Extension" from U.S. Highway 17 Bypass to Wild Iris Drive in good maintenance and repair, subject to the terms of the Entranceway Easement.

VIII.

PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON ELEMENTS

The COMMON ELEMENTS shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of UNITS in the CONDOMINIUM for their use and the use of their immediate families, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Owners of UNITS. Notwithstanding anything above provided in this Article, Magnolia Place Property Owners' Association, Inc., hereinafter identified, shall have the right to establish the rules and regulations pursuant to which the Owner or Owners of any UNIT may be entitled to the exclusive use of any parking space or spaces. Provided further, that if the Board of Directors of said Association determines it to be in the best interest of all of the Co-owners, the Board of Directors may hereafter grant easements for the benefit of the Regime Property and the Co-owners. Each Co-owner, by the acceptance of the deed to his UNIT does hereby grant to the Board of Directors an irrevocable power of attorney to execute, deliver and record for and in the name of each Co-owner, such instruments as may be necessary and proper to the granting of such easements.

IX.

EASEMENTS FOR UTILITIES

GRANTOR hereby reserves, for the benefit of itself, its successors and assigns, the alienable, transferable and perpetual right and easement, as well as the power and authority to grant and accept easements to and from any private or public authority, agency, public service district, public or private utility or other person or company upon, over, under and across all or any portion of the COMMON ELEMENTS for constructing, installing, replacing, repairing, operating, maintaining and using master television antenna, television cable systems and/or telephone systems. Such easements may be granted or accepted by GRANTOR with respect to the COMMON ELEMENTS without notice to or consent by the ASSOCIATION or UNIT Owners. Telephone, master television antennas and/or cable system services may be provided to the project pursuant to the terms of agreements between the ASSOCIATION and GRANTOR, its affiliates, its successors or assigns, or third parties. However, nothing herein shall obligate GRANTOR to provide any such services.

X.

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS

If any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS now encroaches upon any UNIT or if any UNIT now encroaches upon any other UNIT or upon any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS as a result of the construction or repair of any building or if any such encroachment shall occur hereafter as a result of settlement or shifting of any building or otherwise, a valid easement for the encroachment and for the maintenance of the same, so long as the building stands, shall exist. In the event any building, any UNIT, any adjoining UNIT, or any adjoining COMMON ELEMENT or LIMITED COMMON ELEMENTS shall be partially or totally destroyed as the result of fire or other casualty or as the result of condemnation or eminent domain proceedings and the reconstructed building, UNIT or part of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS encroaches upon any UNIT or over any UNIT, or upon any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS due to such reconstruction, the reconstruction shall be permitted and valid easements for such encroachments and maintenance thereof shall exist so long as the building shall stand.

XI.

RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS

Recognizing that the proper use of a UNIT by any Owner or Owners is dependent upon the use and enjoyment of the COMMON ELEMENTS in common with the Owners of all other UNITS, and that it is in the interest of all Owners of UNITS that the ownership of the COMMON

ELEMENTS be retained in common by the Owners of UNITS in the Condominium, it is declared that the percentage of the undivided interest in the COMMON ELEMENTS appurtenant to each UNIT shall remain undivided and no Owner of any UNIT shall bring or have any right to bring any action for partition or division. Provided, however, the Co-owner's interest in the COMMON ELEMENTS may be diminished by the addition of Phase III or any additional phase(s), as set forth in Article III herein.

XII.

PERCENTAGE OF UNDIVIDED INTEREST IN
COMMON ELEMENTS APPURTENANT TO EACH UNIT

The undivided interest in the COMMON ELEMENTS appurtenant to each UNIT in Phase I and Phase II is that percentage of undivided interest which is set forth and assigned to each UNIT in that certain Schedule which is annexed hereto and expressly made a part hereof as Exhibit C, or, following submission of additional Phase(s), calculated in accordance with the schedule set forth in Exhibit "C".

XIII.

EASEMENT FOR AIR SPACE

The Owner of each UNIT shall 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 lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

XIV.

ADMINISTRATION OF
Magnolia Place (A CONDOMINIUM)
BY MAGNOLIA PLACE
PROPERTY OWNERS' ASSOCIATION, INC.

To efficiently and effectively provide for the administration of the CONDOMINIUM by the Owners of UNITS, a non-profit South Carolina corporation known and designated as Magnolia Place Property Owners' Association, Inc. has been organized, and said corporation shall administer the operation and management of the CONDOMINIUM and undertake and perform all acts and duties incident thereto in accordance with the terms, provisions and conditions of this Master Deed, and in accordance with the terms of the Articles of Incorporation of Magnolia Place Property Owners' Association, Inc. hereinafter referred to as the ASSOCIATION, and By-Laws of said corporation. A true copy of the Articles of Incorporation and By-Laws of the ASSOCIATION are annexed hereto and expressly made a part hereof as Exhibit D and Exhibit E, respectively. The Owner or

Owners of each UNIT shall automatically become members of the ASSOCIATION upon his, their or its acquisition of an ownership interest in any UNIT and its appurtenant undivided interest in COMMON ELEMENTS, and the membership of such Owner or Owners shall terminate automatically upon each Owner or Owners being divested of such ownership interest in such UNIT, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any UNIT shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in the ASSOCIATION, or to any of the rights or privileges of such membership. In the administration of the operation and management of the CONDOMINIUM, the ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this Master Deed, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS, as the Board of Directors of the ASSOCIATION may deem to be in the best interest of the CONDOMINIUM.

XV.

RESIDENTIAL USE RESTRICTION APPLICABLE TO UNITS

Each UNIT is hereby restricted to residential use by the Owner or Owners thereof, their immediate families, guests, and invitees; provided, however, subject to the restrictions hereinafter contained relative to Long Term Occupancy Buildings (as hereinafter defined), there shall be no restriction as to the length of time which an Owner may rent his or her UNIT. Further, provided, however, that so long as GRANTOR shall retain any interest in any UNIT or have the right to add any additional phase(s) to the CONDOMINIUM, it may utilize a UNIT or UNITS of its choice, from time to time, for sales offices, models, and/or other usages for the purpose of selling and marketing UNITS in the CONDOMINIUM or in other projects in which GRANTOR may have an interest. Further still, GRANTOR may assign this commercial usage right to such other persons or entities as it may choose; provided, however, that when all UNITS have been conveyed and the GRANTOR, its successors and assigns, no longer has the right to add any additional PHASE(S) to the CONDOMINIUM, this right of commercial usage shall immediately cease. Further, the GRANTOR shall have the right and easement to install and maintain signage on portions of the COMMON ELEMENTS to be used relative to GRANTOR'S marketing of UNITS within the CONDOMINIUM, as long as GRANTOR owns a UNIT(S) within the CONDOMINIUM or has the right to add an additional PHASE(S) to the CONDOMINIUM.

No UNIT or any portion thereof may be submitted to a plan of interval ownership or any form of timesharing. Provided however, nothing herein shall be construed as limiting the right of any

Owner of any UNIT from renting or leasing his or its UNIT, subject to the restrictions hereinafter contained.

Notwithstanding the foregoing, GRANTOR may, in its sole and absolute discretion, designate any building(s) within the CONDOMINIUM as a Long Term Occupancy Building (as hereinafter defined). Long Term Occupancy Building shall mean and refer to a building within the CONDOMINIUM, the UNITS in which are restricted to Long Term Occupancy (as hereinafter defined). "Long Term Occupancy" shall mean the use and occupancy by the Owners thereof, their immediate families and guests or Long Term Tenant(s) (as hereinafter defined). A Long Term Tenant shall mean a tenant which occupies a UNIT(S) pursuant to a lease agreement having a term of not less than six (6) months. GRANTOR may designate any Building as a Long Term Occupancy Building; however, such designation as a Long Term Occupancy Building shall be made by the GRANTOR only at the time of submission of such building, and the Phase in which such Building is located, to Magnolia Place Horizontal Property Regime by the designation of such building as a Long Term Occupancy Building in the amendment to this Master Deed incorporating such building as a Phase of Magnolia Place Horizontal Property Regime. Upon the filing of such amendment designating any building within a Phase of Magnolia Place Horizontal Property Regime as a Long Term Occupancy Building, such building shall be thereafter restricted, and the filing of such amendment so designating a building shall act to so restrict, each and every UNIT within that building to Long Term Occupancy.

Should the Owners of the UNITS within any building comprising a Phase of Magnolia Place Horizontal Property Regime which hereafter is designated as a Long Term Occupancy Building desire that such building no longer be designated as a Long Term Occupancy Building, such Owners may revoke such designation by the filing of a document in the public records of the Register of Mesne Conveyances of Horry County, South Carolina signifying the consent and approval of all of the Owners of the UNITS within such building to the revocation of the Long Term Occupancy Building designation as to that building. Such document must be executed by all of the Owners of all of the UNITS within such building. Upon such filing, the building which is the subject of such document shall no longer be considered a Long Term Occupancy Building and shall not thereafter be restricted to Long Term Occupancy.

Nothing herein shall act to restrict other UNITS within buildings contained within Magnolia Place Horizontal Property Regime to Long Term Occupancy unless and until the GRANTOR shall designate such building in which such UNIT is located as a Long Term Occupancy Building in accordance with the foregoing. Further, the buildings in Phase I and Phase II are not Long Term Occupancy Buildings.

XVI.

USE OF COMMON ELEMENTS SUBJECT TO
RULES OF ASSOCIATION

The use of COMMON ELEMENTS and LIMITED COMMON ELEMENTS by the Owner or Owners of all UNITS, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may hereafter be prescribed and established by the ASSOCIATION.

In addition to the rules and regulations promulgated by ASSOCIATION, the property is hereby restricted such that the only pets which are permitted within the Horizontal Property Regime, including the UNITS, the COMMON ELEMENTS and LIMITED COMMON ELEMENTS are companion pets such as birds, domesticated cats, fish, dogs and other small mammals. Under no circumstances are exotic cats, non-human primates, horses or other farm livestock or zoo type animals permitted within the Horizontal Property Regime. Pets must be on a leash or carried when on any COMMON ELEMENTS. It shall be the Owner's obligation to dispose of waste material from pets. The Board of Directors of the ASSOCIATION shall have the right to order the removal of any pet which, in the Board's sole discretion, is considered a nuisance, and the same shall be done without compensation to the Owner. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be permanently removed from the Horizontal Property Regime. A pet not on a leash shall be deemed a nuisance. Failure to properly dispose of the waste material from a pet shall be deemed a nuisance.

In addition to the foregoing, no gas or charcoal grills may be located within a UNIT nor shall any other cooking devices be located, maintained or used on any LIMITED COMMON ELEMENT or COMMON ELEMENT (including decks, porches or patios notwithstanding whether same is part of a UNIT, the COMMON ELEMENTS or LIMITED COMMON ELEMENTS), except in areas specifically designated for their use by ASSOCIATION.

XVII.

CONDOMINIUM TO BE USED FOR LAWFUL
PURPOSES, RESTRICTION AGAINST
NUISANCES, ETC.

No immoral, improper, offensive or unlawful use shall be made of any UNIT or of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, or any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the CONDOMINIUM shall be observed. No Owner of any UNIT shall permit

or suffer anything to be done or kept in his UNIT, the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, which will increase the rate of insurance on the CONDOMINIUM, or which will obstruct or interfere with the rights of other occupants of the building or annoy them by unreasonable noises, and no Owner shall undertake any use or practice which shall create and constitute a nuisance to any other Owner of a UNIT, or which shall interfere with the peaceful possession and proper use of any other UNIT, COMMON ELEMENTS or LIMITED COMMON ELEMENTS.

XVIII.

RIGHT OF ENTRY INTO UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any UNIT, regardless of whether the Owner is present at the time of such emergency, the Board of Directors of the ASSOCIATION or any other person authorized by it, shall have the right to enter such UNIT and the LIMITED COMMON ELEMENTS for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate. To facilitate entry in the event of any such emergency, the Owner of each UNIT, if required by the ASSOCIATION, shall deposit under the control of the ASSOCIATION a key to such UNIT.

XIX.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS

Whenever it is necessary to enter any UNIT for the purpose of performing any maintenance, alteration or repair to any portion of the COMMON ELEMENTS, the Owner of each UNIT shall permit the duly constituted and authorized Agent of the ASSOCIATION, to enter such UNIT and its LIMITED COMMON ELEMENTS, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XX.

LIMITATION UPON RIGHT OF OWNERS
TO ALTER AND MODIFY UNITS

No Owner of a UNIT shall permit any structural modifications or alterations without first obtaining the written consent of the ASSOCIATION, which consent may be withheld in the event that a majority of the Board of Directors of the ASSOCIATION determines, in its sole discretion, that such structural modifications or alterations would affect or in any manner endanger the building in part or in its entirety or adversely affect the aesthetics of the building. If the modification or alteration desired by the Owner of any UNIT involves the removal of any permanent interior partition, the ASSOCIATION shall have the right to permit such

removal so long as the permanent interior partition to be removed is not a load-bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting COMMON ELEMENTS located therein. NO Owner shall cause any balcony, porch, deck or patio abutting his UNIT to be enclosed, or cause any improvements or changes to be made on the exterior of the building, including painting or other decoration, or the installation of electrical wiring, television antenna, machines or air conditioning units, which may protrude through the walls or roof of the building, or in any manner change the appearance of any portion of the building not within the walls of such UNIT, or affix storm panels or awnings, without the written consent of the ASSOCIATION being first obtained. Notwithstanding the foregoing, nothing herein shall limit the right of the GRANTOR to enclose balconies, decks or porches as a part of the original construction of any building.

Without limiting the foregoing, no Owner shall install any receiving or transmitting device which requires any exterior protrusion whatsoever, nor shall any antennae, satellite dish or other receiving or transmitting device be located on any balcony, porch, patio or deck. Further, no clotheslines shall be placed or maintained on the exterior of any UNIT (including on any balconies, porches, patios or decks). In addition, for the purpose of aesthetic harmony, all window treatments shall include a uniform white backing which shall be visible from the exterior of the UNIT. All patios, balconies, porches and decks which are LIMITED COMMON ELEMENTS shall be maintained in a neat and orderly appearance by the OWNER of the UNIT for which its use is intended. Patios, balconies, porches and decks shall not be used for storage. To prevent unsightly conditions within the CONDOMINIUM, nothing shall be kept and maintained on or within any porches, balconies, decks and patios except normal patio furniture and plants.

XXI.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON ELEMENTS AND ASSESSMENTS THEREFOR

The ASSOCIATION shall not make or cause to be made alterations or improvements to the COMMON ELEMENTS which prejudice the rights of the Owner of any UNIT, unless such Owner's written consent has been obtained; provided however, the making of such alterations and improvements must first be approved by the Board of Directors of the ASSOCIATION, and, except as hereinafter provided, the cost of the alterations or improvements shall be assessed as a common expense to be collected from all of the Owners of UNITS according to the percentages set out in Exhibit C of the Master Deed. Where any alterations and improvements are exclusively or substantially exclusively for the benefit of the Owner or Owners of a UNIT or UNITS requesting the same, then the cost of such alterations and

improvements shall be assessed against and collected solely from the Owner or Owners of the UNIT or UNITS exclusively or substantially exclusively benefitted, the assessment to be levied in such proportion as the percentage interests of each of the UNITS being benefitted bears to the total of the percentage interests of all of the UNITS benefitted as set forth on Exhibit "C" hereto.

XXII.

MAINTENANCE AND REPAIR BY OWNERS OF UNITS

Every Owner must perform promptly all maintenance and repair work within his UNIT and of all LIMITED COMMON ELEMENTS to which such UNIT has exclusive use which, if omitted, would affect the CONDOMINIUM in its entirety or any part belonging to other Owners, and shall be expressly responsible for the damages and liability which his failure to do so may engender. Further, the Owner of each UNIT shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, dryer vents and hoses, all condensation lines serving the heating, ventilation and air-conditioning system for any UNIT, or other appliances or equipment now or hereafter located within such UNIT or serving that particular UNIT exclusively, including any fixtures and/or their connections required to provide water, light, power, sewage and sanitary service to his UNIT. Provided, however, ASSOCIATION, as a common expense, shall maintain, repair and replace any portions of the foregoing which are not part of a UNIT and which serve more than one (1) UNIT. Such Owner shall further be responsible and liable for maintenance, repair and replacement of any and all window glass, wall, ceiling and floor exterior surfaces, painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his UNIT and of all LIMITED COMMON ELEMENTS to which such UNIT has exclusive use. Further, and notwithstanding whether same is a part of the UNIT, a COMMON ELEMENT or a LIMITED COMMON ELEMENT, each UNIT Owner shall be responsible for the maintenance, repair and replacement of all doors, door frames, windows, window frames and all screens (including those in any screened porches) associated with or used in conjunction with that UNIT. The ASSOCIATION, at its expense, shall be responsible for the painting of all exterior portions of the buildings, including the exteriors of all doors, doorframes and windowframes (including the doors on any exterior storage closets) on a regular schedule. In between the times set for such regular painting, each UNIT Owner shall be responsible for painting the exteriors of all doors, doorframes and windowframes associated with that Owner's UNIT, and doors on storage closets maintained by ASSOCIATION, at such time as same is needed, using a paint of the color, brand and type as is approved by the ASSOCIATION. Wherever the maintenance, repair and replacement of any items for which the Owner of a UNIT is obligated to maintain, repair or replace at his own expense is occasioned by any loss or damage which may be

covered by any insurance maintained in force by the ASSOCIATION, the proceeds of the insurance received by the ASSOCIATION, or the Insurance Trustee hereinafter designated, shall be used for the purpose of making such maintenance, repair or replacement, except that the Owner of such UNIT shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The porch, deck or patio floors, the walls facing the porch, deck or patio, and any porch, deck or patio railings attached to his UNIT shall be maintained by the Owner of that UNIT at his expense; provided however, said Owner shall take no action which will alter the exterior appearance of the building. Should the Owner fail to provide the maintenance and/or repairs as required, the ASSOCIATION shall have the right to enter the UNIT to accomplish same at the sole cost and expense of the Owner and said cost and expense shall be charged against the Owner, including the expense of making a key should Owner fail to deposit a key with the ASSOCIATION pursuant to the requirements of Article XVIII. Any such costs and expenses shall become a lien on the UNIT in like manner as an assessment.

XXIII.

MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY ASSOCIATION

The ASSOCIATION, at its expense, shall be responsible for the maintenance, repair and replacement of all of the COMMON ELEMENTS, including those portions thereof which contribute to the support of the building, and all conduits, plumbing, wiring and other facilities located in the COMMON ELEMENTS for the furnishing of utility services to the UNITS and said COMMON ELEMENTS, and should any incidental damage be caused to any UNIT by virtue of any work which may be done or caused to be done by the ASSOCIATION in the maintenance, repair, or replacement of any COMMON ELEMENTS, the ASSOCIATION shall, at its expense, repair such incidental damage.

It shall further be the obligation of the ASSOCIATION to perform the major repairs and replacements for which reserves have been established at successive intervals not longer than in accordance with the anticipated useful life of each such portion of the COMMON ELEMENTS as provided in Exhibit "F" attached hereto (the "Maintenance Schedule"). The Board of Directors of ASSOCIATION may, however, cause such repairs and replacements to be undertaken at shorter intervals than those provided in the Maintenance Schedule. The Board of Directors of ASSOCIATION may not defer or delay the timing of the repair and replacements of the portions of the COMMON ELEMENT as set forth in the Maintenance Schedule without the written consent of GRANTOR and all such repairs and replacements must be undertaken by ASSOCIATION at the times

provided in the Maintenance Schedule unless the GRANTOR otherwise consents in writing. In the event that no time is provided for in the Maintenance Schedule for any portion of the COMMON ELEMENTS, the ASSOCIATION, through its Board of Directors, shall establish the timing of the maintenance and replacement thereof in accordance with the anticipated useful life thereof.

The Board of Directors of ASSOCIATION shall cause the COMMON ELEMENTS to be inspected and evaluated approximately every three (3) years by a professional engineer, architect or other qualified professional, who shall then render a report to the Board of Directors of the ASSOCIATION as to the condition of the COMMON ELEMENTS, as well as any recommendations for repairs and maintenance of the COMMON ELEMENTS. Such report shall be used by ASSOCIATION to assist it in the performance of the maintenance of the COMMON ELEMENTS. All of such reports shall be maintained in the files of ASSOCIATION and may be reviewed by any Owner, upon reasonable request. The first such inspection shall occur not earlier than January 1, 1999 and not later than July 1, 1999. Each subsequent inspection shall occur between January 1 and July 1 of the year three (3) years from the date previous inspection. The cost of such inspection and report shall be a common expense. The term "Qualified Professional" as used herein shall mean a person whose education, training and work experience, as well as licenses and other professional qualifications, qualifies such person to perform the services provided for herein, in the reasonable discretion of the Board of Directors, after review of such qualifications.

In addition to the foregoing, the Board of Directors of the ASSOCIATION shall cause to be maintained a termite bond covering the buildings comprising the CONDOMINIUM which will provide coverage for the repair, replacement or retreatment of any portion of the buildings which are damaged or destroyed by infestation of termites or other wood-boring organisms. Such bond shall be maintained in full force and effect at all times and the cost thereof shall be a common expense of the ASSOCIATION.

The provisions of this Section XXIII may not be amended without the express written consent of the GRANTOR.

XXIV.

PERSONAL LIABILITY AND RISK OF LOSS OF OWNER OF UNIT AND SEPARATE INSURANCE COVERAGE, ETC.

The Owner of each UNIT may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects and other personal property belonging to such Owner and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or

property of another while within such Owner's UNIT or upon the COMMON ELEMENTS. All such insurance obtained by the Owner of each UNIT shall, wherever such provision shall be available, provide that the insurer waives its right of subrogation as to any claims against other Owners of UNITS, the ASSOCIATION, and the respective servants, agents and guests of said other Owners and the ASSOCIATION, and such other insurance coverage may be obtained from the insurance company from which the ASSOCIATION obtains coverage against the same risk, liability or peril, if the ASSOCIATION has such coverage and if it is available. Risk of loss of or damage to any furniture, furnishings, personal effects and other personal property (other than such furniture, furnishings and personal property constituting a portion of the COMMON ELEMENTS) belonging to or carried on the person of the Owner of each UNIT, or which may be stored in any UNIT or in, to or upon COMMON ELEMENTS shall be borne by the Owner of each such UNIT. All furniture, furnishings and personal property constituting a portion of the COMMON ELEMENTS and held for the joint use and benefit of all Owners of all UNITS shall be covered by such insurance as shall be maintained in force and effect by the ASSOCIATION as hereinafter provided. The Owner of a UNIT shall have no personal liability for any damages caused by the ASSOCIATION, any Owner or otherwise in connection with the use of the COMMON ELEMENTS. The Owner of a UNIT shall be liable for injuries or damage resulting from an accident in his own UNIT, to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house.

XXV.

INSURANCE COVERAGE TO BE MAINTAINED BY THE ASSOCIATION;
INSURANCE TRUSTEE, APPOINTMENT AND DUTIES
APPROVAL OF INSURERS BY INSTITUTIONAL LENDER;
USE AND DISTRIBUTION OF INSURANCE PROCEEDS, ETC.

The following insurance coverage shall be maintained in full force and effect by the ASSOCIATION covering the operation and management of the CONDOMINIUM and the said CONDOMINIUM, meaning the UNITS and COMMON ELEMENTS, to-wit:

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

B. Public liability and property damage insurance in such amounts and in such form as shall be required by the ASSOCIATION to protect the ASSOCIATION and the Owners of all UNITS, including but not limited to, water damage, legal liability, hired automobile, nonowned automobile and off premises employee coverage.

C. Worker's Compensation insurance to meet the requirements of law.

D. Director's and Officer's liability coverage providing coverage for the Directors and Officers of the ASSOCIATION.

E. Such other insurance coverage, other than title insurance, as the Board of Directors of the ASSOCIATION, in its sole discretion may determine from time to time to be in the best interest of the ASSOCIATION and the Owners of all of the UNITS.

All liability insurance maintained by the ASSOCIATION shall contain cross liability endorsements to cover liability of all Owners of UNITS as a group as to each UNIT Owner.

Although pursuant to the foregoing, the insurance carrier for the ASSOCIATION shall determine annually the maximum insurance replacement value of the UNITS and COMMON ELEMENTS, it shall be the duty of the Board of Directors of ASSOCIATION to conduct a review of the insurance coverages maintained by ASSOCIATION to determine the adequacy thereof not less than once every three (3) years to increase the amount of any such insurance deemed inadequate. Upon such review, a report shall be presented to ASSOCIATION at the annual meeting next following the completion of such review, summarizing the findings of the Board of Directors of ASSOCIATION.

All insurance coverage authorized to be purchased shall be purchased by the ASSOCIATION for itself and for the benefit of all of the Owners of all UNITS. The cost of obtaining the insurance coverage authorized above is declared to be a common expense, as are all other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof.

All policies of casualty insurance covering the CONDOMINIUM shall provide for the insurance proceeds covering any loss to be payable to the Insurance Trustee named as hereinafter provided, or to its successor, and the insurance proceeds from any casualty loss shall be held for the use and benefit of the ASSOCIATION and all of the Owners of all UNITS and their respective mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. The ASSOCIATION is hereby declared to be "Insurance Trustee" acting by and through the Board of Directors of the ASSOCIATION and is appointed as authorized agent for all of the Owners of all UNITS for the purpose of negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of

casualty insurance, and is granted full right and authority to execute in favor of any insurer a release of liability arising out of any occurrence covered by any policy or policies of casualty insurance and resulting in loss of or damage to insured property.

The ASSOCIATION shall have the right to delegate the duties of the Insurance Trustee to some other party and all parties beneficially interested in such insurance coverage shall be bound by said delegation.

The Insurance Trustee shall not be liable for the payment of premiums, for the renewal of any policy or policies of casualty insurance, for the sufficiency of coverage, for the form or content of the policies or for the failure to collect any insurance proceeds.

The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit of the ASSOCIATION and the Owners of all UNITS and their respective mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. The ASSOCIATION, as a common expense, may pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Wherever the Insurance Trustee may be required to make distribution of insurance proceeds to Owners of UNITS and their mortgagees, as their respective interests may appear, the Insurance Trustee may rely upon a Certificate of the President and Secretary of the ASSOCIATION, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to the ASSOCIATION, such Certificate to certify unto said Insurance Trustee the name or names of the Owners of each UNIT, the name or names of the mortgagee or mortgagees who may hold a mortgage or mortgages encumbering each UNIT, and the respective percentages of any distribution which may be required to be made to the Owner or Owners of any UNIT or UNITS, and his or their respective mortgagee or mortgagees, as their respective interests may appear. Where any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders of any mortgage or mortgages encumbering a UNIT shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage or mortgages, unless such insurance proceeds represent a distribution to the Owner or Owners of any UNIT or UNITS, and their respective mortgagees, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss

or damage, or unless such casualty insurance proceeds are authorized to be distributed to the Owner or Owners of any UNIT or UNITS, and their respective mortgagee or mortgagees, by reason of loss of or damage to personal property constituting a part of COMMON ELEMENTS and as to which a determination is made not to repair, replace or restore such personal property. So long as any lender shall have the right to approve the company or companies with whom said casualty insurance coverage is placed, such lender shall also have the right to approve the amount of such insurance coverage to be maintained.

In the event of the loss of or damage to COMMON ELEMENTS and/or UNITS, real or personal, which loss or damage is covered by the casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such COMMON ELEMENTS, then such excess insurance proceeds shall be paid by the Insurance Trustee to the Owners of all UNITS and their respective mortgagees, the distribution to be separately made to the Owner of each UNIT and his said mortgagee or mortgagees, if any, and shall bear the same ratio to the total excess insurance proceeds as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interests in COMMON ELEMENTS appurtenant to all UNITS. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the ASSOCIATION shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds received or to be received, will enable said Insurance Trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be deposited by the ASSOCIATION with the Insurance Trustee, in said latter event, may be paid by the ASSOCIATION out of its Reserve for Replacements Fund, and if the amount in such Reserve for Replacements Fund is not sufficient, then the ASSOCIATION shall levy and collect an assessment against all Owners and their UNITS in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

In the event of loss of or damage to property covered by such casualty insurance, the ASSOCIATION shall, within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that before such loss or damage, such estimates to contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors of the ASSOCIATION may deem to be in the best interest of the membership of the ASSOCIATION. Wherever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of

the repair, replacement or reconstruction thereof, the additional monies required to completely pay for such repair, replacement or reconstruction of said loss or damage, shall be deposited with said Insurance Trustee not later than thirty (30) days from the date on which said Insurance Trustee shall receive the monies payable under the policy or policies of casualty insurance.

In the event of the loss of or damage to personal property belonging to the ASSOCIATION, the insurance proceeds, when received by the Insurance Trustee, shall be paid to the ASSOCIATION. In the event of the loss of or damage to personal property constituting a portion of the COMMON ELEMENTS, and should the Board of Directors of the ASSOCIATION determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Insurance Trustee shall be paid to ASSOCIATION.

XXVI.

APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE

In the event that any taxing authority having jurisdiction over the CONDOMINIUM shall levy or assess any tax or special assessment against the CONDOMINIUM, as a whole, as opposed to levying and assessing such tax or special assessment against each UNIT and its appurtenant undivided interest in COMMON ELEMENTS as now provided by law, then such tax or special assessment so levied shall be paid as a common expense by the ASSOCIATION, and any taxes or special assessments which are to be so levied shall be included, wherever possible, in the estimated annual budget of the ASSOCIATION, or shall be separately levied and collected as an assessment by the ASSOCIATION against all of the Owners of all UNITS and said UNITS if not included in said annual budget. The amount of any tax or special assessment paid or to be paid by the ASSOCIATION in the event, that such tax or special assessment is levied against the CONDOMINIUM, as a whole, instead of against each separate UNIT and its appurtenant undivided interest in COMMON ELEMENTS shall be apportioned among the Owners of all UNITS so that the amount of such tax or special assessment so paid or to be paid by the ASSOCIATION and attributable to and to be paid by the Owner or Owners of each UNIT shall be that portion of such total tax or special assessment which bears the same ratio to said total tax or special assessment as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS. In the event that any tax or special assessment shall be levied against the CONDOMINIUM in its entirety, without apportionment by the taxing authority to the UNITS and appurtenant undivided interests in COMMON ELEMENTS, then the assessment by the ASSOCIATION, which shall include the proportionate share of such tax or special assessment attributable to each UNIT and its appurtenant undivided interest in COMMON

ELEMENTS, shall separately specify and identify the amount of such assessment attributable to such tax or special assessments, and the amount of such tax or special assessment so designated shall be and constitute a lien prior to all mortgages and encumbrances upon any UNIT and its appurtenant undivided interest in COMMON ELEMENTS, regardless of the date of the attachment and/or recording of such mortgage or encumbrance, to the same extent as though such tax or special assessment had been separately levied by the taxing authority upon each UNIT and its appurtenant undivided interest in COMMON ELEMENTS.

All personal property taxes levied or assessed against personal property owned by the ASSOCIATION shall be paid by the ASSOCIATION and shall be included as a common expense in the Annual Budget of the ASSOCIATION.

XXVII.

THE ASSOCIATION TO MAINTAIN REGISTRY OF OWNERS AND MORTGAGEES

The ASSOCIATION shall at all times maintain a register setting forth the names of the Owners of all of the UNITS, and in the event of the sale or transfer of any UNIT to a third party, the purchaser or transferee shall notify the ASSOCIATION in writing of his interest in such UNIT together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any UNIT. Further the Owner of each UNIT shall at all times notify the ASSOCIATION of the names of the parties holding any mortgage or mortgages on any UNIT, the amount of such mortgage or mortgages, and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any UNIT may, if he so desires, notify the ASSOCIATION of the existence of any mortgage or mortgages held by such party on any UNIT, and upon receipt of such notice, the ASSOCIATION shall register in its records all pertinent information pertaining to the same.

XXVIII.

ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT

The ASSOCIATION is given the authority to administer the operation and management of the CONDOMINIUM, it being recognized that the delegation of such duties to one entity is in the best interest of the Owners of all UNITS. To properly administer the operation and management of the CONDOMINIUM, the ASSOCIATION will incur, for the mutual benefit of all of the Owners of UNITS, costs and expenses which will be continuing or nonrecurring costs, as the case may be, which costs and expenses are sometimes herein referred to as "common expense." To provide the funds necessary for such proper

operation and management, the ASSOCIATION heretofore has been granted the right to make, levy and collect assessments against the Owners of all UNITS and said UNITS. In furtherance of said grant of authority to the ASSOCIATION to make, levy and collect assessments to pay the costs and expenses for the operation and management of the CONDOMINIUM, the following provisions shall be operative and binding upon the Owners of all UNITS, to-wit:

A. All assessments levied against the Owners of UNITS and said UNITS, including the ASSOCIATION should it own any UNIT, shall be uniform and, unless specifically otherwise provided for in this Master Deed, the assessments made by the ASSOCIATION shall be in such proportion that the amount of assessment levied against each Owner of a UNIT and his UNIT shall bear the same ratio to the total assessment made against all Owners of UNITS and their UNITS as does the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bear to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS.

B. The assessment levied against the Owner of each UNIT and his UNIT shall be payable in annual, quarterly or monthly installments, or in such other installments and at such times as may be determined by the Board of Directors of the ASSOCIATION.

C. The Board of Directors of the ASSOCIATION shall establish an annual budget in advance for each fiscal year which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the CONDOMINIUM, including a reasonable allowance for contingencies and reserves (as hereinafter provided), such budget to take into account projected anticipated income which is to be applied in reduction of the amount required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors of the ASSOCIATION, copies of said budget shall be delivered to each Owner of a UNIT and the assessment for said year shall be established based upon such budget, although the delivery (or non-delivery) of a copy of said budget to each Owner shall not affect the liability of any Owner for such assessment. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the CONDOMINIUM, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

D. Upon the initial sale of each UNIT by the GRANTOR, each Owner purchasing such UNIT from the GRANTOR shall pay over to the ASSOCIATION the amount of \$150.00 which shall not be a prepaid assessment, but shall constitute a separate payment to provide initial operating funds.

E. The Board of Directors of the ASSOCIATION, in establishing said annual budget for the operation, management and maintenance of the CONDOMINIUM shall include therein a sum to be collected and maintained as a reserve fund for replacement of COMMON ELEMENTS, which reserve fund shall be for the purpose of enabling the ASSOCIATION to replace and/or conduct major repairs upon, structural elements and mechanical equipment constituting a part of the COMMON ELEMENTS as well as the replacement of personal property and amenities which may constitute a portion of the COMMON ELEMENTS held for the joint use and benefit of all of the Owners of all UNITS. The amount to be allocated to such reserve fund for replacements shall be established by said Board of Directors so as to accrue and maintain at all times a sum necessary for replacement and/or major repair of said COMMON ELEMENTS based on the anticipated useful life of each portion of the COMMON ELEMENTS as provided in the Maintenance Schedule. Additions to such reserves must be established in an amount at least adequate to fund all repairs, replacements and maintenance in accordance with the Maintenance Schedule. The amount collected and allocated to the reserve fund for replacements from time to time shall be maintained in a separate account by the ASSOCIATION. No monies in such reserve fund for replacements shall be used to meet other needs or requirements of the ASSOCIATION in operating or managing the CONDOMINIUM or for normal regular maintenance of the COMMON ELEMENTS except upon the affirmative vote of at least 75% of the Board of Directors of the ASSOCIATION. In the event that the Board of Directors should authorize the use of any portion of the funds constituting reserve funds, it must thereafter levy a special assessment for the replenishment of such reserve funds within 90 days after the use of such reserve funds. The provisions of this Section shall not be amended without the express written consent of the GRANTOR.

F. The Board of Directors of the ASSOCIATION, in establishing said annual budget for operation, management and maintenance of the CONDOMINIUM, shall include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by Owners of UNITS, as a result of emergencies or for other reason placing financial stress upon the ASSOCIATION.

G. All monies collected by the ASSOCIATION shall be treated as the separate property of the ASSOCIATION, and such monies may be applied by the ASSOCIATION to the payment of any expense of operating and managing the CONDOMINIUM, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Master Deed and the Articles of Incorporation and By-Laws of the ASSOCIATION and as the monies for any assessment are paid to the ASSOCIATION by any Owner of a UNIT the same may be commingled with the monies paid to the ASSOCIATION by the other Owners of

UNITS. Although all funds and other assets of the ASSOCIATION, and any increments thereto or profits derived therefrom, or from the leasing or use of COMMON ELEMENTS, shall be held for the benefit of the members of the ASSOCIATION, no member of the ASSOCIATION shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his UNIT.

H. The payment of any assessment or installment thereof due to the ASSOCIATION shall be in default if such assessment, or any installment thereof, is not paid to the ASSOCIATION on or before the due date for such payment. ~~When in default, the Board of Directors may accelerate the remaining installments of the annual assessment upon notice thereof to the UNIT Owner, whereupon the entire unpaid balance of the annual assessment shall become due, upon the date stated in the notice, which shall not be less than ten (10) days after the date of the notice.~~ In the event any assessment, installment, or accelerated installment is not paid within twenty (20) days after its due date, the ASSOCIATION, through its Board of Directors, may proceed to enforce and collect the assessment against the UNIT Owner owing the same in any manner provided for by the Act, including the rights of foreclosure and sale. When in default, the delinquent assessment or delinquent installment thereof due to the ASSOCIATION shall bear interest at the rate of 18% per annum until such delinquent assessment or installment thereof, and all interest due thereon, have been paid to the ASSOCIATION. Further, a late fee of \$25.00 shall be assessed for each installment not paid within 30 days after the due date thereof.

I. The Owner or Owners of each UNIT shall be personally liable to the ASSOCIATION for the payment of all assessments, regular or special, which may be levied by the ASSOCIATION while such person or persons is or are Owner or Owners of a UNIT in the CONDOMINIUM. In the event that any Owner or Owners are in default in payment of any assessment or installment thereof owed to the ASSOCIATION, such Owner or Owners of any UNIT shall be personally liable for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

J. In addition to all of the foregoing, each Owner of a UNIT, at the time of the original conveyance of the UNIT from the Grantor, shall pay to ASSOCIATION an advance assessment for insurance in an amount to be determined by ASSOCIATION'S Board of Directors in its reasonable discretion, and such determination shall be deemed final.

K. No Owner of a UNIT may exempt himself from liability for any assessment levied against such Owner and his UNIT by waiver of

the use or enjoyment of any of the COMMON ELEMENTS, or by abandonment of the UNIT, or in any other manner.

L. Recognizing that the necessity for providing proper operation and management of the CONDOMINIUM entails the continuing payment of costs and expenses therefor, which results in benefit to all of the Owners of UNITS, and that the payment of such common expense represented by the assessments levied and collected by the ASSOCIATION is necessary in order to preserve and protect the investment of the Owner of each UNIT, the ASSOCIATION is hereby granted a lien upon such UNIT and its appurtenant undivided interest in COMMON ELEMENTS, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner of each UNIT, which lien shall also secure interest and late fees, if any, which may be due on the amount of any delinquent assessments owing to the ASSOCIATION, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the ASSOCIATION in enforcing the lien upon said UNIT and its appurtenant undivided interest in the COMMON ELEMENTS. The lien granted to the ASSOCIATION may be foreclosed in the same manner as mortgages may be foreclosed in the State of South Carolina, and in any suit for the foreclosure of said lien, the ASSOCIATION shall be entitled to rental from the Owner of any UNIT from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a Receiver for said UNIT. The rental required to be paid shall be equal to the rental charged on comparable types of UNIT Units along the Grand Strand of South Carolina. The lien granted to the ASSOCIATION shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the ASSOCIATION in order to preserve and protect its lien, and the ASSOCIATION shall further be entitled to interest at the legal rate as set out hereinbefore on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any UNIT, or who may be given or acquire a mortgage, lien or other encumbrance thereon, is hereby placed on notice of the lien granted to the ASSOCIATION, and shall acquire such interest in any UNIT expressly subject to such lien.

M. The lien herein granted to the ASSOCIATION shall be effective from and after the time of recording in the Public Records of Horry County, South Carolina, a claim of lien stating the description of the UNIT encumbered thereby, the name of the record Owner, the amount due and the date when due, and the lien shall continue in effect until all sums secured by said lien, as herein provided, shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, late fees, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall

be signed and verified by an officer or agent of the ASSOCIATION. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The claim of lien filed by the ASSOCIATION shall be subordinate to the lien of any mortgage or any other lien recorded prior to the time of recording of the ASSOCIATION'S Claim of Lien.

In the event that any person, firm or corporation shall acquire title to any UNIT and its appurtenant undivided interest in COMMON ELEMENTS by virtue of any foreclosure or judicial sale, such person, firm or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for said UNIT and its appurtenant undivided interest in COMMON ELEMENTS subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title subject to the lien of any assessment by the ASSOCIATION representing an apportionment of taxes or special assessments levied by taxing authorities against the CONDOMINIUM in its entirety. In the event of the acquisition of title to a UNIT by foreclosure or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all UNITS as a part of the common expense, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

N. Whenever any UNIT may be sold or mortgaged by the Owner thereof, which sale shall be concluded only upon compliance with other provisions of this Master Deed, the ASSOCIATION, upon written request of the Owner of such UNIT, shall furnish to the proposed purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the ASSOCIATION by the Owner of such UNIT. Such statement shall be executed by any officer or agent of the ASSOCIATION and any purchaser or mortgagee may rely upon such statement in concluding the proposed purchase or mortgage transaction, and the ASSOCIATION shall be bound by such statement. In the event that a UNIT is to be sold or mortgaged at the time when payment of any assessment against the Owner of said UNIT and such UNIT due to the ASSOCIATION shall be in default (whether or not a claim of lien has been recorded by the ASSOCIATION) then the proceeds of such purchase or mortgage proceeds, shall be applied by the purchaser or mortgagee first to payment of any then delinquent assessment or installment thereof due to the ASSOCIATION before the payment of any proceeds of purchase or mortgage proceeds to the Owner of any UNIT who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a UNIT, the Grantee shall be jointly and severally liable with the GRANTOR for all unpaid assessments against GRANTOR made prior to the time of such voluntary

conveyance, without prejudice to the rights of the Grantee to recover from the GRANTOR the amounts paid by the Grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the ASSOCIATION which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, proceeding by foreclosure to attempt to effect such collection shall not be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sums then remaining owing to it.

Notwithstanding anything in this Master Deed to the contrary, it is declared that until the expiration of sixty (60) days after the date of recordation of this Master Deed, each UNIT in Phase I and Phase II shall be exempt from the assessment created herein until such time as the UNIT is conveyed by the GRANTOR to a Grantee and that the GRANTOR shall be assessed and pay to the ASSOCIATION in lieu of such assessment a sum equal to the amount of actual operating expenses for the period of such assessment less an amount equal to the total assessments made by the ASSOCIATION against Owners of UNITS other than those owned by GRANTOR for such period. Commencing sixty-one (61) days after the recordation of this Master Deed, the GRANTOR shall be subject to assessments as provided for in this Master Deed so that it will pay assessments on the same basis provided for under this Master Deed for other UNIT Owners. GRANTOR reserves the right in future Phases for a period not to exceed sixty (60) days after recordation of the amendment adding each such Phase, to contribute in lieu of normal assessments the actual operation expenses attributable to the UNITS in each Phase less the amount of total assessments made by ASSOCIATION against Owners of UNITS other than those owned by GRANTOR. Notwithstanding the foregoing, GRANTOR may elect to pay assessments on unsold UNITS in the same manner as other Owners in lieu of paying the operating deficit as provided above.

XXIX.

TERMINATION

This Master Deed and said plan of CONDOMINIUM ownership may only be terminated by the unanimous consent of all of the Owners of all UNITS and all of the parties holding mortgages, liens or other encumbrances against any of said UNITS, in which event the termination of the CONDOMINIUM shall be by such plan as may be then adopted by said Owners and persons holding any mortgages, liens or other encumbrances. Such election to terminate this Master Deed and the plan of CONDOMINIUM ownership established herein shall be executed in writing by all of the aforementioned persons, and such instrument or instruments shall be recorded in the Public Records of Horry County, South Carolina.

AMENDMENT OF MASTER DEED

Except for any alteration in the percentage of ownership in COMMON ELEMENTS appurtenant to each UNIT, or alteration of the basis for apportionment of assessments which may be levied by the ASSOCIATION in accordance with the provisions hereof, in which said instances consent of all of the Owners of all UNITS and their respective mortgagees shall be required, and except for any alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of GRANTOR, and the Lender which said rights and privileges granted and reserved unto the said GRANTOR and the Lender shall only be altered, amended or modified with the respective express written consent of the said GRANTOR or Lender, as the case may be, this Master Deed may be amended in the following manner:

An amendment or amendments to this Master Deed may be proposed by the Board of Directors of the ASSOCIATION acting upon a vote of the majority of the Directors, or by the members of the ASSOCIATION owning a majority of the UNITS in the CONDOMINIUM, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to the Master Deed being proposed by said Board of Directors or members, ~~the proposed amendment or amendments shall be transmitted to the President or Secretary of the ASSOCIATION, in the absence of the President, who shall thereupon call a Special Meeting of the members of the ASSOCIATION for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the Proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his postal address as it appears on the records of the ASSOCIATION, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice and such waiver, when filed in the records of the ASSOCIATION, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such meeting, the amendment or amendments proposed must be approved by an affirmative vote of sixty-seven (67%) percent of the members owning a UNIT in the CONDOMINIUM in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of this Master Deed shall be transcribed and certified by the President and Secretary of the ASSOCIATION as having been duly adopted, and the original or an executed copy of such amendment or amendments so certified and executed with the same formalities as a deed shall be~~

recorded in the Public Records of Horry County, South Carolina, within thirty (30) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording data identifying the Master Deed. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the ASSOCIATION shall be delivered to all of the Owners of all UNITS and mailed to the mortgagees listed in the registry required to be maintained by Article XXVI hereof, but delivery and mailing of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the ASSOCIATION shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the ASSOCIATION at or prior to such meeting. Furthermore, no amendment to this Master Deed shall be adopted which would operate to affect the validity or priority of any mortgage held by a mortgagee or which would alter, amend or modify in any manner whatsoever the rights, powers and privileges granted and/or reserved herein in favor of any mortgagee or in favor of GRANTOR without the consent of all such mortgagees or GRANTOR as the case may be. Notwithstanding anything contained herein, the GRANTOR, its successors or assigns, may, without the consent of the UNIT Owners or MORTGAGEES, at any time prior to twenty (20) years from the date of filing of this Master Deed, amend this Master Deed in the manner set forth in Article III so as to subject any additional Phase(s) to the provisions of this Master Deed and the Horizontal Property Act of South Carolina so as to make such additional Phase(s) an integral part of Magnolia Place Horizontal Property Regime. Any such amendment shall, together with this Master Deed, contain all of the particulars required by the said Horizontal Property Regime Act of South Carolina and from and after the recording of any such amendment, Magnolia Place Horizontal Property Regime shall include the Phase then being submitted as well as all Phases previously submitted. The UNITS in future Phases are to be of similar design as those UNITS in Phase I except as more particularly provided in Exhibit "C" hereto. The designation of each UNIT number and its proportionate interest in the COMMON ELEMENTS is set forth in Exhibit C, which is attached hereto and made a part and parcel hereof. It is not contemplated that submission of additional Phase(s) will substantially increase the proportionate amount of the common expenses payable by existing UNIT Owners.

The GRANTOR further reserves the right to make changes or amendments in this Master Deed, without the consent of any UNIT Owners or their mortgagees, to correct typographical, scrivener's or similar errors or to make a change required by an institutional lender, provided that any such correction or amendment shall not adversely affect the proportionate interest of any Owner or Owners in the COMMON ELEMENTS. Such change or amendment may be made by

the recording of an appropriate document in the Office of the Register Mesne Conveyance for Horry County executed by the GRANTOR.

XXXI.

REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each UNIT shall be governed by and shall comply with the provisions of this Master Deed, and the Articles of Incorporation and the By-Laws of the ASSOCIATION and its rules and regulations as any of the same are now constituted or as they may be adopted and/or amended from time to time. A default by the Owner or Owners of any UNIT shall entitle the ASSOCIATION or the Owner or Owners of other UNIT or UNITS to the following relief:

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

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

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

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

E. All rights, remedies and privileges granted to the ASSOCIATION or the Owner or Owners of a UNIT pursuant to any terms, provisions, covenants or conditions of this Master Deed or other above mentioned documents, shall be deemed to be cumulative and the

exercise of any one or more shall not be deemed to constitute an election of remedies or to preclude the person thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such person at law or in equity.

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

XXXII.

USE OR ACQUISITION OF INTEREST IN THE CONDOMINIUM TO RENDER USER OR ACQUIRER SUBJECT TO PROVISIONS OF MASTER DEED, RULES AND REGULATIONS

All present or future Owners, tenants or other persons who use the facilities of the CONDOMINIUM in any manner are subject to the provisions of this Master Deed and all documents appurtenant hereto and incorporated herewith, and the mere acquisition or rental of any UNIT or the mere act of occupancy of any UNIT, shall signify that the provisions of this Master Deed are accepted and ratified in all respects.

XXXIII.

RIGHT OF GRANTOR TO SELL OR LEASE UNIT OWNED BY IT AND RIGHT OF GRANTOR TO REPRESENTATION ON BOARD OF DIRECTORS OF THE ASSOCIATION

So long as GRANTOR shall own any UNIT, the said GRANTOR, shall have the absolute right to lease or sell any such UNIT to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interest. Further, provided that GRANTOR has not terminated "Class II" membership in the ASSOCIATION in accordance with the Articles of Incorporation and ByLaws of the ASSOCIATION, or so long as any phase or phases of the CONDOMINIUM project have not been submitted to the CONDOMINIUM or GRANTOR, its successors or assigns, is the Owner of Eight (8) or more UNITS, then GRANTOR, its successors and assigns, shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the ASSOCIATION. Whenever GRANTOR shall be entitled to designate and select any person or persons to serve on any Board of Directors of the ASSOCIATION the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the ASSOCIATION, and GRANTOR, shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or

Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by GRANTOR, need not be an Owner of a UNIT. The power of the GRANTOR to designate Directors as above referred to shall terminate no later than the 31st day of December, 2003.

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

XXXIV.

ANNUAL REPORTS TO BE PROVIDED TO LENDER

So long as any Lender selected by GRANTOR is the Owner or holder of a mortgage encumbering a UNIT in the CONDOMINIUM, the ASSOCIATION shall furnish said Lender, upon such Lender's request, with at least one (1) copy of the Annual Financial Statement and Report of the ASSOCIATION audited and prepared by Certified Public Accountants satisfactory to Lender and setting forth such details as the said Lender may reasonably require, including a detailed statement of annual carrying charges or income collected, and operating expenses, such Financial Statement and Report to be furnished within ninety (90) days following the end of each fiscal year.

XXXV.

SEVERABILITY

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

XXXVI.

LIBERAL CONSTRUCTION AND ADOPTION
OF PROVISIONS OF CONDOMINIUM ACT

The provisions of this Master Deed shall be liberally construed to effectuate its purpose of creating a uniform plan of CONDOMINIUM ownership. The South Carolina Horizontal Property Act, 1976 Code

of Laws, as the same may be amended from time to time thereafter, is hereby adopted and expressly made a part hereof. In the event of any conflict between the provisions of this Master Deed and the said South Carolina Horizontal Property Act of South Carolina, as the same may be amended, the provisions of the Act shall take the place of any provisions in conflict with the Master Deed.

XXXVII.

MASTER DEED
BINDING UPON GRANTOR, ITS SUCCESSORS AND ASSIGNS,
AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Master Deed are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each UNIT and its appurtenant undivided interest in COMMON ELEMENTS and this Master Deed shall be binding upon GRANTOR, its successors and assigns, and upon all parties who may subsequently become Owners of UNITS in the CONDOMINIUM and their respective heirs, legal representatives, successors and assigns.

XXXVIII.

DEFINITIONS

A. The term "UNIT" or "UNITS" shall be synonymous with the term "Apartment" or "Apartments" as those terms are used under the Horizontal Property Act of the 1976 Code of Laws of South Carolina, as amended. UNIT herein may also be described as "Villas" or "Dwellings".

B. "Building" means a structure containing in the aggregate two or more UNITS comprising a part of the CONDOMINIUM.

C. "Co-owner" or "Owner" means a person, firm, corporation, partnership, association, trust, or other legal entity or any combination thereof, who owns a UNIT within a Building.

D. "Assessment" means a UNIT Owner's pro rata share of the common expenses which from time to time is assessed against a UNIT Owner by the ASSOCIATION.

E. "Association" means council of co-owners as defined by the Horizontal Property Act and also means Magnolia Place Property Owners' Association, Inc., the corporate form by which the council of co-owners shall operate Magnolia Place Horizontal Property Regime.

F. "Common Expense" means the expenses for which the UNIT Owners are liable to the ASSOCIATION and include:

1. Expenses of administration, management, maintenance, insurance, operation, repair or replacement of the COMMON ELEMENTS and of the portions of UNITS which are the responsibility of the ASSOCIATION.

2. Expenses declared common expenses by provisions of this Master Deed;

3. Any valid charges against the CONDOMINIUM as a whole.

G. "Common Surplus" means the excess of or receipts of the ASSOCIATION, including, but not limited to assessments over the amount of common expenses.

H. "Condominium" refers to Magnolia Place Horizontal Property Regime and means the form of individual ownership of a particular UNIT in a Building together with the common right to a share with other co-owners in the general COMMON ELEMENTS.

I. "Common Elements" means and includes the elements described in the Horizontal Property Regime Act, and in this Master Deed (including Exhibits), as "COMMON ELEMENTS" and also the following:

1. Easements through apartments for conduits, ducts, plumbing, chimneys, wiring, and other facilities for the furnishing of utility services to UNITS and the general COMMON ELEMENTS; provided, however, such easements through a UNIT shall be only according to the plans and specifications for the Building, or as the Building is constructed unless otherwise approved in writing by the UNIT Owner.

2. An easement of support in every portion of an UNIT which contributes to the support of a Building.

3. Easements through the UNITS and general COMMON ELEMENTS for maintenance, repair and replacement of the UNITS and general COMMON ELEMENTS.

4. Installations for the furnishing of utility services to more than one UNIT or to the general COMMON ELEMENTS or to a UNIT other than the one containing the installation, which installation shall include ducts, plumbing, wiring and other facilities for the rendering of such services.



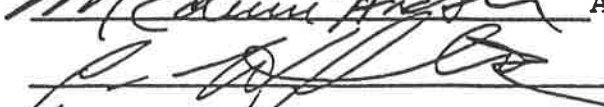

5. The tangible personal property required for the maintenance and operation of the CONDOMINIUM, even though owned by the ASSOCIATION.

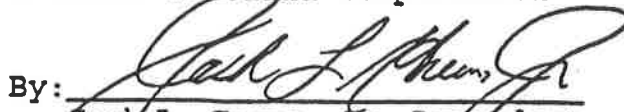
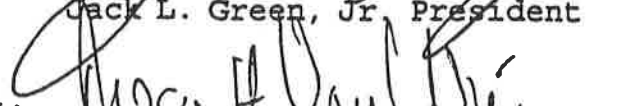
J. "Limited Common Elements" shall have the meaning attributed thereto in Article IV of this Master Deed.

IN WITNESS WHEREOF, Heritage Communities, Inc., a South Carolina Corporation, has caused these presents to be executed this 22nd day of November, 1995.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Heritage Communities, Inc.,
A South Carolina Corporation

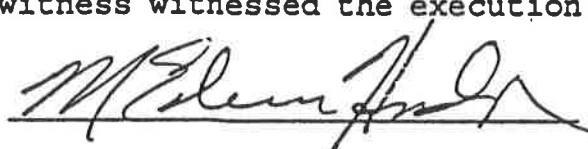





By: 
Jack L. Green, Jr. President
Attest: 
Roger H. Van Wie, Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned notary, who, after first being duly sworn, deposes and states that s/he saw the within named Heritage Communities, Inc., by and through its duly authorized officer(s), Sign, Seal and Deliver the within Master Deed; and that s/he with the other witness witnessed the execution thereof.



SWORN to before me this 22
day of November, 1995.


 (L.S.)
Notary Public for South Carolina
My Commission Expires: 12/25/2001

EXHIBIT "A"
TO MASTER DEED FOR MAGNOLIA PLACE HORIZONTAL
PROPERTY REGIME

PHASE I

ALL AND SINGULAR, that certain piece, parcel or tract of land located in Horry county, South Carolina, containing 0.72 acres and being shown and designated as "Phase 6" on that certain map or plat entitled "PHASING PLAT OF PHASE 6, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" prepared for Heritage Communities, Inc. by Robert L. Bellamy & Associates, Engineers & Surveyors, dated March 6, 1995, and recorded April 4th, 1995, in Plat Book 133 at Page 124 records of Horry County, South Carolina.

TOGETHER WITH a nonexclusive, appurtenant, perpetual easement over, under, through, and across the property described in Exhibit "A" to that certain Corrective Easement Agreement between Myrtle Beach Farms Company, Inc. and Heritage Communities, Inc., dated April 4, 1995, and recorded April 7th, 1995, in Deed Book 1793 at Page 991, as amended by instrument dated October 16, 1995 and October 17, 1995 in Deed Book 1826 at Page 1484, records of Horry County, South Carolina, and subject to and in accordance with the terms thereof, which is incorporated herein by this reference.

This being the identical property conveyed to Heritage Communities, Inc. hereby by Corrective Deed of Myrtle Beach Farms Company, Inc. dated April 4, 1995 and recorded April 7, 1995 in Deed Book 1793 at Page 998, records of Horry County, South Carolina.

RESERVING, HOWEVER, unto the GRANTOR, its successors and assigns, a non-exclusive perpetual, appurtenant easement for ingress, egress, and the installation and maintenance of utilities over, across and through that certain area designated as "22' INGRESS/EGRESS EASEMENT" on a plat prepared for Heritage Communities, Inc. by Robert L. Bellamy & Associates, Engineers & Surveyors dated March 6, 1995 entitled "PHASING PLAT OF PHASE 6, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" which plat is recorded in Plat Book 133 at Page 124, records of Horry County, South Carolina, reference to which is craved as forming a part and parcel of these presents.

PHASE II

ALL AND SINGULAR, all that certain piece, parcel or tract of land located in Horry County, South Carolina, containing 1.26 acres and being shown and designated as "Phase 5" on that certain map or plat entitled "PHASING

PLAT OF PHASE 5, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" prepared by Robert L. Bellamy & Associates, Engineers & Surveyors, for Heritage Communities, Inc. dated March 6, 1995, and recorded April 7, 1995 in Plat Book 133 at Page 123, records of Horry County, South Carolina, reference to which is carved as forming a part of these presents.

TOGETHER WITH a nonexclusive, appurtenant, perpetual easement over, under, through, and across the property described in Exhibit "A" to that certain Corrective Easement Agreement between Myrtle Beach Farms Company, Inc. and Heritage Communities, Inc., dated April 4, 1995 and recorded April 7, 1995 in Deed Book 1793 at Page 991, as amended by instrument dated October 16, 1995 and recorded October 17, 1995 in Deed Book 1826 at Page 1484, records of Horry County, South Carolina, and subject to and in accordance with the terms thereof, which is incorporated herein by this reference.

RESERVING, HOWEVER, to the GRANTOR, its successors and assigns, a perpetual, non-exclusive, appurtenant, easement for ingress, egress and installation and maintenance of utilities over, across and through that certain area shown and designated as "22' INGRESS/EGRESS EASEMENT" on a map prepared by Robert L. Bellamy & Associates, Engineers & Surveyors dated March 6, 1995, revised July 11, 1995 entitled "PHASING PLAT OF PHASE 5, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" surveyed for Heritage Communities, Inc., which plat is recorded in Plat Book 135 at Page 41, records of Horry County, South Carolina, reference to which is carved as forming a part and parcel of these presents.

This being the identical property conveyed to Heritage Communities, Inc. hereby by Deed of Myrtle Beach Farms Company, Inc. dated April 4, 1995 and recorded April 7, 1995 in Deed Book 1793 at Page 1003, records of Horry County, South Carolina.

MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME

EXHIBIT "B"
TO
MASTER DEED

Note: Exhibit "B" is a survey prepared by Robert L. Bellamy & Associates, Inc. Consulting Engineers, Planners and Surveyors dated November 13, 1995 (the "Survey"), which shows the location of the buildings and other improvements of Phase I and Phase II and a set of floor plans for Building 6 (Phase I) dated November 18, 1994 and last revised February 23, 1995 prepared by Kenneth R. Sanders, Registered Architect, and a set of floor plans for Building 5 (Phase II) dated November 18, 1994 and last revised February 23, 1995 prepared by Kenneth R. Sanders, Registered Architect (both of the aforesaid sets of floor plans are collectively referred to herein as the "Plans"). The Plans and Survey show graphically the dimensions, area and location of each UNIT therein and the dimensions, area and location of COMMON ELEMENTS and LIMITED COMMON ELEMENTS affording access to each UNIT. Both the Survey and Plans are recorded in Condominium Plat Book Q at Page 356, records of Horry County, South Carolina and are incorporated herein by this reference. Said Exhibit further includes the following:

There is one building, also identified as Building 6, containing fifteen (15) UNITS in Phase I. There is one building, also identified as Building 5, containing fifteen (15) UNITS in Phase II. Each UNIT is identified by a separate UNIT number on the Plans. Each UNIT which has the number "6" as the first digit of its UNIT identification number is located in Building 6, as shown on the Survey and Plans. Each UNIT which has the number "5" as the first digit of its UNIT identification number is located in Building 5, as shown on the Survey and Plans. Phase I, for purposes of this Master Deed shall consist of Building 6 and the UNITS contained therein. Phase II shall consist of Building 5 and the UNITS contained therein. Each building is three (3) levels in height and contains five (5) UNITS on each level. All UNITS having the number "1" as the digit immediately following the dash in its UNIT number designation are located on level one (1) of the building. All UNITS having the number "2" as the digit of the UNIT number designation immediately following the dash are on level two (2) of the building. All UNITS having the number "3" as the digit of the UNIT number designation immediately following the dash are located on level three (3) of the building. Each UNIT is individually numbered using the UNIT number identified or shown both on the Plans and on Exhibit "C" to this Master Deed.

As shown on the Plans, each UNIT has an entrance door opening onto a corridor which corridor is a COMMON ELEMENT. Access to the second and third levels of each building is by way of two (2) sets of stairways and an elevator. Both the stairways and elevator are

COMMON ELEMENTS. In addition, each UNIT has an exterior storage room for its exclusive use, as shown on the Plans. Such exterior storage room is located on the same floor as the applicable UNIT and is designated with the letter "S" followed by a dash and a three (3) digit number which corresponds to the last three (3) digits of the UNIT on that floor to which its use is exclusive. Such exterior storage room is a LIMITED COMMON ELEMENT for the use of that UNIT on that level which has the same last three (3) digits in its UNIT number. The exterior storage room located on each floor which is not designated for use by any one (1) UNIT is a COMMON ELEMENT.

Parking is provided in the parking areas shown on the Survey within the property being submitted herewith as Phase I and Phase II pursuant to the terms of this Master Deed. The parking areas are also COMMON ELEMENTS.

Each one (1) bedroom UNIT, as shown on the Plans, contains a great room with dining area, a kitchen, a bedroom and a bath. Each two (2) bedroom UNIT, as shown on the plans, contains a living area, dining area, kitchen, two (2) bedrooms, two (2) baths and closets as shown on the Plans. The patios and decks, as shown on the Plans, are LIMITED COMMON ELEMENTS for the use and benefit of the UNIT from which it is directly accessible and adjacent to.

As to each UNIT: All built-in kitchen appliances, the refrigerator, heating and air-conditioning units and condensers, hot water heaters and bathroom fixtures located in each UNIT are a part of the UNIT in which they are located and are not COMMON ELEMENTS. The air handling units which serve each UNIT are a part of the UNIT which it serves and are not COMMON ELEMENTS, notwithstanding that they are located outside of the UNIT.

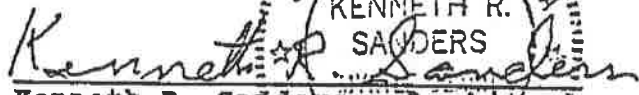
References to areas as COMMON ELEMENTS or common areas in this Exhibit shall be in addition to and read in conjunction with the further designation of COMMON ELEMENTS as set out in other portions of this Master Deed and the Survey and Plans making up the balance of this Exhibit "B".

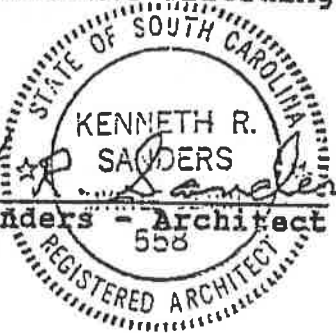
This Exhibit "B" shall be amended if Phase III through Phase LX, or any one or more of such phases, shall become a part of Magnolia Place Horizontal Property Regime in accordance with the terms of this Master Deed.

Kenneth R. Sanders, Architect
831 N. Kings Highway
Myrtle Beach, SC 29577

ARCHITECT'S CERTIFICATION
RE: MAGNOLIA PLACE PHASE II (BLDG 5)

The attached floor plans and elevations consisting of 3 sheets numbered A1, A2 and A3, dated November 18, 1994 and last revised February 23, 1995, prepared by Kenneth R. Sanders, Architect, show graphically the layout, dimensions, area, unit numbers, and the location of the units therein and the dimensions, area and location of common elements affording access to each unit.


Kenneth R. Sanders - Architect
SC Cert # 558




Dated: November 17, 1995

Kenneth R. Sanders, Architect
831 N. Kings Highway
Myrtle Beach, SC 29577

ARCHITECT'S CERTIFICATION
RE: MAGNOLIA PLACE PHASE I (BLDG 6)

The attached floor plans and elevations consisting of 3 sheets numbered A1, A2 and A3, dated November 18, 1994 and last revised February 23, 1995, prepared by Kenneth R. Sanders, Architect, show graphically the layout, dimensions, area, unit numbers, and the location of the units therein and the dimensions, area and location of common elements affording access to each unit.


Kenneth R. Sanders
SC Cert # 558

Dated: November 17, 1995

MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME

EXHIBIT "C"
TO
MASTER DEED

Schedule of percentage (%) of undivided interest in the COMMON ELEMENTS appurtenant to UNITS in Magnolia Place, a condominium, including Phase I and Phase II. Statutory Value is for statutory purposes only and has no relationship to the actual value of each UNIT.

UNIT Number Phase I	Statutory Value	Percentage Interest (Phases I & II Only)
PHASE I		
6-101	49,000	2.6776
6-102	69,000	3.7705
6-103	69,000	3.7705
6-104	69,000	3.7705
6-105	49,000	2.6776
6-201	49,000	2.6776
6-202	69,000	3.7705
6-203	69,000	3.7705
6-204	69,000	3.7705
6-205	49,000	2.6776
6-301	49,000	2.6776
6-302	69,000	3.7705
6-303	69,000	3.7705
6-304	69,000	3.7705
6-305	49,000	2.6776
PHASE II		
5-101	49,000	2.6776

5-102	69,000	3.7705
5-103	69,000	3.7705
5-104	69,000	3.7705
5-105	49,000	2.6776
5-201	49,000	2.6776
5-202	69,000	3.7705
5-203	69,000	3.7705
5-204	69,000	3.7705
5-205	49,000	2.6776
5-301	49,000	2.6776
5-302	69,000	3.7705
5-303	69,000	3.7705
5-304	69,000	3.7705
5-305	49,000	2.6776
Total Statutory Value for Phase I & Phase II	\$1,830,000	100.000% (rounded to nearest one thousandth)

In addition, up to fifty-eight (58) more buildings may be added as Phases III through LX, or any of them. As each Phase is added, the total statutory value of all Phases submitted and constituting Magnolia Place Horizontal Property Regime at that time and the percentage interest of each UNIT therein may be determined using the formula hereinafter set forth. To determine the percentage interest of each UNIT, utilize a formula with the statutory value of each UNIT set forth in the chart below as the numerator with the total statutory value of Magnolia Place Horizontal Property Regime at that time (including the Phase being submitted and any Phases previously submitted) as the denominator. The resulting fraction shall then be expressed as a percentage rounded to the nearest .0001. The statutory value of each building to be contained within Phases III through LX, or any of them, if constructed and submitted, shall be in accordance with the chart contained herein. The building number as referred to herein has no relationship to the Phase in which it will be contained, but is merely for identification.

In the event the GRANTOR elects, in accordance with the provisions of the Master Deed to which this Exhibit is attached, to proceed with the development of Phase III through Phase LX or so

many of said phases as it might elect, within the time provided in the Master Deed, the percentage of undivided interest appurtenant to each UNIT in Phase I through Phase LX, as of the date of recording the amendment incorporating each additional Phase, will automatically be the percentage to be set forth in a chart which GRANTOR must record as part of its election to construct and submit Phase III through LX, or so many of them as GRANTOR might elect. Such percentage interest shall be determined by the ratio of the statutory value of the individual UNIT as the same bears to the total statutory values of all UNITS within the Condominium. Provided, however, the assigned values to be reflected in the chart for UNITS in additional phases must be the values provided in the following schedule depending on the type of unit involved as follows:

<u>Type</u>	<u>Statutory Value</u>
Studio Unit	\$35,000
1 Bedroom Unit	\$49,000
2 Bedroom Unit	\$69,000

The GRANTOR may construct in Phase III and any subsequent phases through Phase LX any combination of Studio, 1 or 2 Bedroom UNITS, provided that GRANTOR at the time of recording its election specifies in the chart amending this Exhibit "C" the percentage of interest of each UNIT in Phase I, Phase II and so many additional phases as might have at that time been incorporated hereunder, using the values of the different UNITS assigned above. Each Phase shall consist of one Building and related improvements, with no less than ten (10) UNITS and no more than fifteen (15) UNITS in each Building.

Each additional Phase shall have a minimum total statutory value based on the sum of all statutory values of all UNITS within that phase of \$350,000 and a maximum total statutory value of all UNITS, within that phase of \$1,035,000. Therefore, the minimum and maximum percentage interest of each UNIT within Phase I and Phase II, at any time during the development and submission of additional phase(s) to Magnolia Place Horizontal Property Regime may be determined by use of the formula hereinafter provided.

The actual percentage interest of each UNIT may be computed in accordance with the following formula with the result obtained from such formula being then expressed as a percentage:

Statutory Value of the UNIT =

Total Statutory Value of all
UNITS submitted to the
Horizontal Property Regime

Percentage Interest of
the UNIT
(Expressed as a Percentage)

EXHIBIT "D"

ARTICLES OF INCORPORATION

OF

MAGNOLIA PLACE PROPERTY OWNERS' ASSOCIATION, INC.

The undersigned subscribers, desiring to form a nonprofit corporation under South Carolina statutes, as amended, hereby adopt the following Articles of Incorporation:

ARTICLE I

NAME

The name of the corporation shall be Magnolia Place Property Owners' Association, Inc. which is hereinafter referred to as the "Association".

ARTICLE II

PURPOSES AND POWERS

The purpose of the Association is to manage the affairs of Magnolia Place Horizontal Property Regime, a Horizontal Property Regime established pursuant to the terms of the Master Deed therefor, filed or to be file din the Office of the RMC for Horry County, South Carolina (the "Master Deed").

The Association is not organized for profit and no part of the net earnings, if any, shall inure to the benefit of any member or individual person, firm or corporation.

The Association shall have all of the common law and statutory powers of a nonprofit corporation. The Association shall also have all of the powers necessary to implement the purposes of the Association and to provide for the general health and welfare of its membership.

ARTICLE III

MEMBERS

Section 1. Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any UNIT which is subject by the Master Deed to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership.

Class I. Class I members shall be all those Owners as defined in Article XIV, in the Master Deed. Class I members shall be entitled to one vote for each UNIT in which they hold the interest required for membership. When more than one person holds such interest or interests in a UNIT, all such persons shall be members; however, they shall select one (1) member to vote, which such member shall be designated as the "Voting Member" and shall be so designated in writing to the Secretary of the Association. In no event shall more than one (1) vote be cast with respect to any UNIT.

Developer Class II. The sole Class II member shall be the GRANTOR. The Class II member shall be entitled to four (4) votes for each UNIT in which it holds the interest required for membership by Article XIV in the Master Deed provided that the Class II membership shall continue only so long as any phase of the Condominium Project has not been submitted to the Horizontal Property Regime or GRANTOR, its successors or assigns, is the Owner of Eight (8) or more UNITS in the entire CONDOMINIUM. GRANTOR reserves the right at any time to terminate Class II membership by filing an instrument in the records of the Clerk of Court of Horry County, so doing and in any event the Class II membership shall terminate no later than December 31, 2003.

Section 3. Meetings of Members. The By-Laws of the Association shall provide for an annual meeting of the members, and may make provisions for regular and special meetings of the members other than the annual meeting. A quorum for the transaction of business at any meeting of the members shall exist if fifty-one (51%) percent of the members shall be present. Action may be taken by majority vote of those members present at any meeting. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum in attendance. Further, at any adjourned meeting at which a quorum is present at the reconvening of such meeting, any business may be transacted which might have been transacted at the original meeting and notwithstanding the withdrawal of enough members to leave less than a quorum in attendance.

Section 4. Principal Office. The initial principal office of the Corporation shall be located at Suite C, 1201 48th Avenue North, Myrtle Beach, South Carolina 29577; however, the Corporation may maintain offices and transact business in such other places within or without the State of South Carolina as may from time to time be designated by the Board of Directors.

ARTICLE IV

CORPORATE EXISTENCE

The Association shall have perpetual existence.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Management by Directors. The property, business and affairs of the Association shall be managed by a Board of Directors, which shall consist initially of three (3) persons. The Board shall be increased thereafter to five (5) persons as provided in Article III of the By-Laws. A majority of the directors in office shall constitute a quorum for the transaction of business. The By-Laws shall provide for meetings of directors, including an annual meeting.

Section 2. Original Board of Directors. The names and addresses of the first Board of Directors of the Association, who shall hold office until the first annual meeting of members until qualified successors are duly elected and have taken office, shall be as follows:

1. Jack L. Green 1201 - 48th Avenue North
Myrtle Beach, SC 29577
2. Roger H. Van Wie 1201 - 48th Avenue North
Suite C
Myrtle Beach, SC 29577
3. Martin Bellamy 7421 North Kings Highway
Myrtle Beach, SC 29572

Section 3. Election of Members of Board of Directors. Except for the first Board of Directors, directors shall be elected by the Members as provided by the By-Laws of the Association. The By-Laws may provide for the method of voting in the election and for removal from office of directors. After GRANTOR gives up control of the Association, all directors shall be Owners of UNITS in Magnolia Place Horizontal Property Regime or shall be authorized representatives, officers, or employees of corporate members of the Association.

Section 4. Duration of Office. Members elected to the Board of Directors shall hold office for such periods of time as are set out in the By-Laws.

Section 5. Vacancies. If a director elected by the general membership shall for any reason cease to be a director, the remaining directors so elected may elect a successor to fill the vacancy for the balance of the unexpired term.

ARTICLE VI

OFFICERS

Section 1. Officers Required. The Association shall have a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time elect.

Section 2. Election and Appointment of Officers. The officers of the Association, in accordance with any applicable provision of the By-Laws, shall be elected by the Board of Directors for terms of one year and until qualified successors are duly elected and have taken office. The By-Laws may provide for the method of voting in the election, for the removal from office of officers, for filling vacancies, and for the duties of the officers. The President and Vice President shall be directors; other officers may or may not be directors of the Association. If the office of President shall become vacant for any reason, or if the President shall be unable or unavailable to act, the Vice President shall automatically succeed to the office or perform its duties and exercise its powers. If any office other than that of the President shall become vacant for any reason, the Board of Directors may elect or appoint an individual to fill such vacancy.

Section 3. First Officers. The names and addresses of the first officers of the Association, who shall hold office until the first annual meeting of directors and until successors are duly elected and have taken office, shall be as follows:

<u>Office</u>	<u>Name</u>	<u>Address</u>
President	Roger H. Van Wie	1201 - 48th Avenue North Suite C Myrtle Beach, SC 29577
Vice President	Martin Bellamy	7421 North Kings Highway Myrtle Beach, SC 29572
Secretary/ Treasurer	Jack L. Green	1201 - 48th Avenue North Myrtle Beach, SC 29577

ARTICLE VII

BY-LAWS

The Board of Directors shall adopt By-Laws consistent with these Articles of Incorporation. Such By-Laws may be altered, amended or repealed in the manner set forth in the By-Laws.

ARTICLE VIII

AMENDMENTS

Section 1. Amendments to these Articles of Incorporation shall be proposed and approved by the Board of Directors by majority vote.

Section 2. In case of any conflict between these Articles of Incorporation and the By-Laws, these Articles shall control; and in case of any conflict between these Articles of Incorporation and the said Master Deed for Magnolia Place Horizontal Property Regime, the said Master Deed shall control.

ARTICLE IX

SUBSCRIBERS

The names and addresses of the subscribers to these Articles of Incorporation are:

Roger H. Van Wie

1201 - 48th Avenue North, Suite C
Myrtle Beach, SC 29577

ARTICLE X

INDEMNIFICATION

The Association shall indemnify any person who is made a party or is threatened to be made a party to any claim, suit, proceeding or liability by reason of the fact that he is or was a director, officer, employee, agent or representative of the Association to the fullest extent permitted by law, and the Association may advance expenses to any such person to the fullest extent permitted by law. The Association shall also have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, agent or representative of the Association against any liability asserted against him in any such capacity.

IN WITNESS WHEREOF, the said subscribers have hereunto set
their hands this 22nd day of Nov., 1995.



Roger H. Van Wie

SECRETARY OF STATE
NONPROFIT CORPORATION
ARTICLES OF INCORPORATION

FILED
NOV - 8 1995
AM
7 8 9 10 11 12 1 2 3 4 5

A

- Instructions:
- (1) Must be typewritten or printed
 - (2) Must file this original and one copy.
 - (3) Must include \$25 fee payable to the Secretary of State.
 - (4) Should your articles be refused, you will receive written notification within five days.

1. The name of this corporation is (33-31-401) _____

Magnolia Place Property Owners' Association, Inc.

2. The initial registered office of the corporation is:

1201 48th Avenue North	Myrtle Beach	Horry
Street Address	City	County

South Carolina 29577

State, Zip Code

[The complete address is required by SC Code 33-31-202(a)3]

3. The name of the registered agent at the above office is:

Roger Van Wie

4. Check either (a), (b), or (c). Check only one box.

[] The nonprofit corporation is a public benefit corporation.

[] The nonprofit corporation is a religious corporation.

[X] The nonprofit corporation is a mutual benefit corporation.

5. Check (a) or (b), whichever is applicable:

[X] This corporation will have members who will vote for the board of directors. See Section 33-31-202(a)5.

[] This corporation will not have members.

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE.

NOV 18 1995



SECRETARY OF STATE OF SOUTH CAROLINA

6. The address of the principal office of the nonprofit corporation is:

1201 48th Avenue North
Street Address

Myrtle Beach Horry South Carolina 29577
City, County, State, Zip Code

[The complete address is required by SC Code 33-31-202(a)7]

7. If the corporation is either public benefit or religious, complete either (a) or (b) below. Do not check both.
[This information is required by 33-31-202(a)6]

[] Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)3 of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the court of common pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

[] Upon dissolution of the corporation, consistent with law, the remaining assets of the corporation shall be distributed to:

8. If the corporation is a mutual benefit corporation, complete either (a) or (b) to describe how the assets of the corporation will be distributed upon dissolution of the corporation.

[X] Upon dissolution of the mutual benefit corporation, the assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

[] Upon dissolution of the mutual benefit corporation the assets, consistent with law, shall be distributed to

9. Please include any optional-provisions which the nonprofit elects to include in these articles of incorporation. See Section 33-31-202(b) through 33-31-202(e).

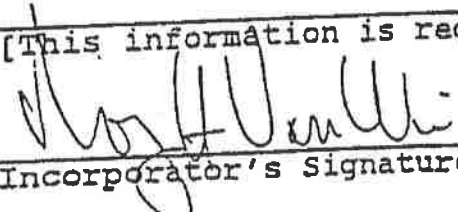
None

10. The name and address of each incorporator is as follows:.

Roger Van Wie, 1201 48th Avenue North, Myrtle Beach, SC 29577

[This information is required by SC Code 33-31-202(a)4]

11.


Incorporator's Signature [33-31-202(d)]

Roger Van Wie
Incorporator's Name (typed)

Incorporator's Signature

Incorporator's Name (typed)

12.

Signature of any director named in these articles

Director's Name (typed)

Signature of any director named in these articles

Director's Name (typed)

Date and Time

The State of South Carolina



Office of Secretary of State Jim Miles Certificate of Incorporation, Nonprofit Corporation

I, Jim Miles, Secretary of State of South Carolina Hereby certify that:

MAGNOLIA PLACE PROPERTY OWNERS' ASSOCIATION, INC.,
a nonprofit corporation duly organized under the laws of the state of South Carolina on November 8th, 1995, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable or other eleemosynary purpose.

Now, therefore, I Jim Miles, Secretary of State, by virtue of the authority in me vested, by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great Seal of
the State of South Carolina this 9th day of
November, 1995.

A handwritten signature in dark ink, appearing to read "Jim Miles", is written over a horizontal line.

Jim Miles, Secretary of State

EXHIBIT "E"

~~BY-LAWS~~

OF

MAGNOLIA PLACE PROPERTY OWNERS' ASSOCIATION, INC.

Article I

Name, Principal Office and Definitions

Section 1. Name. The name of the Association shall be Magnolia Place Property Owners' Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of South Carolina shall be located in Myrtle Beach, County of Horry. The Association may have such other offices, either within or without the State of South Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Master Deed for Magnolia Place Horizontal Property Regime, as amended, renewed or extended from time to time, as hereinafter sometimes referred to as the "Master Deed", unless the context shall prohibit.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "I" and Class "II", as more fully set forth in the Articles of Incorporation, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Voting Members as may be designated by the Board of Directors either within the properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the membership, whether a regular or special meeting, shall be held within ninety (90) days after the expiration of one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no more than ninety (90) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the membership shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the

foregoing, the annual meeting shall be held at a date and time as set by the Board of Directors.

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members representing at least ten (10%) percent of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. ~~No business shall be transacted at a special meeting except as stated in the notice.~~

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or the Secretary.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member or alternate shall be deemed waiver by such Voting Member of notice of the time, date and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Articles of Incorporation, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting Members may vote in person or by Proxy.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners or other group as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Master Deed or Articles of Incorporation, the presence in person or by alternate of the Voting Members representing fifty-one (51%) percent of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Master Deed concerning quorums is specifically incorporated herein. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum in attendance. Further, at any adjourned meeting at which a quorum is present at the reconvening of such meeting, any business may be transacted which might have been transacted at the original meeting notwithstanding the withdrawal of enough members to leave less than a quorum in attendance.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Voting Members.

Article III

Board of Directors, Number, Powers, Meetings

A: Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors each of whom shall have one (1) vote. Except as provided in Section 2 of this Article, the Directors shall be Members. In the case of an Owner

which is a corporation or partnership, the person designated in writing to the secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a Director.

Section 2. Directors During Class "II" Control. The Directors who shall serve on the Board of Directors of the Association shall be selected by the Class "II" Member acting in its sole discretion and shall serve at the pleasure of the Class "II" Member until the first annual meeting of the membership following termination of Class II control at which time the Board of Directors shall be increased to five (5) Members.

Within one hundred twenty (120) days thereafter, the Class "II" member shall call a meeting, as provided in Article II, Section 4, of these By-Laws for special meetings, to advise the membership of the termination of the Class "II" member's control or, in the alternative, shall notify each member by U. S. Mail that the Class II membership has terminated.

The Directors selected by the Class "II" member pursuant to this Section need not be Members as provided in Section 1 of this Article.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Class "II" member, so long as the Class "II" membership exists.

So long as the Class "II" membership exists, the Class "II" member shall have a veto power over all actions of the Board and any committee, as is more fully provided in this Section. This veto power shall be exercisable only by the Class "II" member, its successors, and assigns who specifically take this power in a recorded instrument. The veto power shall be as follows:

No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class "II" member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with Article III, Sections 10 and 11, of these By-Laws as to regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "II" member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of the meeting relative to any prospective action, policy, or program to be implemented by the Board, any committee, or the Association. The Class "II" member and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board. The Class "II" member shall have and is hereby granted a veto power over any such action, policy, or program authorized by any committee or the Board of Directors and to be taken by any committee or Board of the Association or any individual member of the Association if Board, committee, or Association approval is necessary for said action. This veto may be exercised by the Class "II" member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association.

Section 4. Number of Directors. The number of Directors in the Association shall not be less than three (3) nor more than five (5), as provided below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation.

Section 5. Nomination of Directors. Except with respect to Directors selected by the Class "II" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Voting Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within ninety (90) days after the time Class "I" Members own eighty (80) UNITS within the Horizontal Property Regime and certificates of occupancy have been issued thereon, or whenever the Class "II" Member earlier determines, the Association shall call a special meeting to be held at which Voting Members other than the Class "II" Member shall elect one (1) of the three (3) Directors who shall be an at-large director. The Director so elected shall not be subject to removal by the Class "II" Member acting alone and shall be elected for a term of two (2) years or until the happening of the event described in subsection (b) below, whichever is shorter. If such Director's term expires prior to the

happening of the event described in subsection (b) below, a successor shall be elected for a like term.

(b) At the first annual meeting of the membership after the termination of the Class "II" control and at each annual meeting of the membership thereafter, Directors shall be elected by the Voting Members for terms as outlined below.

At the first annual meeting after the termination of Class II control, five (5) Directors shall be elected. Two of the Directors, elected pursuant to this Section, shall be elected to serve for a term of three (3) years. Two (2) of the remaining Directors shall be elected to serve for a term of two (2) years, with the final Director elected to serve for a one (1) year term. Members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association. Directors may be elected shall not serve any consecutive terms. Each member elected thereafter shall be elected for a two (2) year term.

Section 7. Removal of Directors and Vacancies. Any Director of the Association may be removed, with or without cause, by a vote of the Voting Members with a majority vote of the membership. Any Director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall then and there be elected to fill the vacancy by the Voting Members responsible for such removal.

Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than thirty (30) days may be removed by a majority of the Directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, or resignation of a Director, a vacancy may be declared by the Board and it may appoint a successor. Any Director appointed by the Board shall serve for the remainder of the term such successor was appointed to fill.

Section 8. Voting Procedure for Directors. At any election of Directors to the Board of Directors, each Voting Member may cast, in respect to each vacancy, as many votes as he or she is entitled to exercise under the Articles of Incorporation. The candidates receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telegram, charges prepaid. All such notices shall be given by use of the Director's telephone number or shall be sent to the Director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least three (3) days before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of

the Directors who are present at such meeting may adjourn the meeting until such time and place as they may determine. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by Members holding a majority of the total vote of the Association at a regular or special meeting of the Association; provided any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. Subject to the provisions of Section 17 of this Article, all meetings of the Board shall be open to all Voting Members, but Voting Members other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time any Voting Member may speak.

Section 17. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Master Deed, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the

Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each UNIT'S proportionate share of the Common Expenses shall be payable in equal monthly installments, or as determined by the Board of Directors;

(c) providing for the operation, care, upkeep, and maintenance of all of the Common Areas;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the Directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the other provisions of the Master Deed and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Master Deed, these By-Laws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Master Deed, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting principles;

(m) making available to any prospective purchaser of a UNIT, any Owner of a UNIT, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any UNIT, current copies of the Master Deed, the Articles of Incorporation, the By-Laws, rules governing the UNIT, and all other books, records, and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the properties.

Section 19. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 18 of this Article. The GRANTOR, or an affiliate of the GRANTOR, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of one (1) year and must permit termination by either party without cause and without termination fee or penalty on ninety (90) days' or less written notice.

Section 20. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls shall conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise unless it benefits the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first UNIT is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a variance report reflecting the status of all Association ledger accounts in an "actual" versus "approved" budget format;

(iii) a balance sheet as of the last day of the preceding period; and

(iv) a delinquency report listing all Owners who are delinquent in paying the assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board of Directors); and

(g) an annual report as of the end of the fiscal year consisting of at least the following shall be distributed to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited basis, by an independent certified public accountant for each fiscal year.

Section 21. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Areas or for the purpose of funding budgetary shortfalls, without the approval of the membership; provided, however, the Board shall obtain Voting Member approval by majority

vote for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 22. Rights of the Association. With respect to the Common Areas, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other Owners or residents associations, both within and without the properties. Such agreements shall require the consent of two-thirds (2/3) of all Directors of the Association.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the period of Class "II" control unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Notwithstanding anything to the contrary contained herein, the Association, through its Board of Directors, shall have the right to enter into a declaration of easement and covenant to share costs or similar arrangement whereby the Association assumes maintenance responsibility for property which it does not own, or grants easements to entities which are not Members, in consideration for payment by the Owner of such property or such nonmembers of all or a portion of the costs associated with such maintenance or use.

Section 23. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Master Deed, these By-Laws, or any rules and regulations adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a UNIT. In the event that any occupant of a UNIT violates the Master Deed, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Master Deed, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, except the suspension of voting rights for nonpayment of assessments, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing before the Covenants Committee shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Master Deed, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of

Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the membership, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have the responsibility for the preparation of the budget as provided for in the Master Deed.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors. Provided however, agreements, contracts and checks may be executed by the Management Agent.

Article V Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least five (5) and no more than seven (7) members. Acting in accordance with the provisions of the Master Deed, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and conduct all hearings held pursuant to Article III, Section 23 of these By-Laws.

Article VI Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with South Carolina law, the Articles of Incorporation, the Master Deed, or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of South Carolina law, the Articles of Incorporation, the Master Deed, and these By-Laws, the provisions of South Carolina law, the Master Deed, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Master Deed and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the UNIT of such Member or Voting Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first UNIT, GRANTOR may unilaterally amend these By-Laws. Thereafter and otherwise, but subject to the provisions hereinafter provided, these By-Laws may be amended only by the affirmative vote (in person or by alternate) or written consent of Voting Members representing sixty-seven (67%) percent of the total votes of the Association, including sixty-seven (67%) percent of the votes of Members other than the GRANTOR. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Further, no amendment of any provision reserving a right specifically in favor of the GRANTOR may be amended without the GRANTOR'S express consent. No amendment shall be effective until recorded in the public records of Horry County, South Carolina.

IN WITNESS WHEREOF, Magnolia Place Property Owners' Association, Inc., a South Carolina Corporation has caused these presents to be executed this 22nd day of NOVEMBER, 1995.

MAGNOLIA PLACE PROPERTY OWNERS'
ASSOCIATION, INC.

By: 

Roger H. Van Wie, President

Exhibit "F"
The Maintenance Schedule

Description of Repair or Replacement of COMMON ELEMENTS	Required Frequency of Action (In Years)
Asphalt Pavement - Sealing	3
Asphalt Pavement - Repair/Replacement	6
Painting Facia, Trim & Handrails	3
Caulking/Sealants - Door & Windows	1 1/2
Exterior Carpet Replacement	5
Tree Replacement/Seasonal Color	1
Pressure Wash of Buildings	1
Replacement of Roof Shingles	20
Replacement of Pool Equipment	5
Pool Finish	5
Replacement of Pool Furnishings	5

STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

AMENDMENT TO MASTER DEED
FOR MAGNOLIA PLACE HORIZONTAL
PROPERTY REGIME TO CORRECT
SCRIVENER'S ERROR

THIS AMENDMENT TO MASTER DEED is made this 21 day of November, 1995 by Heritage Communities, Inc., a South Carolina Corporation (hereinafter referred to as "GRANTOR").

W I T N E S S E T H :

WHEREAS, GRANTOR executed that certain Master Deed for Magnolia Place Horizontal Property Regime (the "Master Deed") dated November 22, 1995, which Master Deed was recorded November 22, 1995 in Deed Book 1833 at Page 1422, records of Horry County, South Carolina; and

WHEREAS, GRANTOR is the Owner of all of the UNITS submitted to the terms of the Master Deed pursuant to the terms thereof; and

WHEREAS, prior to the conveyance of any UNITS to third parties, GRANTOR desires to amend the terms of the Master Deed to correct a scrivener's error as hereinafter set forth:

NOW, THEREFORE, in consideration of the foregoing, the GRANTOR being the Owner of all of the UNITS within Magnolia Place Horizontal Property Regime, does hereby amend the Master Deed by deleting Exhibit "A" attached to the Master Deed in its entirety and substituting Exhibit "A" attached to this Amendment, which Exhibit "A" to this Amendment shall be deemed a part and parcel of the Master Deed in lieu of the Exhibit "A" originally attached to the Master Deed. All references in the Master Deed to Exhibit "A" and the property described therein shall hereafter be taken to refer to the Exhibit "A" attached to this Amendment and the property described therein.

IN WITNESS WHEREOF, Heritage Communities, Inc. has caused this AMENDMENT TO MASTER DEED to be made and entered into the day and year first above written.

In the Presence of:

Rose P. New
[Signature]

Heritage Communities, Inc.

BY:

[Signature]
Jack L. Green, President

STATE OF SOUTH CAROLINA)
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned and made oath that s/he saw the within named Heritage Communities, Inc., by Its duly authorized officers, Sign, Seal and as Its Act and Deed Deliver the within written document; and s/he with the undersigned notary witnessed the execution thereof.

Rose P. New

SWORN to before me this 27th day of
November, 1995

[Signature]
Notary Public for South Carolina
My Commission Expires: 2-25-2001

EXHIBIT "A"
TO MASTER DEED FOR MAGNOLIA PLACE HORIZONTAL
PROPERTY REGIME

PHASE I

ALL AND SINGULAR, that certain piece, parcel or tract of land located in Horry county, South Carolina, containing 0.72 acres and being shown and designated as "Phase 6" on that certain map or plat entitled "PHASING PLAT OF PHASE 6, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" prepared for Heritage Communities, Inc. by Robert L. Bellamy & Associates, Engineers & Surveyors, dated March 6, 1995, and recorded April 4th, 1995, in Plat Book 133 at Page 124 records of Horry County, South Carolina.

TOGETHER WITH a nonexclusive, appurtenant, perpetual easement over, under, through, and across the property described in Exhibit "A" to that certain Corrective Easement Agreement between Myrtle Beach Farms Company, Inc. and Heritage Communities, Inc., dated April 4, 1995, and recorded April 7th, 1995, in Deed Book 1793 at Page 991, as amended by instrument dated October 16, 1995 and October 17, 1995 in Deed Book 1826 at Page 1484, records of Horry County, South Carolina, and subject to and in accordance with the terms thereof, which is incorporated herein by this reference.

This being the identical property conveyed to Heritage Communities, Inc. hereby by Corrective Deed of Myrtle Beach Farms Company, Inc. dated April 4, 1995 and recorded April 7, 1995 in Deed Book 1793 at Page 998, records of Horry County, South Carolina.

RESERVING, HOWEVER, unto the GRANTOR, its successors and assigns, a non-exclusive perpetual, appurtenant easement for ingress, egress, and the installation and maintenance of utilities over, across and through that certain area designated as "22' INGRESS/EGRESS EASEMENT" on a plat prepared for Heritage Communities, Inc. by Robert L. Bellamy & Associates, Engineers & Surveyors dated March 6, 1995 and revised July 11, 1995 entitled "PHASING PLAT OF PHASE 6, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" which plat is recorded in Plat Book 135 at Page 42, records of Horry County, South Carolina, reference to which is craved as forming a part and parcel of these presents.

PHASE II

ALL AND SINGULAR, all that certain piece, parcel or tract of land located in Horry County, South Carolina, containing 1.26 acres and being shown and designated as "Phase 5" on that certain map or plat entitled "PHASING PLAT OF PHASE 5, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" prepared by Robert L. Bellamy & Associates, Engineers & Surveyors, for Heritage Communities, Inc. dated March 6, 1995, and recorded April 7, 1995 in Plat Book 133 at Page 123, records of Horry County, South Carolina, reference to which is carved as forming a part of these presents.

TOGETHER WITH a nonexclusive, appurtenant, perpetual easement over, under, through, and across the property described in Exhibit "A" to that certain Corrective Easement Agreement between Myrtle Beach Farms Company, Inc. and Heritage Communities, Inc., dated April 4, 1995 and recorded April 7, 1995 in Deed Book 1793 at Page 991, as amended by instrument dated October 16, 1995 and recorded October 17, 1995 in Deed Book 1826 at Page 1484, records of Horry County, South Carolina, and subject to and in accordance with the terms thereof, which is incorporated herein by this reference.

RESERVING, HOWEVER, to the GRANTOR, its successors and assigns, a perpetual, non-exclusive, appurtenant, easement for ingress, egress and installation and maintenance of utilities over, across and through that certain area shown and designated as "22' INGRESS/EGRESS EASEMENT" on a map prepared by Robert L. Bellamy & Associates, Engineers & Surveyors dated March 6, 1995, revised July 11, 1995 entitled "PHASING PLAT OF PHASE 5, TRACT B, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" surveyed for Heritage Communities, Inc., which plat is recorded in Plat Book 135 at Page 41, records of Horry County, South Carolina, reference to which is carved as forming a part and parcel of these presents.

This being the identical property conveyed to Heritage Communities, Inc. hereby by Deed of Myrtle Beach Farms Company, Inc. dated April 4, 1995 and recorded April 7, 1995 in Deed Book 1793 at Page 1003, records of Horry County, South Carolina.

FILED
HORRY COUNTY
93 AUG 31 AM 10:44

**FORTY-FOURTH AMENDMENT TO MASTER DEED FOR
MAGNOLIA PLACE HORIZONTAL PROPERTY REGIME,
SAID MASTER DEED BEING DATED NOVEMBER 22, 1995, AND
RECORDED NOVEMBER 22, 1995, IN DEED BOOK 1833 AT PAGE 1422.
RECORDS OF HORRY COUNTY**

Pursuant to the terms and conditions of the aforesaid Master Deed and related documents, Heritage Communities, Inc., a South Carolina Corporation, herein and hereby amends the said Master Deed and related documents as set out herein for the purpose of submitting Phase XLVI to Magnolia Place Horizontal Property Regime.

Therefore, Heritage Communities, Inc., a South Carolina Corporation, having its principal office at Myrtle Beach, County of Horry, State of South Carolina, hereinafter referred to as the GRANTOR, as the sole owner in fee simple of the land and improvements hereinafter described, does hereby make, declare and publish its intention and desire to submit, and does hereby submit the land and building hereinbelow described (Phase XLVI), together with all other improvements thereon, including all easements, rights and appurtenances thereto belonging, to a Horizontal Property Regime (sometimes termed "condominium" ownership) known as Magnolia Place Horizontal Property Regime, in the manner provided for by Sections 27-31-10 through 27-31-300 (both inclusive) of Chapter 31 entitled "Horizontal Property Act of the 1976 Code of Laws of South Carolina" as amended, and as provided for in the Master Deed creating Magnolia Place Horizontal Property Regime, dated November 22, 1995, and recorded November 22, 1995, in Deed Book 1833 at Page 1422, records of Horry County.

Article I and Exhibit A of the Master Deed are hereby amended to add thereto the following described additional land together with all buildings and other improvements thereon which are hereby submitted to the Horizontal Property Regime:

ALL AND SINGULAR, all that certain piece, parcel or tract of land located in Horry County, South Carolina, containing 0.26 acres and being shown and designated as "Phase 46", on that certain map or plat entitled "REVISED PHASING PLAT OF PHASE 46, TRACT A, MAGNOLIA PLACE, WEST OF MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA" prepared by Robert L. Bellamy & Associates, Engineers & Surveyors, for Heritage Communities, Inc. dated July 23, 1997, and recorded July 28, 1998, in Plat Book 156, at Page 209, records of Horry County, South Carolina, reference to which is craved as forming a part of these presents.

TOGETHER with a nonexclusive, appurtenant, perpetual easement over, under, through, and across the property described in Exhibit "A" to that certain Corrective Easement Agreement between Myrtle Beach Farms Company, Inc. and Heritage Communities, Inc., dated April 4, 1995, and recorded April 7, 1995, in Deed Book 1793 at Page 991, as amended by instrument dated October 16, 1995, and recorded October 17, 1995, in Deed Book 1826, at Page 1484, instrument dated April 29, 1997, and recorded April 30, 1997, in Deed Book 1937, at Page 1346 and instrument dated June 20, 1997, and recorded July 1, 1997, in Deed Book 1954, at Page 1443, which instrument was re-recorded September 18, 1997, in Deed Book 1975, at Page 200, records of Horry County, South Carolina, and subject to and in accordance with the terms thereof, which is incorporated herein by this reference.

This is a portion of the property conveyed to the GRANTOR herein by deed of Myrtle Beach Farms Company, Inc. dated December 1, 1997, and recorded December 2, 1997, in Deed Book 1995, at Page 758, records of Horry County, South Carolina.

The within conveyance is subject to all easements of record and/or upon the ground and to all restrictions, reservations, covenants and agreements, including, but not limited to, those shown upon the aforesaid map.

Pursuant to Section 27-31-100 of the South Carolina Code (1976), as amended, notice is given that all activities on or over and all uses of any submerged land or other critical areas are subject to the jurisdiction of the South Carolina Coastal Council, including, but not limited to, the requirements that any activity or use must be authorized by the South Carolina Coastal Council. Pursuant to said Section, any owner is liable to the extent of his ownership for any damages to, any inappropriate or unpermitted uses of, and any duties or responsibilities concerning any submerged land, coastal waters, or any other critical area.

Article II of the Master Deed is amended to add thereto the following:

Annexed hereto and expressly made a part hereof, as Exhibit B-45, is a plot plan showing the location of the buildings and other improvements of Phase XLVI and a set of floor plans of the building which shows graphically the dimension and location of COMMON ELEMENTS and LIMITED COMMON ELEMENTS affording access to each UNIT. Each UNIT is identified by a specific number on said Exhibit B-45, and no UNIT bears the same designation as any other UNIT.

Exhibit B-45 is also recorded as a separate condominium plat in the public records of aforesaid Horry County, maintained by the Register of Mesne Conveyances in Condominium Plat Book C at Page 672.

Article XII of the Master Deed is amended to add the following:

Further, annexed hereto and made a part hereof as Exhibit C-45 is a table of statutory values and percentage interests which reflects the addition of Phase XLVI as a part of Magnolia Place Horizontal Property Regime.

GENERALLY: The said Master Deed is further amended in all particulars, generalities and references so as to reflect and include the submission of and intent to submit the said Phase XLVI to the Horizontal Property Regime and to reserve all rights to submit Phases XLVII through LX, or any of them.

IN WITNESS WHEREOF, Heritage Communities, Inc., a South Carolina Corporation, has caused these presents to be executed this 25 day of August, 1998.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Rose P. New
P. W. R.

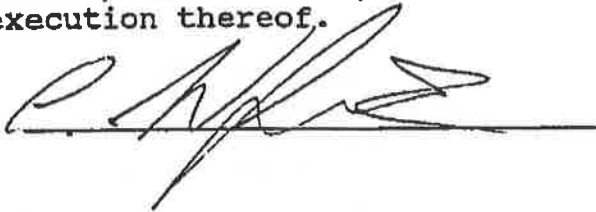
HERITAGE COMMUNITIES, INC.

By: [Signature]
Its [Signature]

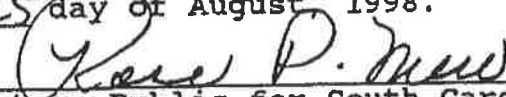
STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned witness and made oath that s/he saw the within named Heritage Communities, Inc., a South Carolina Corporation, by its duly authorized Officer(s), Sign, Seal and as its Act and Deed deliver the within written FORTY-FOURTH AMENDMENT TO MASTER DEED; and that s/he with the undersigned notary witnessed the execution thereof.



SWORN to before me this
25 day of August, 1998.


Notary Public for South Carolina

My Commission Expires: 02-06-01

**MAGNOLIA PLACE
HORIZONTAL PROPERTY REGIME**

PHASE XLVI

**EXHIBIT "B-45"
TO
MASTER DEED**

NOTE: Exhibit "B-45" is a survey prepared by Robert L. Bellamy & Associates, Inc., dated August 22, 1998, (the "Survey"), which shows the location of the Building and other improvements (as well as buildings previously submitted and made a part of Magnolia Place Horizontal Property Regime) and a set of floor plans dated September 19, 1997, prepared by Pegram Associates, Inc., Architects/Planners, (the "Plans"), which show graphically the dimensions, area and location of each UNIT therein, and the dimensions, area and location of COMMON ELEMENTS and LIMITED COMMON ELEMENTS affording access to each UNIT. Both the Survey and Plans are recorded in Condominium Plat Book C at Page 672, records of Horry County, South Carolina and are incorporated herein by this reference. Said Exhibit further includes the following:

There is one (1) Building, also identified as Building 46 containing twelve (12) UNITS in Phase XLVI. Each UNIT is identified by the Building number as shown on the Survey followed by a dash and a three (3) digit number as shown on the Plans. Each UNIT which has the number "46" as the first digit(s) of its UNIT identification number is located in Building 46, as shown on the Survey and Plans. Phase XLVI, for purposes of this Master Deed shall consist of Building 46 as shown on the Survey and the UNITS contained therein. The Building is three (3) levels in height and contains four (4) UNITS on each level. All UNITS having the number "1" as the third digit of its UNIT identification number (being the number immediately following the dash) are located on level one of the Building. All UNITS having the number "2" as the third digit of its UNIT identification number are located on level two of the Building. All UNITS having the number "3" as the third digit of its UNIT identification number are located on level three of the Building. Each UNIT is individually designated using the UNIT identification number shown both on the Plans and on Exhibit "C-45" to this Master Deed.

As shown on the Plans, each UNIT has an entrance door opening onto a corridor which corridor is a COMMON ELEMENT. Access to the second and third level of the building is by way of two (2) sets of stairways, which stairways are COMMON ELEMENTS.

Parking is provided in the parking areas shown on the Survey within the property being submitted herewith, as well as the property previously submitted as Phase I through Phase XIV,

pursuant to the terms of this Master Deed. The parking areas are also COMMON ELEMENTS.

UNITS 46-102, 46-202 and 46-302 are one (1) bedroom UNITS and UNITS 46-101, 46-201, 46-301, 46-103, 46-203, 46-303, 46-104, 46-204 and 46-304 are two (2) bedroom UNITS as shown on the Plans. Each One (1) bedroom UNIT, as shown on the Plans, contains a Great Room, one and a half baths, closets, a kitchen and a mechanical room. Each two (2) bedroom UNIT, as shown on the plans, contains a living area, dining area, kitchen, two (2) bedrooms, two (2) baths and closets as shown on the Plans. The patios and decks, and any storage rooms located thereon as shown on the Plans, are LIMITED COMMON ELEMENTS for the use and benefit of the UNIT from which it is directly accessible and adjacent to.

As to each UNIT: All built-in kitchen appliances, the refrigerator, heating and air-conditioning units and condensers, hot water heaters and bathroom fixtures located in each UNIT are a part of the UNIT in which they are located and are not COMMON ELEMENTS. The air handling units which serve each UNIT are a part of the UNIT which it serves and are not COMMON ELEMENTS, notwithstanding that they are located outside of the UNIT.

Reference to areas as COMMON ELEMENTS or areas in this Exhibit shall be in addition to and read in conjunction with the further designations of Common Elements and areas as set out in the Master Deed and the Survey and Plans making up the balance of this Exhibit "B-45".

This Exhibit "B-45" shall be amended if Phase XLVI through Phase LX or any one or more of them, shall become a part of the Horizontal Property Regime in accordance with the terms of this Master Deed.



RE: Building 46, Magnolia Place
Horizontal Property Regime
4787 Wild Iris Drive
Myrtle Beach, South Carolina

J. Thomas Pegram
Dennis H. Springs
David S. Glymph
Kenneth N. Heit

The attached plans by Pegram Associates, Inc. of Myrtle Beach, S.C., consist of 3 sheets numbered and dated or revised as follows:

A1 [9/19/97] (9 2-BR's/3 1-BR'S, #'s 101, 102, 103, 104
201, 202, 203, 204
301, 302, 303, 304)

A5 [9/19/97]

A6 [9/19/97]

The visible components of the completed building, comprising Building 46 of this project, appear to conform to the attached plans. The floor plans show graphically the dimensions, area, and location of the proposed units; and the dimensions, area and location of the proposed common elements affording access to each unit. Other proposed common elements, both limited and general, are shown graphically insofar as possible. In addition, the suggested number of each unit has been shown on the plans. The undersigned is the "Architect of Record" on the subject building, but did not provide construction observation of the subject building, and therefore can make no confirmation of conformance to the attached drawings beyond the general conformance noted above.

PEGRAM ASSOCIATES, INC.

by

date

8/24/98

**MAGNOLIA PLACE
HORIZONTAL PROPERTY REGIME**

**EXHIBIT "C-45
TO
MASTER DEED**

Schedule of percentage (%) of undivided interest in the COMMON ELEMENTS appurtenant to UNITS in Magnolia Place, a condominium, including Phases I through Phase XLVI Statutory Value is for statutory purposes only and has no relationship to the actual value of each UNIT.

UNIT Number	Statutory Value	Percentage Interest (Phases I through XLVI)
PHASE I		
6-101	49,000	.12973
6-102	69,000	.18268
6-103	69,000	.18268
6-104	69,000	.18268
6-105	49,000	.12973
6-201	49,000	.12973
6-202	69,000	.18268
6-203	69,000	.18268
6-204	69,000	.18268
6-205	49,000	.12973
6-301	49,000	.12973
6-302	69,000	.18268
6-303	69,000	.18268
6-304	69,000	.18268
6-305	49,000	.12973
PHASE II		
5-101	49,000	.12973
5-102	69,000	.18268
5-103	69,000	.18268
5-104	69,000	.18268
5-105	49,000	.12973
5-201	49,000	.12973

5-202	69,000	.18268
5-203	69,000	.18268
5-204	69,000	.18268
5-205	49,000	.12973
5-301	49,000	.12973
5-302	69,000	.18268
5-303	69,000	.18268
5-304	69,000	.18268
5-305	49,000	.12973
PHASE III		
7-101	49,000	.12973
7-102	69,000	.18268
7-103	69,000	.18268
7-104	69,000	.18268
7-105	35,000	.09267
7-201	49,000	.12973
7-202	69,000	.18268
7-203	69,000	.18268
7-204	69,000	.18268
7-205	35,000	.09267
PHASE IV		
8-101	49,000	.12973
8-102	69,000	.18268
8-103	69,000	.18268
8-104	69,000	.18268
8-105	35,000	.09267
8-201	49,000	.12973
8-202	69,000	.18268
8-203	69,000	.18268
8-204	69,000	.18268
8-205	35,000	.09267
8-301	49,000	.12973
8-302	69,000	.18268

8-303	69,000	.18268
8-304	69,000	.18268
8-305	35,000	.09267
PHASE V		
36-101	49,000	.12973
36-102	69,000	.18268
36-103	69,000	.18268
36-104	69,000	.18268
36-105	35,000	.09267
36-201	49,000	.12973
36-202	69,000	.18268
36-203	69,000	.18268
36-204	69,000	.18268
36-205	35,000	.09267
PHASE VI		
35-101	49,000	.12973
35-102	69,000	.18268
35-103	69,000	.18268
35-104	69,000	.18268
35-105	49,000	.12973
35-201	49,000	.12973
35-202	69,000	.18268
35-203	69,000	.18268
35-204	69,000	.18268
35-205	49,000	.12973
35-301	49,000	.12973
35-302	69,000	.18268
35-303	69,000	.18268
35-304	69,000	.18268
35-305	49,000	.12973
PHASE VII		
9-101	49,000	.12973
9-102	69,000	.18268

9-103	69,000	.18268
9-104	69,000	.18268
9-105	49,000	.12973
9-201	49,000	.12973
9-202	69,000	.18268
9-203	69,000	.18268
9-204	69,000	.18268
9-205	49,000	.12973
9-301	49,000	.12973
9-302	69,000	.18268
9-303	69,000	.18268
9-304	69,000	.18268
9-305	49,000	.12973
PHASE VIII		
10-101	49,000	.12973
10-102	69,000	.18268
10-103	69,000	.18268
10-104	69,000	.18268
10-105	49,000	.12973
10-201	49,000	.12973
10-202	69,000	.18268
10-203	69,000	.18268
10-204	69,000	.18268
10-205	49,000	.12973
10-301	49,000	.12973
10-302	69,000	.18268
10-303	69,000	.18268
10-304	69,000	.18268
10-305	49,000	.12973
PHASE IX		
12-101	49,000	.12973
12-102	69,000	.18268
12-103	69,000	.18268

12-104	69,000	.18268
12-105	35,000	.09267
12-201	49,000	.12973
12-202	69,000	.18268
12-203	69,000	.18268
12-204	69,000	.18268
12-205	35,000	.09267
12-301	49,000	.12973
12-302	69,000	.18268
12-303	69,000	.18268
12-304	69,000	.18268
12-305	35,000	.09267
PHASE X		
11-101	49,000	.12973
11-102	69,000	.18268
11-103	69,000	.18268
11-104	69,000	.18268
11-105	49,000	.12973
11-201	49,000	.12973
11-202	69,000	.18268
11-203	69,000	.18268
11-204	69,000	.18268
11-205	49,000	.12973
11-301	49,000	.12973
11-302	69,000	.18268
11-303	69,000	.18268
11-304	69,000	.18268
11-305	49,000	.12973
PHASE XI		
34-101	49,000	.12973
34-102	69,000	.18268
34-103	69,000	.18268
34-104	69,000	.18268

34-105	35,000	.09267
34-201	49,000	.12973
34-202	69,000	.18268
34-203	69,000	.18268
34-204	69,000	.18268
34-205	35,000	.09267
34-301	49,000	.12973
34-302	69,000	.18268
34-303	69,000	.18268
34-304	69,000	.18268
34-305	35,000	.09267
PHASE XII		
33-101	49,000	.12973
33-102	69,000	.18268
33-103	69,000	.18268
33-104	69,000	.18268
33-105	49,000	.12973
33-201	49,000	.12973
33-202	69,000	.18268
33-203	69,000	.18268
33-204	69,000	.18268
33-205	49,000	.12973
33-301	49,000	.12973
33-302	69,000	.18268
33-303	69,000	.18268
33-304	69,000	.18268
33-305	49,000	.12973
PHASE XIII		
32-101	49,000	.12973
32-102	69,000	.18268
32-103	69,000	.18268
32-104	69,000	.18268
32-105	49,000	.12973

32-201	49,000	.12973
32-202	69,000	.18268
32-203	69,000	.18268
32-204	69,000	.18268
32-205	49,000	.12973
32-301	49,000	.12973
32-302	69,000	.18268
32-303	69,000	.18268
32-304	69,000	.18268
32-305	49,000	.12973
PHASE XIV		
13-101	49,000	.12973
13-102	69,000	.18268
13-103	69,000	.18268
13-104	69,000	.18268
13-105	49,000	.12973
13-201	49,000	.12973
13-202	69,000	.18268
13-203	69,000	.18268
13-204	69,000	.18268
13-205	49,000	.12973
13-301	49,000	.12973
13-302	69,000	.18268
13-303	69,000	.18268
13-304	69,000	.18268
13-305	49,000	.12973
PHASE XV		
28-101	49,000	.12973
28-102	69,000	.18268
28-103	69,000	.18268
28-104	69,000	.18268
28-105	49,000	.12973
28-201	49,000	.12973

28-202	69,000	.18268
28-203	69,000	.18268
28-204	69,000	.18268
28-205	49,000	.12973
28-301	49,000	.12973
28-302	69,000	.18268
28-303	69,000	.18268
28-304	69,000	.18268
28-305	49,000	.12973
PHASE XVI		
29-101	49,000	.12973
29-102	69,000	.18268
29-103	69,000	.18268
29-104	69,000	.18268
29-105	49,000	.12973
29-201	49,000	.12973
29-202	69,000	.18268
29-203	69,000	.18268
29-204	69,000	.18268
29-205	49,000	.12973
29-301	49,000	.12973
29-302	69,000	.18268
29-303	69,000	.18268
29-304	69,000	.18268
29-305	49,000	.12973
PHASE XVII		
14-101	49,000	.12973
14-102	69,000	.18268
14-103	69,000	.18268
14-104	69,000	.18268
14-105	49,000	.12973
14-201	49,000	.12973
14-202	69,000	.18268

14-203	69,000	.18268
14-204	69,000	.18268
14-205	49,000	.12973
14-301	49,000	.12973
14-302	69,000	.18268
14-303	69,000	.18268
14-304	69,000	.18268
14-305	49,000	.12973
PHASE XVIII		
15-101	49,000	.12973
15-102	69,000	.18268
15-103	69,000	.18268
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15-304	69,000	.18268
15-305	49,000	.12973
PHASE XIX		
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16-102	69,000	.18268
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16-202	69,000	.18268
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16-204	69,800	.18268
16-205	49,000	.12973
16-301	49,000	.12973
16-302	69,000	.18268
16-303	69,000	.18268
16-304	69,000	.18268
16-305	49,000	.12973
PHASE XX		
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30-102	69,000	.18268
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PHASE XXI		
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31-102	69,000	.18268
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PHASE XXII		
17-101	49,000	.12973
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PHASE XXIII		
27-101	49,000	.12973
27-102	69,000	.18268
27-103	69,000	.18268
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PHASE XXIV		
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PHASE XXV		
37-102	69,000	.18268
37-103	69,000	.18268
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PHASE XXVI		
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PHASE XXVII		
20-101	69,000	.18268
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PHASE XXVIII		
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PHASE XXIX		
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PHASE XXX		
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PHASE XXXI		
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PHASE XXX11		
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PHASE XXXIII		
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PHASE XXXIV		
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PHASE XXXV		
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PHASE XXXVI		
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PHASE XXXVII		
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PHASE XXXVIII		
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PHASE XXXIX		
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45-102	49,000	.12973
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45-302	49,000	.12973
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45-304	69,000	.18268
PHASE XL		
4-101	69,000	.18268
4-102	49,000	.12973
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PHASE XLI		
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PHASE XLII		
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PHASE XLIII		
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PHASE XLIV		

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PHASE XLV		
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1-302	49,000	.12973
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PHASE XLVI		
46-101	69,000	.18268
46-102	49,000	.12973
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46-204	69,000	.18268
46-301	69,000	.18268
46-302	49,000	.12973
46-303	69,000	.18268
46-304	69,000	.18268
Total Statutory Value for Phases I through XLVI	\$37,770,000.00	100.000% (rounded to nearest one thousandth)

The foregoing schedule may be amended in accordance with the Master Deed and **Exhibit "C"** thereto in the event additional phase(s) are submitted in accordance with the terms of the Master Deed.

FAX COVER SHEET

HERITAGE COMMUNITIES

1201 48th Ave. N., Suite C. Myrtle Beach, SC 29577; Phone (803) 449-6200
Fax (803) 449-5038

Date: 3 March 1997

To: Ally Property Management
Attn: Cindy Bonner
Fax: 497-3652

From: Jill Riordan
Heritage Communities

Subject: Long Term Buildings at Magnolia Place

Number of pages (including cover sheet): 1

Cindy,

The only long term rental buildings at Magnolia Place are:

7, 8, 9, 12, 30, 33, 36

If you experience any difficulty in receiving this fax, please contact the
office at the above number