

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR
HOLIDAY TOWERS HORIZONTAL PROPERTY REGIME

STATE OF SOUTH CAROLINA,
COUNTY OF HORRY.

KNOW ALL MEN BY THESE PRESENTS, that this Declaration, made on the date hereinafter set forth by Holiday Towers, Inc., a South Carolina Corporation hereinafter known as Declarant.

WITNESSETH:

The Declarant hereby submits the land described on Exhibit "A" attached hereto to the provision of the Horizontal Property Act of the State of South Carolina and pursuant thereto does hereby establish a condominium regime to be known as "Holiday Towers Condominiums."

WHEREAS, Declarant will convey the property, pursuant to and subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth:

NOW, THEREFORE, Declarant does hereby make, declare and publish its intention and desire to submit, and does hereby submit, the property to the form of ownership as provided by the "Horizontal Property Act" South Carolina Code of Laws, 1962, as amended in 1967, Sections 27-31-10 through 27-31-300. The property shall be held, sold and conveyed subject to the following covenants, conditions and restrictions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the property. Such covenants, conditions and restrictions shall be binding on all parties having or acquiring any right, title or interest in the property or any part thereof and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1.01. Unless the context otherwise specifies or requires, terms used in this Declaration shall have the meanings specified in this Section, and terms within quotation marks within brackets elsewhere in this Declaration shall have the meaning of the phrase or clause just preceding. All definitions shall be applicable equally to the singular and the plural forms of such terms.

Act means the Horizontal Property Act enacted by the General Assembly of the State of South Carolina, S.C. Code of Laws, 1962, as amended in 1967, Sections 27-31-10 through 27-31-300.

Appraisal means the determination for a fair market value for the property or any portion thereof by the consensus of three area realtors or by an MAI.

Assessment means an owner's share of the common expenses from time to time assessed against an owner by the Association in the manner herein provided.

Association means Holiday Towers Condominiums Property Owners Association, its successors and assigns, sometimes referred to as Holiday Towers Property Owners Association or Property Owners Association or Co-Owners.

Board of Directors or Board means the Board of Directors of the Association and Director means a member of the Board.

Building means a building containing apartment or office units which is located on the property.

Common Area and Common Elements means and includes all of the condominium property after excluding all of the condominium units and limited common area or limited common elements. Common area shall include, but not be limited to, all recreational facilities of the development: tanks, pumps, motors, fans, compressors, and mechanical apparatus and installations existing for common use, planting, landscaping, stone and brick work, paved areas, streets, fountains, statuary or convenient to the existence, maintenance and safety or comfort and enjoyment of the development. However, conduits, ducts, plumbing, wiring, and other attachments to or parts of utility services which are contained within a unit shall not be part of the common area.

Common Expenses means (a) expenses of administration, maintenance, repairs and replacements of the common areas, (b) expenses determined by the Association to be common expenses and (c) expenses declared to be common expenses by provisions of the Act, this Declaration or the By-Laws of the Association.

Declarant means Holiday Towers, Inc., a South Carolina corporation, having its principal office in Myrtle Beach, South Carolina.

Development means the property, buildings, common area, Association and the entire undertaking with respect thereto pursuant to the development documents.

Development Documents means the following documents: (a) Master Deed, (b) This Declaration of Covenants, Conditions and Restrictions ("Declaration"), (c) the By-Laws of the Association ("By-Laws") and (d) the deeds by means of which Declarant will convey particular units ("deeds").

Family or Immediate Family shall mean father, mother, son, daughter, brother, sister, wife, husband and in-laws.

Limited Common Area shall mean those portions of the common area assigned for the exclusive use of occupants of a designated unit or units.

Majority or Majority of Owners means the owners with more than fifty percent (50%) of the votes calculated in accordance with the percentages assigned in this Declaration for voting purposes.

Plot Plan means the plat referred to in the legal description of the property attached hereto as Exhibit "A".

Mortgage means any deed to secure debt, bill of sale to secure debt, or financing instrument conveying title to a unit as security for an indebtedness.

Owner means the record owner, whether one or more persons, of fee simple title to any unit.

Person means an individual, corporation, partnership, association, trust or other legal entity.

Property means the tract or parcel or land described on Exhibit "A" attached hereto.

Holiday Towers Property Owners Association means the nonprofit association, its successors and assigns, acting on behalf of the owners in accordance with the development documents for the purpose of administering Holiday Towers Condominiums, and is sometime referred to as Holiday Towers Condominium Property Owners Association or Property Owners Association or Council of Co-Owners.

Recorded, filed or filed for record means filed for record with the Clerk of Court of Horry County, South Carolina.

Unit means a single family residential unit or office unit constructed or to be constructed as part of a building.

Unit Number means the number, letter or combination thereof assigned to a unit.

ARTICLE II

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 2.01. Creation of the Lien and Personal Obligation of Assessments. The owners of any unit shall pay to the Association annual assessments, fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with interest thereon and costs of collection thereof, shall be a charge on and continuing lien upon the unit against which each such assessment is made when a notice claiming a lien has been recorded by the Association, but no lien shall be recorded until such sums remain unpaid for at least 10 days after the same shall become due. Such lien shall also secure all assessments which come due thereafter until the lien is satisfied. Each owner shall be liable for his portion of each assessment coming due and his successor in title shall be jointly and severally liable for such portion thereof as may be due and payable at the time of a conveyance but without prejudice to the rights of such successor to recover from the grantor the amounts paid by such successor therefor. The purchaser of a unit at a judicial or foreclosure sale shall be liable only for assessments coming due after the date of such sale.

Section 2.02. Annual Assessments. The annual assessments levied by the Association shall be deposited in a Common Expense Fund, which shall be used to cover expenses of the development including, but not limited to, the following:

- (a) Fees for management and supervision;
- (b) Printing, mailing, office equipment, secretarial, and other expenses related to the conduct of the affairs of the Association and the Board of Directors;
- (c) Insurance as provided hereinbelow;
- (d) Such other insurance protecting the Association, the Board of Directors, and owners as members of the Association and owners of the common areas in such amounts as the Board of Directors may deem necessary or appropriate;
- (e) All utility charges in connection with the common area or limited common area, including gas, electric, water, sewer, & telephone charges;
- (f) All expenses in connection with maintenance and repair of (i) all common areas and limited common areas, (ii) exterior roofing and outer surfaces of exterior walls of the buildings, and (iii) all garbage collection or sanitary services necessary or appropriate for all units and the common area;
- (g) The establishment and maintenance of a reasonable operating reserve fund to cover unforeseen contingencies or deficiencies arising from unpaid assessments or liens or emergency expenditures in connection with maintenance and repair;

(h) Water and sewer charges for all units.

The Common Expense Fund shall not be used to pay the following:

(x) Casualty insurance of individual owners on their possessions within units, and liability insurance of such owners insuring themselves and their families individually, which shall be the responsibility of such owners individually;

(y) Ad valorem taxes on the units or the common area, it being the responsibility of each owner to make his own tax return which shall include such owner's undivided interest in the common area;

(z) Telephone, gas or electrical utility charges for each unit, which shall be the responsibility of the owners of such units.

Section 2.03. Determination of Annual Assessments

(a) Until such time as the administration of the regime is turned over to the Holiday Towers Property Owners Association, management shall be the responsibility of Declarant. One (1) month's management fee shall be due in advance at the closing of each unit.

(b) Upon transfer of the management responsibilities and its surplus funds, if any, to the Holiday Towers Property Owners Association, one (1) year after the first sale, the Declarant or the management agent shall determine and recommend to the Association an annual assessment for the remainder of the current calendar year, and the Board shall annually thereafter recommend assessment for the coming calendar year. Such recommendation shall be reported to the entire association not less than thirty (30) days nor more than sixty (60) days prior to an organizational meeting to be held to approve the initial assessment for the remaining portion of the given calendar year. Similar notice and recommendations shall be reported to the association by the Board not less than thirty (30) days nor more than sixty (60) days prior to a meeting to be held in December of each following year at which time the annual assessment shall be determined by a majority vote of the owners casting votes in person or by proxy.

Section 2.04. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described improvement not covered by the annual assessment, including the necessary fixtures and personal property related thereto; provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the owners voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 2.05. Rate of Assessment. Subject to the provisions of the Master deed each owner's share of both the annual and special assessments shall be in proportion to his percentage of undivided interest in and to the common areas.

Section 2.06. Date of Commencement of Monthly Assessments: Due Dates. The monthly assessments shall be established on a calendar year basis and shall commence as to each unit conveyed to an owner on the date of each such conveyance, with adjustment for the first assessment according to the number of days remaining in the calendar year. That portion of each such adjusted assessment attributable to the number of days remaining in the month of conveyance shall be paid to the Association at the time of such conveyance, and the balance of such adjusted assessment shall be paid by the owner to the Association in equal monthly install-

ments commencing on the first day of the month following such conveyance. Unless otherwise provided by the Board of Directors, one-twelfth (1/12) of the annual assessment for each unit shall become due and payable on the first day of each month during the assessment period and shall be paid to the association when due without further notice from the Association. The Association shall upon demand by an owner at any time furnish a certificate in writing signed by an office of the Association setting forth whether the assessments on such owner's unit have been paid. A reasonable charge may be made by the Board for the issuance of such certificates, which shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 2.07. Effect of Non-Payment of Assessments: Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within ten (10) days after the due date, the assessment shall bear interest from the due date at the rate of eight percent (8%) per annum, provided that said interest rate does not violate the so-called "usury laws" of the State of South Carolina at the time, and if said rate does violate the usury laws, the interest rate shall be the highest contract rate allowable at the time, and the Association may bring an action at law against the owner personally obligated to pay the same or file a lien against such owner's unit, in which event, interest, costs and reasonable attorney's fees equal to not less than fifteen percent (15%) of the principal amount shall be added to the amount of such assessments as may then be due. Each owner, by his acceptance of a deed to a unit, vests in the Association or its agents the right and power to bring all actions against him personally for the collection of such charges as a debt and to file a lien in the same manner as liens for the improvement of real property. The lien provided for in this Article IV shall be in favor of the Association and shall be for the benefit of all other owners. The Association, acting on behalf of the owners, shall have the power to bid-in the unit at any foreclosure sale and to acquire, hold, lease, mortgage and convey the same. Non-use of the common area or abandonment of a unit shall not constitute a defense against any action on account of any unpaid assessment.

Section 2.08. Priority of Lien. The lien of the assessments provided for in this Article II shall be prior and superior to all other liens except liens of (a) ad valorem taxes and (b) a first mortgage. The sale or transfer of any unit shall not affect the assessment lien; provided, however, that upon the sale or transfer of any unit pursuant to foreclosure of a first mortgage, the lien of such assessments shall be subordinate to the lien of such first mortgage but shall be entitled to claim any proceeds of sale in excess of the amount necessary to satisfy such first mortgage. No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE III

ADMINISTRATION

Section 3.01. Responsibility for Administration. Subject to the provisions of Section 3.03 the administration of Holiday Towers Condominium, the maintenance, repair, replacement and operation of the common area and those acts required of the Association by the development documents shall be the responsibility of the Association. Such administration shall be pursuant to the Act and the development documents.

Section 3.02. Limitation of Liability: Indemnification. Notwithstanding the duty of the Association to maintain, repair and replace parts of the common area, the Association shall not be liable for injury or damage caused by any latent condition of the common area nor for injury caused by the elements, owners or other persons, nor shall any officer or director of the Association be liable to any owner for injury or damage caused by such officer or director in the performance of his duties unless due to the willful misfeasance or malfeasance of such officer or director. Each officer and director of the Association shall be indemnified by the owners against all expenses and liabilities including attorney's fees, reasonably incurred or imposed upon him in connection with any proceeding, to which he may be a party or in which he may become

involved by reason of his being or having been an officer or director of the Association at the time such expenses and liabilities are incurred, except in such cases where the officer or director is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association.

Section 3.03. Administration by Declarant. Notwithstanding any provision contained in this Declaration or by the By-Laws to the contrary, Declarant shall have any and may exercise all rights, powers and privileges of the Association and the Board of Directors and of the membership of the Association, including but not limited to the power of amendment of the Declaration or By-Laws, subject, however, to the restrictions of this Declaration until such time as management has been transferred to the Property Owners Association as provided in the Ninth paragraph of the Master Deed.

ARTICLE IV

INSURANCE AND CASUALTY LOSSES

Section 4.01. Insurance. The Board of Directors shall obtain insurance for all of the improvements on the property (with the exception of improvements and betterments made by the respective owners at their expense) against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, in an amount sufficient to cover the full cost of any repair, reconstruction or replacement, in the event of damage or destruction from any such hazard, and shall also obtain a public liability policy covering all common area and all damage or injury caused by the negligence of the Association or any of its agents, which public liability policy shall be at least \$500,000.00 single limit as respects bodily injury and property damage. Premiums for all such insurance shall be common expenses. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association for each of the unit owners in such proportions as the Board of Directors shall determine, which determination shall be based on the annual insurance review provided for in subparagraph (j) below. Such insurance shall be governed by the provisions hereinafter set forth.

(a) All policies shall be written with a company licensed to do business in the State of South Carolina and holding a rating of "AAA" or better by Best's Insurance Reports.

(b) All policies shall be for the benefit of the unit owners and their mortgagees as their interests may appear.

(c) Provision shall be made for the issuance of a certificate of insurance to each owner and his mortgagee, if any, which shall specify the proportionate amount of such insurance attributable to the particular owner's unit.

(d) The original of all policies and endorsements thereto shall be deposited with the Insurance Trustee which shall hold them subject to the provisions of Section 4.03.

(e) Exclusive authority to adjust losses under policies hereafter in force on the property shall be vested in the Board of Directors or its duly authorized agent; provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations related thereto.

(f) In no event shall any recovery or payment under the insurance coverage obtained and maintained by the Board of Directors hereunder be effected or diminished by insurance purchased by individual owners or their mortgagees.

(g) Each owner may obtain additional insurance at his own expense; provided, however, that no owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board of Directors, on behalf of all of the owners and their mortgagees, may realize under any insurance policy which the Board of Directors may have in force on the property at any particular time.

(h) Any owner who obtains an individual insurance policy covering any portion of the property, other than improvements and betterments made by such owner at his expense and personal property belonging to such owner, shall file a copy of such policy with the Board of Directors within thirty (30) days after purchase of such insurance.

(i) Each owner at his own expense may obtain on his unit or the contents thereof title insurance, homeowner's liability insurance, theft and other insurance covering improvements, betterments and personal property damage and loss.

(j) The Board of Directors shall conduct an annual insurance review which shall include a replacement cost appraisal, without respect to depreciation, of all improvements on the property (with the exception of improvements and betterments made by the respective owners at their expense) by one or more qualified persons at least one of whom shall be a qualified building cost estimator.

(k) The Board of Directors or its duly authorized agent shall make every effort to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims against the Board of Directors, its duly authorized agents, and the owners and their respective servants, agents and guests; (2) a waiver of insurer's right to repair or reconstruct instead of paying cash; (3) a waiver of insurer's right to cancel, invalidate or suspend the policy on account of the acts of fewer than 5 owners or the conduct of any director, officer or employee of the Association or its duly authorized agent without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its agent, any owner or mortgagee; and (4) that any "other insurance" clause in the master policy exclude individual owners' policies from consideration.

Section 4.02. No Partition. There shall be no judicial partition of the property or any part thereof, and Declarant and every person acquiring any interest in the property or any part thereof shall acquire the same subject to this Declaration and shall be deemed to have waived any right to seek any such judicial partition until the happening of the conditions set forth in Section 4.04 in the case of damage or destruction or until the property has been removed from the provisions of the Act.

Section 4.03. Insurance Trustee. (a) All insurance policies purchased by and in the name of the Association shall provide that proceeds payable to the Association shall be paid jointly to the Association and a Trustee which shall be a South Carolina banking institution having trust powers and at least Ten Million and 00/100 Dollars total capital and surplus selected by the Board of Directors, which Trustee is herein referred to as the Insurance Trustee. Immediately upon the receipt by the Association of such proceeds, the Association shall endorse the instrument by means of which such proceeds are paid and deliver such instrument to the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums, for the renewal or the sufficiency of the policies or for the failure to collect any insurance proceeds. Nor shall the Insurance Trustee have any obligation to inspect the property to determine whether a loss has been sustained or to file any claim or claims against any insurer or any other person.

(b) The duty of the Insurance Trustee shall be to receive proceeds delivered to it and to hold such proceeds in trust for the benefit of the owners and their mortgagees. An undivided share of such proceeds on account of damage or destruction to the common area shall be allocated and assigned for the owners in accordance with their respective percentages of undivided interest in and to the common area. Proceeds on account of damage or destruction to units shall be allocated and

assigned for the owners of the damaged or destroyed units in proportion to the cost of repairing or reconstructing the damage or destruction suffered by each such owner. In the event that a mortgagee endorsement has been issued as to any particular unit, the share of such unit owner shall be held in trust for such owner and his mortgagee as their interests may appear.

(c) Proceeds of insurance policies received by the Insurance Trustee shall be disbursed as follows:

- (i) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, all expenses of the Insurance Trustee shall be first paid and the remaining proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment for such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs shall be paid into the Common Expense Fund for the benefit of all owners.
- (ii) If it is determined as provided for in Section 4.04 that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as therein provided.
- (iii) Any and all disbursements of funds by the Insurance Trustee for any purpose whatsoever shall be made pursuant to and in accordance with a certificate of the Association signed by the President or Vice President and attested by the Secretary or assistant-secretary directing the Insurance Trustee as to the disbursements.

If the damage or destruction is to the common area and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee known by the Insurance Trustee to have the largest interest in or lien upon such common area.

If the damage or destruction is to one or more units and is to be repaired or reconstructed, said certificate shall also be signed by or on behalf of the mortgagee or mortgagees, if any, known by the Insurance Trustee to have any interest in or lien upon such unit or units.

The Insurance Trustee shall not incur any liability to any owner, mortgagee, for other person for any disbursements made by it pursuant to and in accordance with any such certificates or written authorizations.

Section 4.04. Damage and Destruction. (a) Immediately after the damage or destruction by fire or other casualty to all or any part of the property covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty with each unit and the common area having the same vertical and horizontal boundaries as before.

Any such damage or destruction shall be repaired or reconstructed unless at least ninety percent (90%) of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If, for any reason, the amount of the insurance proceeds to be paid as a result of such damage or destruction or reliable and detailed estimates of the cost of repair or reconstruction are not made available to the Association within said period of sixty (60) days after the casualty, then such period shall be extended until such information shall be made available to the Association; provided, however, that said extension of time shall in no event exceed ninety (90) days. No mortgagee shall have any right to participate in the determination as to whether the damage or destruction shall be repaired or reconstructed.

(c) In the event that it is determined by the Association in the manner prescribed above that the damage or destruction shall not be repaired or reconstructed, then and in that event (1) the property (including all units) shall be deemed to be owned in common by the unit owners, (2) the undivided interest in the property which shall appertain to each unit owner shall be the percentage of undivided interest previously owned by such owner in the common area, (3) any lien affecting any unit shall be deemed to be transferred in accordance with the existing priorities to the percentage of undivided interest of such unit owner in the property, and (4) the property shall be subject to an action for partition at the instance of any unit owner. In the event of sale of the property the net proceeds of sale shall be paid to the Insurance Trustee. Said net proceeds of sale, together with the net proceeds of the insurance on the property, shall be considered as one fund which, after paying all expenses of the Insurance Trustee, shall be divided among all of the unit owners in a percentage equal to the percentage of undivided interest owned by each owner in the property, after first paying out of the respective share of the unit owners, to the extent sufficient for the purpose, all liens applicable to the undivided interest in the property owned by each unit owner. Disbursements to such owners shall be made pursuant to certificates provided for in Section 4.03 (c) (iii).

Section 4.05. Repair and Reconstruction. (a) If the damage or destruction for which the insurance proceeds are paid to the Insurance Trustee is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall levy a special assessment against all owners in sufficient amounts to provide funds to pay such excess cost of repair or reconstruction. Additional assessments may be made at any time during or following the completion of any repair or reconstruction. Such assessments against unit owners for damage to units shall be in proportion to such owners percentage ownership of the common area as set forth in Schedule E.

(b) Any and all sums paid to the Association under and by virtue of those special assessments provided for in paragraph (a) of this Section shall be deposited by the Association with the Insurance Trustee. The proceeds from insurance and assessments, if any, received by the Insurance Trustee, when the damage or destruction is to be repaired or reconstructed, shall be disbursed as provided for in Section 4.03.

Section 4.06. Minor Repairs. (a) Notwithstanding the foregoing provisions of this Article IV, in the event of damage by fire or other casualty to either the common area or a single unit covered by insurance written in the name of the Association and if the insurance proceeds payable therefor are less than One Thousand Dollars (\$1,000.00) and the estimated cost of repairing such damage is less than twice the amount of such proceeds then the instrument by means of which such proceeds are paid shall be endorsed by the Insurance Trustee and delivered to the Association and the damage shall be repaired.

(b) If the cost of such repairs is less than the amount of such insurance proceeds, the excess shall be retained by the Association or its duly authorized agent and placed in the reserve maintenance fund or such other fund as may be established for the purpose of providing for the maintenance, repair and replacement of the property. If the cost of such repairs exceeds the amount of such insurance proceeds, such excess may be provided either by means of a special assessment levied by the Board of Directors against all owners in proportion to each owners' share in the common area or by means of an appropriation from the reserve maintenance fund or such other fund as may be established for the purpose of providing for the maintenance, repair and replacement of the property as the Board of Directors in the exercise of its sole discretion may determine.

ARTICLE V

CONDEMNATION

Section 5.01. General. Whenever all or any part of the property

shall be taken by any authority having the power of condemnation or eminent domain, each owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association if such award amounts to less than One Thousand Dollars (\$1,000.00), and to the Insurance Trustee if such award amounts to One Thousand Dollars (\$1,000.00), or more. Unless otherwise required by law at the time of such taking, any award made therefor shall be disbursed by the Association or the Insurance Trustee, as the case may be, as herein provided in this Article V.

Section 5.02. Common Area. If the taking is confined to the common area on which improvements shall have been constructed and if at least seventy-five percent (75%) of the total vote of the Association shall decide within ninety (90) days after such taking to replace such improvements, or any part thereof, on the remaining land included in the common area and according to plans therefor to be approved by the Association, then the Board of Directors shall arrange for such replacement and the Association or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the property is to be repaired or reconstructed as provided for in Article IV hereof; subject, however, to the right hereby reserved to the Association and to be exercised by a majority of the total vote thereof to provide for the disbursement by the Insurance Trustee of the remaining proceeds held by it (after payment of all costs incident to such replacement including all expenses of the Insurance Trustee) to the owners or any one or more of them in amounts disproportionate to their percentages of undivided interest in the common area as established herein, which disproportionate amounts shall correspond with the disproportionate damages sustained by the owners or any one or more of them as the Association may determine. If at least seventy-five percent (75%) of the total vote of the Association shall not decide within ninety (90) days after such taking to replace such improvements or if the taking is confined to the common area on which no improvements shall have been constructed, then the Association or the Insurance Trustee, as the case may be, shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken, including the right reserved to the Association to provide for the disbursement by the Insurance Trustee of the remaining proceeds held by it to the owners in disproportionate amounts.

Section 5.03. Units. If the taking includes one or more units, or any part or parts thereof, whether or not there is included in the taking any part of the common area or limited common area, then the award shall be disbursed and all related matters, including, without limitation, alteration of the percentages of undivided interest of the owners in the common area, shall be handled pursuant to and in accordance with the consent of 100% if the total vote of the Association expressed in a duly recorded amendment to this Declaration. In the event that such an amendment shall not be recorded with 120 days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in Section 4.04, whereupon the development will be terminated in the manner therein prescribed.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 6.01. Approval Required for changes. No construction of any nature whatsoever shall be commenced or maintained upon any exterior portion of the property by a purchase of a unit from the Declarant, its successors or assigns until the plans and specifications showing the nature, kind, shape, height, material and location of the same shall have been submitted to and approved in writing by the Board of Directors of the Association or by an architectural committee composed of three or more representatives appointed by the Board. Failure of the Board, or its designated committee, to approve or disapprove such plans and specifications with thirty (30) days after their being submitted to it shall be deemed to constitute approval.

ARTICLE VII

EXTERIOR MAINTENANCE

Section 7.01. Responsibility of Association. In addition to maintenance of the common area, the Association shall provide exterior maintenance upon each unit, as follows: paint, repair, replace and care for roof surfaces, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces.

Section 7.02. Responsibility of Owner. In the event that (a) the Board of Directors should determine that the need for maintenance or repairs by the Association as provided for in 7.01 is caused through the willful or negligent act of an owner, his family, guests or invitees and is not covered or paid for by insurance, then the cost, both direct and indirect, of such maintenance or repairs shall be added to and become a part of the assessment to which such owner is subject.

ARTICLE VIII

USE RESTRICTIONS

Section 8.01. Residential and Office Purposes. All units contemplated shall be and the same hereby restricted exclusively to one family residential use except that Declarant, its successors or assigne, or successors in title, may utilize Unit 108 and PH 3 (1503) as offices. Owners may sub-lease or enter into other rental arrangements as to their individual units. No structures of a temporary character, including but not limited to a trailer, a tent, a shack, a car garage, a barn or other outbuildings shall be erected or constructed on any portion of any of the property at any time. No boats may be parked in the common areas.

Section 8.02. Freehold Estate. Each unit shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof, and of the Act.

Section 8.03. Construction and Sale Period. Notwithstanding any provisions herein to the contrary, it shall be expressly permissible for the Declarant or the builder, or their successors or assigns, of said units, to maintain, during the period of construction and sale of said units, upon such portion of the property as the Declarant or its successors or assigns may deem necessary, such facilities as in the sole opinion of the Declarant, or its successors or assigns, may be reasonable required, convenient or incidental to the construction and sale of said units, including but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 8.04. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of the property, except that dogs, cats or other household pets may be kept by the respective owners in their respective units provided that they are not kept, bred or maintained for any commercial purpose and do not endanger the health or, in the sole discretion of the Board of Directors, unreasonably disturb the owner of any unit or any resident thereof.

Section 8.05. Signs and Business Activities. No advertising signs, billboards, unsightly objects, or nuisances, shall be erected, placed or permitted to remain on the property, nor shall the property be used in any way or for any purpose which may endanger the health or unreasonably disturb the owner of any unit or any resident thereof. No business activities of any kind whatever shall be conducted in any building or in any portion of the property; provided, however, the foregoing covenants shall not apply to the business activities, signs and billboards of the Declarant, its agents or assigns during the construction and sale period.