

BY-LAWS

OF

ATALAYA TOWERS

INTERVAL OWNERS ASSOCIATION, INC.

A Corporation not for profit under the laws of the State of South Carolina.

1.

IDENTITY

These are the By-Laws of the ATALAYA TOWERS INTERVAL OWNERS ASSOCIATION, INC., a non-profit corporation existing under the laws of the State of South Carolina, which has been organized for the purpose of administering an interval ownership or time share property established as a Vacation Timeshare Project pursuant to the Horizontal Property Act which is Chapter 32, Title 27 of the 1976 Code of Laws of South Carolina. This Project is identified by the name ATALAYA TOWERS RESORT (the Project) and is located upon lands in Horry County, South Carolina as more particularly described in Exhibit A annexed hereto (Phase I).

(a) The provisions of these By-Laws are applicable to said condominium, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in the Articles of Incorporation and the Declaration of Timesharing Covenants (the Declaration), which will be recorded in the Public Records of Horry County, South Carolina, at the time said property and the improvements now or hereafter situate thereon are submitted to the plan of interval ownership, the terms and provisions of said Articles of Incorporation and Declaration to be controlling wherever the same may be in conflict herewith.

(b) All present or future owners, tenants, future tenants, or their employees, or any other person that might use said condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in the By-Laws and in said Articles of Incorporation and MASTER DEED of ATALAYA TOWERS Horizontal Property Regime and the Declaration.

(c) The office of the Association shall be located at the site of the Condominium, Garden City, South Carolina or such other place as the Board of Directors directs.

(d) The fiscal year of the Association shall be the calendar year.

(e) The seal of the Association shall bear the name of the Association, and the words, "South Carolina", the words

"Corporation Not for Profit", and the year of incorporation, an impression of which seals as follows:

II.

MEMBERSHIP, VOTING QUORUM, AND PROXIES

(a) The qualifications of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be set forth in Article IV of the Aritlce of Incorporation of the Association, the provisions of which said Article of the Articles of Incorporation are incorporated herein by reference. In the event that the Declaration is amended so as to cause the Project to be enlarged to include Phases II or any part thereof, the Use Periods in Phases II shall have the same rights and obligations as owners in Phase I.

(b) A quorum at member's meetings shall consist of persons entitled to cast a majority (51% of the value of the property) of the votes of the entire membership. The joinder of a member in the action of meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

certificate requirement

(c) The vote of the owners of a Use Period owned by more than one person or by a coproration or other entity shall be cast by the person named in a Certificate signed by all of the owners of the Use Period and filed with the Secretary of the Association, and such certificate shall be valid until revoked by the subsequent certificate. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum, nor for any purpose.

(d) Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.

(e) Approval or disapproval of a Use Period owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner at an Association meeting.

(f) Except where otherwise required under the provisions of the Articles of Incoporation of the Association, these By-Laws, the Declaration, or where same may otherwise be required by law, the affirmative vote of the owners of a majority of the Use Periods represented at any duly called member's meeting at which a quorum is present shall be binding upon the members.

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III.

ANNUAL AND SPECIAL
MEETINGS OF MEMBERS

(a) The Annual Member's Meeting shall be held at the office of the Association at 2:00 P.M., Eastern Standard Time, on the Saturday before the annual meeting of the Atalaya Towers Homeowners Association in each year beginning in 1986 for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next day succeeding Saturday.

(b) Special Members' Meetings shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such Officers upon receipt of a written request from members of the Association owning a majority of the Use Periods in the Project.

(c) Notice of all members meetings, regular or special, shall be given by the President, Vice President or Secretary of the Association, or other Officer of the Association in absence of said Officers, to each member, unless waived in writing, such notice to be written or printed and to state the time and place and object for which the meeting is called. Such notice shall be given to each member not less than Ten (10) days nor more than Sixty (60) days prior to the date set for such meeting, which notice shall be mailed or presented personally. Receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Proof of such mailing shall be given by the affidavit of the person giving the notice. 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 holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. If any members meeting cannot be organized because a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present.

(d) At Meetings of membership, the President shall preside, or in the absence of him the membership shall select a chairman.

(e) The order of business at Annual Member's Meetings and, as far as practical, at any other member's meeting, shall be:

- (i) Calling of the roll and certifying of proxies.
- (ii) Proof of notice of meeting or waiver of notice.
- (iii) Reading of minutes.
- (iv) Reports of Officers.
- (v) Reports of Committees
- (vi) Appointment by Chairman of Inspectors of Election.
- (vii) Election of Directors
- (viii) Unfinished business
- (ix) New business
- (x) Adjournment

IV.
BOARD OF DIRECTORS

Article VIII F. 2. am.

*Directorship
responsibility
Board*

(a) The first Board of Directors of the Association and succeeding Boards shall consist of three (3) persons. At least a majority of the Board of Directors shall be members of the Association, or shall be authorized representatives, officers, or employees of a corporation member of the Association. It is provided that so long as ATALAYA TOWERS INTERVAL, INC., (hereinafter "owner") owns five (5) or more use periods in the project owner 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. Notwithstanding the foregoing provisions, the power of the Owner to designate Directors as set forth above shall terminate no later than the earlier of the following events:

- (i) One Hundred Twenty (120) days after Seventy-five (75%) percent of the Use Periods in the project have been conveyed; or
- (ii) Five (5) years following the date of the filing of the Declaration.

(b) Election of Directors shall be conducted in the following manner:

(i) Owner, Sponsor of the Project, shall at the beginning of the election of the Board of Directors, designate and select that number of the members of the Board of Directors which it should be entitled to designate and select in accordance with the provisions of these By-Laws, and upon such designation and selection by Owner by written instrument presented to the meeting at which such election is held, and individuals so designated and selected by Owner shall be deemed and considered, for all purposes, Directors of the Association, and shall thenceforth perform the offices and duties of such Directors until their successors shall have been selected or elected in accordance with the provisions of these By-Laws.

(ii) All members of the Board of Directors whom Owner shall not be entitled to designate and select under the terms and provisions of these By-Laws, shall be elected by a plurality of the votes cast at the Annual Meeting of the members of the Association immediately following the designation and selection of the members of the Board of Directors whom Owner shall be entitled to designate and select.

(iii) Vacancies in the Board of Directors may be filled until the date of the next Annual Meeting by the remaining Directors, except that should any vacancy in the Board of Directors be created in any Directorship previously filled by any person designated and selected by Owner, Owner may by designating and selecting, by written instrument delivered to any officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.

(iv) At the first Annual Meeting of the members held after the Declaration has been recorded in the public Records of Horry County, South Carolina, the term of office of the One (1) Director receiving the highest plurality of votes shall be established at Two (2) years, and the Two (2) Directors selected by ATALAYA TOWERS INTERVAL, CORP., shall serve until ATALAYA TOWERS INTERVAL CORP., no longer has the power, as provided herein, to select members of the Board of Directors. Thereafter, as many Directors of the Association shall be selected at the Annual Meeting as thereto are regular terms of office of Directors expiring at such time. The term of the Directors so selected at the Annual Meeting of members each year shall be for Two (2) years expiring at the second Annual Meeting following their election, and thereafter until their successors are duly elected and qualified, or until removed in the manner elsewhere provided or as may be provide by law for the removal of Directors of South Carolina Corporations for profit.

(v) In the election of Directors, there shall be appurtenant to each Use Period as many votes for Directors as there are Directors to be elected, provided, however, that no member or owner of any Use Period may cast more than one vote for any one person. ~~Voting for Directors shall be non-cumulative.~~

(vi) In the event that Owner, in accordance with the privilege granted unto it, selects any person or persons to serve on any Board of Directors of the Association, the said Owner shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or persons designated by Owner to serve on any Board of Directors of the Association which shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names so removed from said Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Owner to any officer of the Association.

(c) The organizational meeting of a newly elected Board of Directors shall be held within Ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organization meeting shall be necessary provided a quorum shall be present.

(d) 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. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place, and purpose of the meeting.

(e) Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third (1/3) of the votes of the Board. Not less than Three (3) days notice of a meeting shall be given to each Director, personally or by mail, telephone, or telegram, which notice shall state the time, place and purpose of the meeting.

(f) Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

(g) A Quorum at a Director's meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, these By-Laws or the Declaration. If any Director's meeting cannot be organized because a quorum has not attended, whenever the latter percentage of the Directors required to constitute a quorum for particular purpose has not attended, whenever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration of Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any

business which may have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

(h) The presiding officer of Director's meetings shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.

(i) Director's fees, if any, shall be determined by the members.

(j) The Board of Directors shall manage and direct the affairs of the Association and subject to any restrictions imposed by law, the Declaration of these By-Laws, may exercise all of the powers of the Association subject only to approval by the co-owners when such is specifically required of these By-Laws. The Board of Directors shall exercise such duties and responsibilities as shall be incumbent upon it by law, the Declaration or these By-Laws, as it may deem necessary or appropriate in the exercise of its powers and shall include, without limiting the generality of the foregoing, the following:

(i) To make, levy and collect assessments against members and members' Use Periods to defray the costs of the common areas and facilities of the Project, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

(ii) The maintenance, repair, replacement, operation surveillance and the management of the common areas and facilities of the Units committed to Interval Ownership wherever the same is required to be done and accomplished by the Association for the benefit of its members:

(iii) The reconstruction of improvements after casualty and the further improvements of the property, real and personal:

(iv) To make and amend regulations governing the use of the property, real and personal, in the project so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation, MASTER DEED of the Atalaya Towers Horizontal Property Regime and those passages by the Atalaya Towers Homeowners Association.

(v) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Use Periods in the Project, as may be necessary or convenient in the operation and management of the Project, and in accomplishing the purposes set forth in the Declaration.

(vi) To contract for the management of the common areas and facilities in the project and to designate to such contract to all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Board of Directors or membership of the Association.

(vii) To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration and the regulations hereinafter promulgated governing use of the property in the Project.

(viii) To pay all taxes and assessments which are liens against any part of the Project other than Use Periods and the appurtenances thereto, and to assess the same against the members and their respective Use Periods subject to such liens.

(ix) To carry insurance for the protection of the members and the Association against casualty and liability.

(x) To pay all costs of power, water, sewer and other utility services rendered to the Project and not billed to the owners of the separate Use Periods; and

(xi) To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association as well as the dismissal of said personnel.

(l) The undertakings and contracts authorized by said first Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board of Directors has been submitted to the plan of the Interval ownership and said Declaration has been recorded in the Horry County Public Records, so long as any undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of the Association in accordance with all applicable documents.

(m) Directors may be removed from office in the manner provided by law for the removal of directors of South Carolina Corporation for profit.

V.
ADDITIONAL PROVISIONS ABOUT
MEETINGS OF MEMBERS & DIRECTORS

(a) Notwithstanding anything contained in these By-Laws to the contrary, any meeting of members of Directors may be held at any place within or without the State of South Carolina of which notice is given in the notice of any such meeting or notice of which is waived by any person otherwise entitled thereto during or after any such meeting.

(b) To the extent now or from time to time hereafter permitted by the law of South Carolina the Directors may take any action which they might take at a meeting of Directors without a meeting, a record of any such action so taken, signed by each Director, is to be retained in the Association's Minute Book and given equal dignity by all persons to the minutes of meetings duly called and held.

VI. OFFICERS

(a) The executive officers of the Association shall be President, who shall be a Director, a Vice President, who shall be a Director, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary.

(b) The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion, determine appropriate, to assist in the conduct of the affairs of the Association. He shall also serve as the representative from the Units committed to Interval Ownership at all meetings of the Atalaya Towers Homeowners Association and cast the unit's votes at such meetings.

(c) The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

(d) The Secretary shall keep the minutes of all proceedings of the Directors and members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of the Secretary of an Association and as may be required of the Directors or President. The Assistant Secretary shall perform the duties of Secretary when Secretary is absent.

(e) The treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

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(f) The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the Project.

VII. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration and Articles of Incorporation shall be supplemented by the following provisions:

(a) The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Use Period. Such an account shall designate the name and address of the owner or owners, the dates and amounts of each assessment against the owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due.

(b) The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the association including but not limited to, the following items:

(i) Common expense budget, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of office expense, utility services, casualty insurance, liability insurance, administration and reserves (operating and replacement) together with assessments of the Atalaya Towers Homeowners Association.

(ii) Proposed Assessments against Each Member. Copies of the proposed budget and proposed assessments shall be transmitted to each member on or before January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto, and nothing herein contained shall be construed as restricting the right of the Board of Directors to, at any time in their sole discretion, levy an additional assessment in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

(c) The Board of Directors shall determine the method of payment of such assessments and the due dates thereof and shall notify the members thereof. The assessments will initially be on a quarterly basis unless changed by a vote of the majority of the Board of Directors.

(d) The depository of the Association shall be such bank or banks as designated from time to time by the Directors and in which the monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

(e) An audit of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made. Further, upon written request, any holder of a first mortgage shall be entitled to a copy of the report.

(f) Fidelity bonds shall be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors, but shall be at least the sum of one Hundred Thousand (\$100,000.00) Dollars. The premiums on such bonds shall be paid by the Association.

(g) The books and records of the Association shall be maintained at its office in Myrtle Beach, South Carolina, or such other place as the Board may direct, and will be available for inspection by members and the holder of any first mortgage during regular business hours on business days.

VIII. PARLIMENTARY RULES

Robert Rules or Order (latest addition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the statutes of the State of South Carolina.

IX. AMENDMENTS

Amendments to these By-Laws shall be proposed and adopted in the following manner:

(a) Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon vote of the majority of the Directors, or by members of the Association owning a majority of the total value of the property in the condominium, whether meeting as members or by instrument in writing signed by them.

(b) Upon any amendment or amendments to these By-Laws being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other Officer of the Association in absence of the President, who shall there upon call a Special Joint Meeting of the members of the Board of Directors of the

Association and the membership for a date not sooner than Twenty (20) days or later than Sixty (60) days from the receipt by such Officer of the proposed amendments or printed notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members if required as herein set forth.

(c) In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of the members owning not less than two-thirds (2/3) of the use periods in the Project. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Public Records of Horry County, South Carolina, within Ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the Directors and members.

(d) At any meeting held to consider such amendment or amendments to the By-Laws, 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.

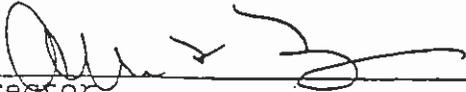
(e) Notwithstanding the foregoing provisions of this Article IX, no amendment to these By-Laws which shall abridge, amend or alter the right to ATALAYA TOWERS INTERVAL, CORP. to designate and select members of each Board of Directors of the Association as provided in Article IV hereof, may be adopted or become effective without the prior written consent of ATALAYA TOWERS INTERVAL CORP.

(f) Notwithstanding the foregoing provisions of this Article IX, no amendment to these By-Laws shall abridge, amend or alter the right of ATALAYA TOWERS INTERVAL CORP., to add Phase II so as to make said additional phases an integral part of the Project.

X. CONFLICTS

In the event of any conflict between the provisions of the MASTER DEED or the Declaration and the provisions of these By-Laws, the provisions of the MASTER DEED shall control first and the Declaration second and these By-Laws last.

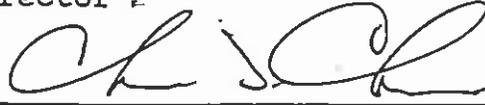
Respectively Submitted and Approved,



Director

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Director

A handwritten signature in cursive script, appearing to read "Chris", written between two horizontal lines.

Director

EXHIBIT
ARTICLES OF INCORPORATION
OF
ATALAYA TOWERS
INTERVAL OWNERS ASSOCIATION, INC.
(A CORPORATION NOT FOR PROFIT)

IN order to form a corporation under and in accordance with the provisions of the laws of the state of South Carolina for the formation of Corporations not for profit, we, the undersigned, hereby associate ourselves into a corporation for the purpose and with the powers hereinafter mentioned; and to that end we do, by these Articles of Incorporation, set forth:

I.

The Name of the Proposed Corporation shall be:

ATALAYA TOWERS INTERVAL OWNERS ASSOCIATION, INC.

II.

The purposes and objects of the corporation shall be to administer the operation and management of certain units of a condominium project said units having been submitted to a plan of Interval Ownership. The described property is situate, lying and being in Horry County, South Carolina, and is known as the Atalaya Towers Resort, (the project) located in the Atalaya Towers Horizontal Property Regime, to wit:

FOR A MORE COMPLETE LEGAL DESCRIPTION, SEE ATTACHED
EXHIBIT "A"

and to undertake the performance of the acts and duties incident to the administration of the operation and management of said facilities in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Incorporation and which may be contained in the formal Declaration of Interval Ownership of Atalaya Towers Resort (the Declaration) which will be recorded in the public records of Horry County, South Carolina, at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of interval ownership; and to own, operate, lease, sell, trade or otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said facilities. The Corporation shall be conducted as a non-profit organization for the benefit of its members.

III.

The corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to corporations not for profit under the law pursuant to which this Corporation is chartered.

2. The Corporation shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Corporation including, but not limited to, the following:

(a) To make and establish reasonable rules and regulations governing the use of the facilities in said project.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Association as may be provided in said Declaration and in the By-Laws of the Corporation, which may hereafter be adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including use periods in said Project, which may be necessary or convenient in the operation and management of the project and facilities and in accomplishing the purposes set forth in said Declaration.

(c) To maintain, repair, replace, operate and manage the facilities and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvements of the Association property.

(d) To contract for the management of the facilities and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Board of Directors or Membership of the Corporation.

(e) To enforce the provisions of said Declaration these Articles of Incorporation, the By-Laws of the Corporation, which may be hereafter adopted, and the Rules and Regulations governing the use of said facilities as same may be hereafter established.

(f) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Corporation pursuant to the Declaration aforementioned.

IV.

The qualifications of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The owners of all Interval Weeks in the Units committed

Interval Ownership (as such term is defined in the Declaration) shall be members of the Corporation, and no other persons or entities shall be entitled to membership, except as provided in Item (5) of Article IV.

2. Membership shall be established by the acquisition of title to a Use Period in the Project or by the acquisition of an ownership interest therein, whether by conveyance, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in his Interval Week except that nothing contained herein shall be construed as terminating the membership of any party who may own Two (2) or more Use Periods or who may own a fee ownership interest in Two (2) or more Use Periods so long as such party shall retain title to or a fee ownership interest in any Use Period.

3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Interval Week. The funds and assets of the Corporation shall be loaned solely to the Corporation subject to the limitation that the same be expended, held, or used for the benefit of the Membership and for the purposes authorized herein, in the Declaration and in the By-Laws which may be hereafter adopted.

4. On all matters on which the Membership shall be entitled to vote, there shall be only one vote for each Interval Week in the Project, which vote may be exercised or cast by the owner or owners of each Interval Week in such manner as may be provided in the By-Laws hereafter adopted by the Corporation. Should any member own more than one (1) Interval Week such member shall be entitled to exercise or cast as many votes as he owns Use Periods in the manner provided by said By-Laws.

5. Until such time as the property described in Article II hereof, and the improvements which may be hereafter constructed thereon, are submitted to a plan of Interval Ownership by the recordation of the Declaration, the Membership of the Corporation shall be comprised of the Subscribers to these Articles, each of which Subscribers shall be entitled to cast one (1) vote on all matters on which the Membership shall be entitled to vote.

V.

The Corporation shall have perpetual existence.

VI.

The principal office of the Corporation shall be located in South Carolina, but the Corporation may maintain offices and transact business in such places within or without the State of South Carolina as may from time to time be designated by the Board of Directors. The principal office of the Corporation

shall be located at the site of the Condominium at 92 Waccamaw Dr., Garden City, S.C. 29576.

VII.

The affairs of the Corporation shall be managed by the President of the Corporation assisted by the Vice President, Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, subject to the direction of the Board of Directors. The Board of Directors may employ a managing Agent and/or other such managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the facilities, and the affairs of the Corporation and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

VIII.

The numbers of members of the first Board of Directors of the Corporation shall be Three (3). The number of members of succeeding Board of Directors shall be provided from time to time by the By-Laws of the Corporation. The members of the Board of Directors shall be elected by the members of the Corporation at the Annual Meeting of the Membership as provided by the By-Laws of the Corporation, and at least a majority of the Board of Directors shall be members of the Corporation, or shall be authorized representatives, officers or employees of a corporate member of the Corporation. Notwithstanding the foregoing, so long as Atalaya Towers Interval, Inc., hereinafter referred to as "Owner" or "Declarant", is the owner of Five (5) or more Use Periods in Said Project, Owner 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. Owner may designate and select the person or persons to serve as a member or members of each Board of Directors in the manner provided in the By-Laws of the Corporation. The power of the Owner to designate directors as above referred to shall terminate no later than the earlier of the following events:

- (i) One Hundred Twenty (120) days after Seventy-Five (75%) percent of the Use Periods in the Project have been conveyed:
- (ii) Five (5) years following the date of the recording of the Declaration.

IX.

The board of Directors shall elect a President, Secretary, and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors shall determine. The President shall be elected among the membership of the Board of Directors, but no other officer need be a

Director. The same person may hold Two (2) offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

X.

The names and post office addresses of the first Board of Directors, who, subject to the provision of the Articles of Incorporation, the By-Laws, and the laws of the State of South Carolina, shall hold office for the first year of the corporation's existence, or until their successors are elected and have qualified are as follows:

NAME	ADDRESS
Allen L. Teague	7716 N. Kings Hwy. Myrtle Beach South Carolina
Hal Nease	7716 N. Kings Hwy. Myrtle Beach South Carolina
Robert Foster	7716 N. Kings Hwy. Myrtle Beach South Carolina

The initial registered Office of the Corporation shall be at Atalaya Towers in North Myrtle Beach, South Carolina and the initial agent shall be Allen L. Teague.

XI.

The subscribers to these Articles of Incorporation are the persons herein named to act and serve as members of the first Board of Directors of the Corporation, the names of which Subscribers and their respective post office address are more particularly set forth in Article X above.

XII.

The Officers of the Corporation who shall serve until the first election under these Articles of Incorporation shall be the following:

Allen L. Teague	President
Hal Nease	Vice President
Robert Foster	Secretary-Treasurer

The first By-Laws of the Corporation shall be adopted by the Board of Directors and may be altered, amended, or rescinded in the manner provided in the By-Laws.

XIV.

Every Director and every officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including attorneys fees reasonable incurred by 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 a Director or Officer of the Corporation, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such directors or Officer may be entitled.

XV.

Any amendment or amendments to these Articles of Incorporation may be proposed by the Board of Directors of the Corporation acting upon a vote of the majority of the Directors, or by the members of the Corporation owning a majority of the use interests in the project, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to these Articles of Incorporation being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Corporation or to the Officer of the Corporation in the absence of the President, who shall thereupon call a Special Joint Meeting of the members of the Board of Directors of the Corporation and the membership for a date not sooner than Twenty(20) days nor later than Sixty (60) days from the 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 Meeting stating the time and place of the meeting and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed or presented personally to each member not less than Ten (10) days or more than Thirty (30) days before the date set for such meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, addressed to the member at his post office address as it appears on the records of the Corporation, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice. Such waiver, when filed in the records of the Corporation, 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 apposed by an affirmative vote of the members owning not less than two-thirds (2/3) of the use period in the Project in order for such amendment or amendments to become effective.

Thereupon, such amendment or amendments of these Articles of Incorporation shall be transcribed and certified in such form as may be necessary to register the same in the Office of the Secretary of State of the State of South Carolina, and upon the registration of such amendment or amendments with said Secretary of State, a certified copy thereof shall be recorded in the Public Records of Horry County, South Carolina, within Ten (10) days from the date of which the same are so registered. At any meeting held to consider such amendment or amendments of these Articles of Incorporation, the written vote of any member of the Corporation 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 Corporation at or prior to such meeting.

XVI.

Notwithstanding any other Article of these Articles of Incorporation and in addition to the property hereinabove described, Atalaya Towers Interval, Inc. the Grantor in the Declaration attached hereto has reserved the right and option to add additional phases which will become an integral part of the property, once appropriate amendments to the Declaration have been filed as provided in the said Declaration. In the event additional Phases are added as provided in said Declaration, all of said properties shall henceforth become an integral part and be administered by ATALAYA TOWERS INTERVAL OWNER'S ASSOCIATION, INC., as provided for herein.

XVII.

Notwithstanding the provisions of Article XV, or any other Article of these Articles of Incorporation, nothing in shall abridge, amend, or alter the right of Atalaya Towers Interval, Inc., to add additional phases to the Property and to make provisions for said phase or phases to become an integral part of the project and to be subject to these Articles of Incorporation by By-Laws of ATALAYA TOWERS INTERVAL OWNER'S ASSOCIATION, INC., upon receiving title a use period in a unit committed to Interval Ownership with all the rights and privileges and subject to all of the liabilities as the initial Use Period Owners in the Property.

WHEREFORE, Your Petitioners pray that the Secretary of State does issue to the aforementioned ATALAYA TOWERS INTERVAL OWNER'S ASSOCIATION, INC., a charter with all rights, powers, priveleges and immunities and subject to all of the limitations and liabilities conferred by Chapter 31, Title 33, 1976 Code of Laws of South Carolina, and acts amendatory thereto.

INCORPORATOR

INCORPORATOR

INCORPORATOR

This is to certify that I have examined and approved the foregoing Articles and Declarations of Incorporation pursuant to Section 33-31-40, Code of Laws of South Carolina.

M.L. Brown, Jr.
Sheriff for Horry County

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

HORRY COUNTY CONDOMINIUM LIEN
APR 20 PM 4:40

NOTICE OF LIEN FOR HORIZONTAL PROPERTY REGIME ASSESSMENTS PURSUANT TO MASTER DEED, BY LAWS AND 27-31-10 et. seq. AND SPECIFICALLY 27-31-210, CODE OF LAWS OF SOUTH CAROLINA 1976, ANNOTATED, AS AMENDED.

TO ALL WHOM IT MAY CONCERN:

TAKE NOTICE that pursuant to the terms of the Master Deed for Atalaya Towers, a Horizontal Property Regime, the Declaration and By-Laws of Atalaya Towers Interval Owners Association, Inc., and the Code of Laws of South Carolina 1976, as amended, Atalaya Towers Homeowner's Association, Inc. and Atalaya Towers Interval Owners Association, Inc. do claim a Homeowner's Assessment Lien as follows:

OWNER: Atalaya Towers Interval Corp.

AMOUNT: Two Hundred Twenty Three Thousand Four Hundred Thirty Two and 23/100 (\$223,432.23) Dollars together with all accruing Homeowner's Assessments (both regular and special) to date of payment plus costs and attorney's fees.

PROPERTY DESCRIPTION:

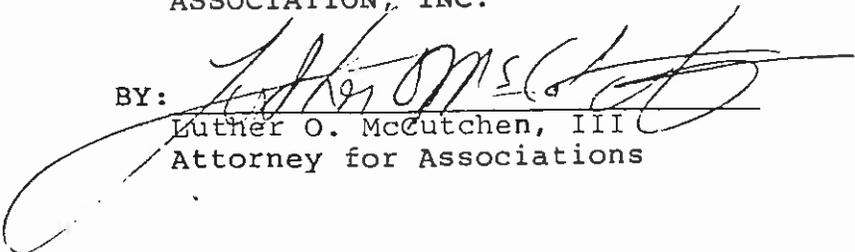
Unit 102	Weeks 1, 3-52 (to be inclusive)
Unit 206	Weeks 1, 3-52 (to be inclusive)
Unit 302	Weeks 18, 19, 23, 39, 48 (to be inclusive)
Unit 306	Weeks 1, 3-52 (to be inclusive)
Unit 504	Weeks 1, 5-19, 21-23, 28, 29, 35-37, 39, 40, 44-47, 50-52 (to be inclusive)
Unit 602	Weeks 4, 12, 27 (to be inclusive)
Unit 606	Weeks 1, 3-21, 23-25, 27, 28, 35, 36, 40-48, 50, 51 (to be inclusive)
Unit 702	Weeks 4, 5, 8, 9, 11-19, 31, 36, 42, 45, 50
Unit 802	Weeks 1, 3-20, 33, 36-47, 49-52 (to be inclusive)
Unit 804	Weeks 1, 3-20, 22-24, 27-30, 32, 34, 37-47, 49, 51, 52 (to be inclusive)
Unit 902	Weeks 1, 4, 5, 7, 9-19, 27, 35, 44, 45, 47, 52 (to be inclusive)
Unit 1002	Weeks 1, 3-19, 22, 26-28, 30, 32, 37, 38-48, 51, 52 (to be inclusive)

Unit 1004 Weeks 1, 3-52 (to be inclusive)
Unit 1102 Weeks 5, 11, 16, 20, 21, 27, 49 (to be inclusive)
Unit 1202 Weeks 1, 3-19, 24, 31, 32, 41, 42, 44-47, 51, 52 (to be inclusive)
Unit 1203 Weeks 1, 5, 7-14, 16-18, 20-23, 27, 30-33, 36, 38, 39, 42-43, 45-48, 50-51 (to be inclusive)
Unit 1206 Weeks 1, 3-19, 28, 30, 31, 37-47, 49-52 (to be inclusive)
Unit 1402 Weeks 10, 13, 14, 17, 19 (to be inclusive)
Unit 1403 Weeks 1, 3-52 (to be inclusive)
Unit 1405 Weeks 1, 3-19, 24, 28, 42, 44-51
Unit 1502 Weeks 4-6, 14, 16-19, 42, 49, 52 (to be inclusive)
Unit 1503 Weeks 3-19, 21, 24, 25, 28, 34, 36, 47, 48 (to be inclusive)
Unit 1504 Weeks 1, 3-19, 21-23, 26, 37-48 (to be inclusive)
Unit 1602 Weeks 1, 4, 7, 11, 12, 15, 17-19, 21, 25, 40, 48 (to be inclusive). All of said Units at Atalaya Towers, a Horizontal Property Regime, in the Myrtle Dunes Section of Garden City, Horry County, South Carolina.

ATALAYA TOWERS HOMEOWNER'S
ASSOCIATION, INC.

AND:
ATALAYA TOWERS INTERVAL OWNERS
ASSOCIATION, INC.

BY:


Luther O. McCutchen, III
Attorney for Associations

April 18, 1988.

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

)
) CONDOMINIUM LIEN
)

NOTICE OF LIEN FOR HORIZONTAL PROPERTY REGIME ASSESSMENTS PURSUANT TO MASTER DEED, BY LAWS AND 27-31-10 et. seq. AND SPECIFICALLY 27-31-210, CODE OF LAWS OF SOUTH CAROLINA 1976, ANNOTATED, AS AMENDED.

TO ALL WHOM IT MAY CONCERN:

TAKE NOTICE that pursuant to the terms of the Master Deed for Atalaya Towers, a Horizontal Property Regime, the By-Laws of Atalaya Towers Homeowners Association, Inc., and the Code of Laws of South Carolina 1976, as amended, Atalaya Towers Homeowners Association, Inc. does claim a Homeowner's Assessment Lien as follows:

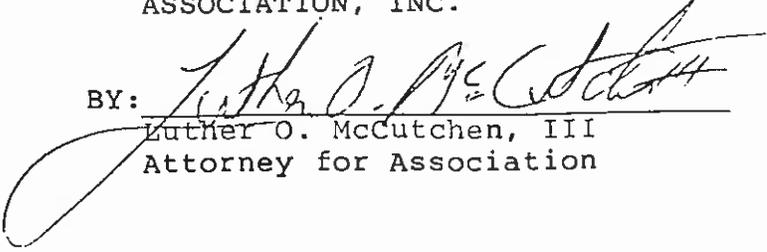
OWNER: Atalaya Towers Development Corporation

AMOUNT: Sixty Eight Thousand Three Hundred Forty (\$68,340.00) Dollars together with all accruing Homeowner's Assessments (both regular and special) to date of payment plus costs and attorney's fees.

PROPERTY DESCRIPTION:

Units 105, 404, 406, 703, 705, 706, 806, 903, 904, 1003, 1103, 1104, 1105, 1106, 1205, 1404, 1603, 1604, 1605, 1606, and 1704, Atalaya Towers, a Horizontal Property Regime, in the Myrtle Dunes Section of Garden City, Horry County, South Carolina.

ATALAYA TOWERS HOMEOWNERS ASSOCIATION, INC.

BY: 
Luther O. McCutchen, III
Attorney for Association

1988 APR 21 PM 4:42

R.M.C., 1988.

[Handwritten signature]

8/11
FILED
HORRY COUNTY

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

1985 SEP 18 PM 4:19

DECLARATION OF TIME SHARING
COVENANTS FOR UNITS 302,
602, 702, 802, 902, 1002,
1102, 1202, 1402, 1502,
1602, 1503, 1504 and 1405
OF THE ATALAYA TOWERS
HORIZONTAL PROPERTY REGIME

14

p42 - late charge: less of \$5.00 or 5% of amt due
4 - million of interest charges

BILLIE G. ROBERTS
CLERK

Deed BK 991 pg 29

THIS DECLARATION OF TIME SHARING COVENANTS (herein "Declaration") is made this 18 day of September, 1985 by Atalaya Towers Interval, Corp., a corporation organized and existing under the laws of the state of South Carolina and doing business therein (herein Declarant).

WITNESSETH:

WHEREAS, Declarant has developed and established Atalaya Towers Resort Horizontal Property Regime by recording the Master Deed of Atalaya Towers Resort Horizontal Property Regime located in the County of Horry, State of South Carolina, (herein the "Condominium"); and

WHEREAS, the Declarant wishes to submit one or more Apartments (together with the share of common elements, common surplus, vote and liability for common expenses appurtenant thereto) (herein collectively "Unit") to a plan of time sharing ownership pursuant to the South Carolina Vacation Time Sharing Plans Act (the "Act"), Title 27, Chapter 32, Code of Laws of South Carolina, 1976, as amended; and

WHEREAS, Declarant wishes to establish such plan of time sharing ownership for certain Units owned by Declarant in the Condominium and wishes, by the recording of this Declaration, to establish a common scheme and plan for time sharing ownership for the use, enjoyment, repair, maintenance, restoration, remodeling and improvement of Units which Declarant, its successors and assigns in interest as developer of the particular condominium, commits and dedicates to such plan of time sharing ownership (which is herein called "Plan of Interval Ownership" and is hereinafter defined).

This Declaration and all terms, provisions, conditions, covenants, restrictions, obligations, rights and duties described herein shall apply to Units 302, 602, 702, 802, 902, 1002, 1102, 1202, 1402, 1502, 1602, 1503, 1504, 1405 and to each and every other Unit made subject to this declaration of Time Sharing Covenants and in which an Interval Ownership (as hereinafter defined) is conveyed by Declarant by deed which shall make specific reference to this Declaration, by reciting the title of the Declaration, together with reference to where this Declaration is recorded in the official records of Horry County.

ARTICLE I

HORRY COUNTY ASSESSOR

795-10-28-075,090,

BOOK 991 PAGE 029

Map

Blk

Parcel

095, 100, 110, 115, 120, 125,
9/19/85 130, 131, 132, 135, & 128

29

Definitions

1. All terms defined in the Master Deed shall have the same definitions as set forth in that Master Deed and its exhibits establishing that Condominium.
2. Act means the South Carolina Vacation Time Sharing Plan Act, Title 27, Chapter 32, Code of Laws of South Carolina, 1976, (Supp. 1983).
3. Assessments means any amount which, from time to time is levied by the Board of Directors upon any Interval Ownership Owner or Owners. The two categories of Assessments are:
 - (a) Annual Maintenance Fee - means an Assessment levied by the Board upon Owners to meet certain expenses of the Association.
 - (b) Personal Charge - means an Assessment levied by the Board against a particular Owner which is directly attributable to his use and occupancy.
4. Association means Atalaya Towers Interval Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.
5. Board of Directors or Board means the Board of Directors of the Association.
6. By-Laws means the By-Laws of the Association as they exist from time to time.
7. Common Elements means and includes all portions of the property described in the Master Deed as Common Elements and includes all the land and all of the improvements thereto and thereon located except for the Condominium Units and the Common Furnishings. The Common Elements consist of the General Common Elements and the Limited Common Elements (if any) as each is more particularly described in the Master Deed.
8. Common Expense means and includes all expenses incurred by Atalaya Towers Horizontal Property Regime Homeowners Association, Inc. (the "Association"), the Homeowners Association (as defined in the Condominium Act) of the Regime, or its duly authorized agent(s) for the operation, maintenance, repair, replacement, restoration, improvement, operation and administration of the Regime, including all those amounts properly levied upon the Owners.
9. Common Furnishings means all furniture, appliances, movable equipment, and all other personal property located within the boundaries of a Unit Committed to Interval Ownership, an undivided interest in which is owned by the Interval Owner of such Unit.
10. Condominium Act means the South Carolina Horizontal Property Act, Title 27, Chapter 31, Code of Laws of South Carolina, 1976, as presently constituted.
11. Condominium Declaration means the Master Deed.
12. Declarant or Developer means Atalaya Towers Interval Corp., its successors and assigns.
13. Declaration means this Declaration of Time Sharing Covenants of Atalaya Towers Resort.
14. Designated Season means one of the four(4) seasons into which the calendar of Interval Weeks is divided.

30

The four(4) Designated Seasons are as follows:

(a) High Red Season means Interval Week Numbers 20-36 inclusive.

(b) Red Season means Interval Week Numbers 15-19 and 37-43 inclusive.

(c) White Season means Interval Week Numbers 9-14 and 44-47 inclusive.

(d) Blue Season means Interval Week Numbers 1-8 and 48-52 inclusive.

15. Open Periods means as each calendar year is divided into 52 weeks (364 days), in each normal calendar year there is one "free" day accumulated to make a total of 365 days. In leap years, which occur every 4 years, there will be an additional day, making a total of 2 accumulated free days in those years (1984, 1988, 1992, etc.). As a consequence of this accumulation in every sixth year, the accumulation of seven days results in an unassigned week ("Open Period"). The Open Period of one week, representing each year's accumulation of free days, shall be offered for rental by the Managing Agent. The Owner of the Unit Week occurring immediately preceding the Open Period (Unit Week 52) shall be given the option of renting the Open Period before such period is offered to the general public. Any income derived from the rental of the Open Period may be used in the discretion of the Managing Agent as a reserve fund or to reduce common expenses in the subsequent years.

16. Exhibits means the exhibits to this Declaration, if any, as they may be amended from time to time.

17. Interval Ownership Deed means any Deed by which Developer conveys one or more Interval Ownerships in the Project, together with any subsequent assignments thereof.

18. Interval Ownership or Interval Ownership Interest means an interest sold pursuant to a vacation time sharing plan (as defined in the Act) and specifically an estate for years annually reoccurring and followed by a succession of like estates, each year in the Owner's Unit terminating at 11:59 p.m. December 31, 2025, during which period the Owner thereof shall have the exclusive right each year to use and occupy a Unit of the type identified in such Owner's Interval Ownership Deed (hereinafter sometimes referred to as "his or their Unit"), as well as the right to use and enjoy the Common Elements and the Common Furnishings appurtenant to said Unit, for their intended purposes, during the Designated Season and for the number of Floating Vacation Interval Weeks each year set forth in said Interval Ownership Deed; together with a 1/52 vested remainder in fee simple absolute as tenant in common with the other remaindermen in said Owner's Unit.

19. Interval Owner or Owner means any person, firm, corporation, partnership, association, trust, or other legal entity in whose name an Interval Ownership Deed is recorded in the Public Records of Horry County, South Carolina; provided, however, that the Developer shall be deemed to be the Owner of any Interval Ownership for which a Time Share Deed in a Unit committed to Interval Ownership has not been recorded in the

Public Records of Horry County, South Carolina, conveying such Interval Ownership to the initial transferee thereof. All Interval Owners shall also be "Co-Owners" as that term is defined in the Master Deed for all purposes thereunder, and in the By-Laws of Atalaya Towers Horizontal Property Regime, Homeowners Association (the "Association By-Laws").

20. Interval Weeks or Vacation Interval Weeks means a period of ownership and/or occupancy and use in an Interval Unit, as described herein.

21. "Floating Vacation Interval Weeks" are Vacation Interval Weeks in each designated season during which Interval Owners may reserve the use and occupancy of Units, pursuant to the provisions hereof and of the then current Rules and Regulations. Interval Weeks are computed as follows:

Interval Week No. 1 is the seven(7) day period commencing at noon on the first Saturday in each calendar year. Interval Week No. 2 is the seven(7) days period succeeding Interval Week No. 1. The remaining Interval Weeks, up to and including Interval Week No. 51, are computed in like manner. Interval Week No. 52 contains the seven(7) days succeeding the end of Interval Week No. 51 without regard to the month or year. Such Interval Weeks run from 12:00 o'clock noon on the first Saturday of the Interval Week until 11:59 o'clock p.m. on the last Saturday of the Interval Week.

Notwithstanding the foregoing, each Interval Owner shall be required to vacate his Unit at such time prior to the termination of his reserved Floating Vacation Interval Week(s) (hereinafter sometimes referred to as "his or their Vacation Interval Week(s)" as shall be set forth from time to time by the Board of Directors in the then current Rules and Regulations to enable the Association to perform routine cleaning and maintenance, pursuant to the provisions hereof; provided, however, that an Interval Owner of more than one Interval Week who has reserved, in accordance with the provisions of the then-current Rules and Regulations, consecutive Floating Vacation Interval Weeks, shall not be required to vacate his Unit during the period of time between such consecutive Vacations Interval Weeks.

22. Maintenance Week means any one(1) Interval Week period designated by Developer and thereafter the Board or the Manager on its behalf as the Maintenance Week in a Unit Committed to Interval Ownership. Developer shall convey title to such Maintenance Week to the Association; provided, however, the period designated as the Maintenance Week annually in each Unit Committed to Interval Ownership shall be set by the Board or the Manager on its behalf, provided it shall always occur in the Blue Season.

23. Management Agreement means the then-effective agreement between the Association and the Manager which provides for the management of the Project.

24. Manager shall be the entity with which the Board has entered into a Management Agreement for management of the Association and the Units Committed to Interval Ownership.

25. Owner's Unit means the Unit specifically identified in the Interval Ownership Deed conveying to an Owner his Interval Ownership.

26. Project means all the Condominium Units now or hereafter submitted to this Declaration, as it may lawfully be amended and/or supplemented from time to time.

27. Project Instruments means this Declaration, the Articles of Incorporation, the By-Laws and the Rules and Regulations of the Association as each may lawfully be amended from time to time.

28. Purchase Contract means each of the certain instruments by which the Developer agrees to sell one or more Interval Ownerships in the Project.

29. Unit or Interval Ownership Unit or Interval Unit means the actual accommodations which are subject to an Interval Ownership.

30. Unit Committed to Interval Ownership shall be any Unit sold under a plan of Interval Ownership. A Unit shall become a Unit Committed to Interval Ownership upon the recording of the first deed in said Unit conveying an Interval Ownership. A Unit will no longer be committed to Interval Ownership any time all Interval Ownerships in said Unit are owned by the same legal entity. Said legal entity shall record an affidavit and withdrawal to that effect in the Public Records of Horry County, South Carolina. Notwithstanding such removal of a Unit from this Declaration, said Unit shall remain subject to the Master Deed and Association By-Laws and the Rules and Regulations of the Association. A Unit may be committed to Interval Ownership only by the Declarant, its successors and assigns in interest as the developer of the Regime.

As to all definitions contained herein and otherwise in the Declaration, the use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

ARTICLE II Description of Interval Ownership

Subsequent to the recording of this Declaration, every deed, lease, mortgage, deed of trust, or other instrument may legally describe an Interval Ownership in a Unit Committed to Interval Ownership by Interval Week(s) Number(s), the Unit description, and reference to this Declaration and any amendments and/or supplements hereof. Each such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber, or otherwise affect the Owner's Interval Ownership.

ARTICLE III Rights of Use

Each Interval Owner, by his acquisition of an Interval Ownership, whether by deed, devise or otherwise, shall, by the acceptance of such conveyance, be deemed to agree to, in addition to each and every provision of the Master Deed, each and every

one of the terms, provisions, conditions, and affirmative obligations contained herein.

Each Owner of an Interval Ownership shall have the use and enjoyment of a Unit for himself, his family, visitors and guests (up to the reasonable capacity of the Unit as determined by the Board) together with all appurtenances thereto, for the period of each of his properly reserved Floating Vacation Interval Weeks during each calendar year until the expiration of the estate for years. During each Owner's Floating Vacation Interval Weeks, he shall be entitled to use and treat the Unit assigned to him by the Board as his own as fully as if owned by him individually and shall, therefore, be entitled to use it himself or grant or lease its use and occupancy to others, subject, however, to all terms and provisions hereof and of the then existing Rules and Regulations (the "Rules and Regulations") established by the Board. If an Interval Owner permits his Unit to be occupied by other persons during his Floating Vacation Week such Owner (and such other persons, jointly and severally with the Owners) shall be responsible for any loss, damage or destruction to the Unit and the Regime or any portion thereof, or for any violation of this Declaration, the By-Laws, or the Rules and Regulations which occurs during such occupancy as if such Owner were himself occupying the Unit; provided, however, that any loss, damage or destruction of a Unit or any portion of the Common Elements or Common Furnishings caused by a person occupying a Unit pursuant to an exchange program (hereinafter referred to as an "exchange user") shall be remedied by the Association, and the cost thereof, to the extent not covered by insurance or recovered from the exchange user, shall be shared by all of the Owners and included as part of the Annual Maintenance Fee.

If an Owner, the members of his family, his guests, licensees, or invitees do not use such Owner's entire Interval Week(s) in a particular calendar year, the unused time cannot be accumulated or otherwise carried forward for future use at the Project and the Owner shall remain responsible for complying with all of the provisions of the Project Instruments, including but not limited to the payment of all assessments.

Each Owner shall be responsible during his Floating Vacation Interval Weeks for all breakage, damage or other mishap to the Unit other than from ordinary wear and tear and shall bear the sole cost for repair or replacement of the same to the extent the same is not covered or paid for by insurance, or by the Association. Should any such Owner fail to pay for such repair or replacement for which he is responsible, the same shall be paid for from the funds of the Association to the extent of funds available for such purposes, as hereinafter defined and be charged to him in the manner hereafter described.

The right of occupancy and use by each Owner for the period of that Interval Ownership (or anyone occupying and using by reason of that Owner) in the Unit shall be and hereby is specifically limited to that period properly reserved during the period of the estate for years contained within his Floating Vacation Interval Week(s).

If any Interval Owner or other Unit occupant fails to vacate such Unit at the end of his Floating Vacation Interval Week(s), or at such earlier time as may be fixed by the then-current Rules and Regulations, or otherwise uses or occupies any Unit during any period other than his reserved Floating Vacation Interval Week(s), or prevents another Interval Owner from occupying or granting occupancy of such Unit during such Owner's reserved Floating Vacation Interval Week(s), he shall be deemed a "Holdover Owner" and shall be subject to immediate removal, eviction, or ejection from such Unit wrongfully used or occupied and shall be deemed to have waived any notice required by law with respect to any legal proceedings regarding removal, eviction, or ejection (to the extent that such notices may be waived under South Carolina law). The Association shall use its best efforts to secure, at its expense, alternative accommodations for any Owner who is unable to occupy his Unit due to the failure to vacate of any Holdover Owner. The Holdover Owner shall be charged for the cost of such alternative accommodations and for any other costs incurred due to his failure to vacate, as well as an administrative fee which, unless and until adjusted by the Board of Directors in the Rules and Regulations, shall be in the amount of \$200.00 per day or any part thereof during his period of holding over, including the day of surrender.

If an Interval Owner, by his intentional or negligent act, renders a Unit uninhabitable, such Owner shall be responsible to the Owner(s) entitled to use such Unit during the succeeding Floating Vacation Interval Week(s) just as if such Owner had refused to vacate such Unit at the end of his Floating Vacation Interval Week(s). In addition, such Owner shall be responsible for paying all costs incurred by the Association in making whatever repairs and replacements which the Board, in its sole discretion, deems necessary and appropriate, as a result of such act, to the extent that such expenses are not paid from the proceeds of any applicable insurance policy. For purposes of this section, the intentional or negligent act of a guest, a member of an Owner's family, his licensees, or invitees shall be deemed to be the act of the Owner.

The Manager shall submit a bill to the Holdover Owner for any amounts payable to the Association, which amounts shall constitute a Personal Charge to the Holdover Owner. In the event the Holdover Owner fails to pay such amounts within ten(10) days of his receipt of such bill, a lien shall be filed against said Holdover Owner's Interval Ownership for such amounts. Such lien shall be the same as and enforceable by the same means as provided for in Article IX hereof.

ARTICLE IV Use Restrictions

1. Notwithstanding any provisions of this Declaration to the contrary, the Developer, its successors and assigns, shall have the right to reserve and rent any Floating Vacation Interval Weeks in appropriate Units for the Interval Ownership Weeks

unsold by Developer in any Unit Committed to Interval Ownership, or to make any other use thereof which is permitted by law. Any monies received from any such rentals or other uses shall inure solely to the benefit of Developer.

2. An Interval Owner shall not permit or suffer anything to be done or kept in his Unit which would increase the rate of insurance, or which would obstruct or interfere with the rights of other Interval Owners or Co-Owners or annoy them, by unreasonable noises or otherwise, nor shall any Owner commit or permit any nuisance, objectionable or disruptive behavior, or illegal acts in or about the Regime.

3. No Interval Owner shall paint, repaint, paper, or otherwise alter, refinish, or redecorate the inner surfaces of the walls, ceilings, floors, windows, window frames, or doors of any Unit, or remove, alter, or replace any of the Common Furnishings therein.

4. No animals or pets of any kind shall be permitted within the Regime.

5. No Interval Owner may at any time change the lock on any entrance to any Unit without the approval of the Association. If an Owner changes a lock without approval, the Association may replace such lock and assess the cost thereof as a Personal Charge to the Owner.

6. No Interval Owner shall otherwise use any Unit or any portion of the Common Elements or Common Furnishings in any manner contrary to or not in accordance with the provisions of the Project Instruments.

ARTICLE V Conveyance and Transfer

No Owner may in any way sell, convey, devise, or otherwise transfer any portion of his Interval Ownership without selling, conveying, devising or otherwise transferring the entire Interval Ownership and all rights and limitations related or appurtenant thereto, and any attempt by an Owner to do so shall be null and void. Furthermore, no Owner may encumber or hypothecate any portion of his Interval Ownership without encumbering or hypothecating the entire Interval Ownership and all rights and limitations related or appurtenant thereto, and any attempt by an Owner to do so shall be null and void. However, an Owner may transfer an undivided interest in his entire Interval Ownership and all rights and limitations, related or appurtenant thereto to another Person.

No transfer of an Interval Ownership shall be permitted unless and until the proposed transferor is current as to all Assessments due the Association, and the purported transfer of an Interval Ownership upon which any Assessment is then owing shall be null and void. Upon request, and upon the payment to the Association of a reasonable fee, as determined by the Board (except in the case of a Mortgagee of Record, in which instance no fee shall be payable), the Association shall issue a written statement setting forth the amounts, if any, which the proposed transferor owes the Association. Said statement shall be

conclusive upon the Association in favor of all persons or entities (except the transferor) who rely thereon in good faith as to the amount of such indebtedness as of the date of the statement.

ARTICLE VI
Mortgage and Liens

Each Interval Owner shall have the right to create or allow to be created liens and mortgages upon his Interval Ownership, provided, however, no Owner, except as expressly permitted in this Declaration, shall allow or create or allow to be created any lien or claim whatsoever upon the Interval Ownership of any other Owner. In the event an Owner so allows or causes to be created any such lien or claim upon the Interval Ownership of any other Owner, he shall immediately (by either payment or posting a bond) have such lien or claim removed in full from the Interval Ownership(s) of the other Owner(s) and shall pay all costs of having said lien or claim removed from said other Interval Ownership(s). In the event he should fail to have such lien or claim removed within ten (10) days of the time he is given notice such is placed against the other Interval Ownership(s), the other Owner(s) may, by causing bond to be posted or by payment, have said lien or claim removed, and, in such event, may be entitled to collect from the Owner who allowed, caused or created such lien or claim all costs incurred in causing such lien or claim to be removed, which shall become a lien upon the Interval Ownership of the Owner creating, allowing or causing the same. In such event, the paying Owner shall be entitled to record an instrument with the proper governmental authority evidencing such lien upon the causing or creating Owner's Interval Ownership, which shall be in the same form as, of the same force and effect as may be foreclosed in the same manner as liens of the Regime for unpaid Common Expenses, which liens shall, however, be subordinate and junior to any prior recorded mortgage or lien of record.

Each Owner, on behalf of himself, his heirs, successors and assigns, by his acquisition of an Interval Ownership, does hereby expressly waive for himself, his heirs, successors and assigns, respectively, all rights of partition of the Owner's Unit during the term of the estate for years and any extensions thereof so long as the Regime shall continue. Further, any mortgagee or other lienholder obtaining a security interest upon an Owner's Interval Ownership, shall have no right, and shall, by accepting such collateral as security, be deemed to have waived for itself, its heirs, successors and assigns, respectively, any and all rights of partition against the other Interval Ownerships in said Owner's Unit and all past, present and future Owners thereof, and, in the event of foreclosure of said mortgage lien, any rights to demand or request partition of the Owner's Unit as a consequence of such foreclosure. Upon expiration of the term of estate for years (and, if extended, any extensions hereof) or upon termination of the Regime, whichever occurs first, the provisions of the Declaration as to such Unit shall cease and the Owners of the Interval Ownerships shall own their respective undivided interest as tenants in common and all obligations,

covenants and requirements contained herein shall cease and terminate.

Except as otherwise provided herein, no Interval Owner shall permit his Interval Ownership to be subject to any lien, claim, or charge, the enforcement of which may result in a sale or threatened sale of any other Interval Ownership or in any interference in the use or enjoyment thereof by any other Owner.

ARTICLE VII

The Atalaya Towers Resort Interval Owners Association, Inc., incorporated as a South Carolina non-profit corporation, shall be empowered with the rights set forth herein and in its Articles of Incorporation and its By-Laws, as the same may lawfully be amended from time to time.

Each Owner (and the Developer, so long as the Developer is deemed to be the Owner of any Interval Ownership(s), pursuant to the provisions hereof), is a member of the Association until he ceases to be an Owner. Each member shall be bound by each of the provisions of the Project Instruments. In addition, each Interval Owner shall be a member, by acceptance of a deed conveying an Interval Ownership, of the Association and be bound by the Master Deed and the Association By-Laws and the rules and regulations of said Association.

The membership of each Owner in the Association is appurtenant to and inseparable from his ownership of an Interval Ownership and shall automatically be transferred upon any valid transfer or conveyance of his Interval Ownership to any transferee or grantee. Except as provided herein, said membership shall be non-transferrable, whether by gift, bequest, devise, assignment, or otherwise.

The transfer of any Interval Ownership shall operate to transfer to the new Owner the undivided interest of the prior Owner in all funds held by the Association, even though not expressly mentioned or described in the instrument of transfer and without further instrument of transfer.

Each Owner is entitled to one(1) vote for each Interval Week owned; provided that if there is more than one(1) Owner per Unit, such persons or entities shall designate one of them as the "voting member". In the case of a corporate member, a designated director or officer thereof shall be the voting member. In the case in which a partnership is the member, a general partner thereof shall be designated as the voting member. In addition, the Developer shall be entitled to one (1) vote for each Interval Week of which it is the deemed Owner, pursuant to the provisions hereof. The vote(s) of each voting member shall not be divisible. Each voting member shall be entitled to cast his vote(s) at any meeting of the Association regardless of whether such meeting occurs during his Interval Week(s) or not. He shall be entitled to attend and vote at such meeting or meetings in person, or to vote by proxy or by written ballot, as provided in the By-Laws.

Notwithstanding any of the provisions of this Declaration to the contrary, a voting member's voting rights may be suspended by the Association for a period not to exceed one year's occupancy

right, to be determined by the Board for violation of any provision of the Project instruments, including but not limited to the provisions contained therein pertaining to the payment of Assessments. In such event, the member whose voting rights have been suspended shall have no cause of action against the Association or the Board.

The initial Board shall consist of three persons appointed by the Developer. The Developer shall have the right to appoint, reappoint, substitute and remove any member or members of the Board until the first to occur of the following:

(a) The expiration of five (5) years after the date upon which this Declaration is recorded in the office of the Clerk of Court of Horry County, South Carolina; or

(b) The date as of which Interval Ownership Deeds to ninety percent (90%) of all Interval Ownerships in Units Committed to Interval Ownership have been conveyed by the Developer and recorded in the Public Records for Horry County, South Carolina.

At the time of the first annual Association meeting following such occurrence, the members (including the Developers as to any Interval Ownership(s) of which it is deemed Owner, pursuant to the provisions hereof) shall elect, in accordance with the By-Laws, a Board of not less than three members to replace the initial Board.

ARTICLE VIII Management

Each Interval Owner, by acceptance of an Interval Ownership Deed, agrees to be bound by the terms and conditions of any and each Management Agreement entered into by the Board on behalf of the Association and the Interval Owners comprising the Association. No Management Agreement may be terminated by the Association, absent a showing of gross negligence or willful misconduct on the part of the Manager engaged thereunder, unless a successor Manager has been selected, has executed a Management Agreement with the Association, and is ready and able immediately to assume and execute its duties and responsibilities thereunder. In the event that a Management Agreement is terminated due to the Manager's gross negligence or willful misconduct without a successor Manager having been first engaged, a successor Manager shall be engaged without any unreasonable delay by the Board.

Notwithstanding the foregoing, the Board, in its sole discretion, may permit the Association to engage a Manager to perform all of the duties and responsibilities of the Manager as set forth in the Project Instruments.

The Association, acting through the Manager or other designate, shall have an irrevocable right of access to each Unit Committed to Interval Ownership, without liability for trespass, during reasonable hours, as may be necessary to perform and carry out its rights, duties, and responsibilities as set forth herein, in the By-Laws, in the Rules and Regulations, and in the Management Agreement, including but not limited to:

- a. Making emergency repairs therein;

b. Abating any nuisance or any dangerous, unauthorized, prohibited, or unlawful activity in such Unit;

c. Protecting the property rights and general welfare of the Owners or Unit occupants;

d. Any other purpose reasonably related to the performance by the Association and/or the Board of their respective responsibilities under the terms of this Declaration, the By-Laws, the Rules and Regulations, or the Management Agreement.

Such right and authority to enter any Unit shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use, and/or enjoyment of any occupant of the Unit, and shall be preceded by reasonable notice to the occupant(s) thereof whenever the circumstances permit.

ARTICLE IX Assessments

Assessments shall be used to promote the recreation, health, safety, and welfare of the Interval Owners, to pay for the improvement and operation of the Project and Regime, to pay for the administration of the Project, for the reimbursement of expenses incurred by the Association for Common Expenses, and for other expenses incurred in the performance of the duties of the Association, as set forth in this Declaration and in the By-Laws.

Each Interval Owner shall be required to pay in Annual Maintenance Fee for each Interval Week included in his Interval Ownership. The Annual Maintenance Fee for each Unit Committed to Interval Ownership shall be shared equally among the Interval Weeks in that Unit (i.e., there shall be charged for each Interval Week owned, 1/52nd of the Annual Maintenance Fee for that Unit). The Annual Maintenance Fee for each Unit shall cover, but shall not be limited to, the costs of the following items:

- (a) The share of the Common Expenses assessed to that Unit;
- (b) Personal property taxes, real estate taxes, and any other fees or assessments levied by a governmental authority and not billed directly to the Interval Owners of that Unit;
- (c) Repair and replacement of the Common Furnishings;
- (d) Repair and upkeep for normal wear and tear;
- (e) Utility charges;
- (f) Basic telephone and television service;
- (g) Domestic services, including weekly cleaning and maid service;
- (h) Insurance coverage (if not included in the Common Expenses);
- (i) Purchase, repair, and replacement of any furniture, fixtures, and equipment in the Unit which may be owned or leased by the Association;
- (j) Administrative Costs;
- (k) Replacement reserves for all Units Committed to Interval Ownership, as described below;
- (l) Management fee;

(m) Proportionate share of any other costs incurred in the normal operation and maintenance of the Project which cannot be attributed to a particular Unit or Interval Week(s) therein or Interval Owner. Such includes all charges and assessments not included as Common Expenses, but imposed upon each Unit Committed to Interval Ownership by the Association, pursuant to the Master Deed, which shall be payable by the Association on behalf of some or all Interval Owners to the Association.

The Interval Association Board of Directors shall, from time to time, fix and determine the sum or sums necessary and adequate to provide for all Units proportionate share of the Common Expenses of the Regime. The Association shall fix all other sums comprising such other Assessments as are specified herein. The procedure for determining all Assessments shall be as set forth in the Master Deed, the By-Laws, this Declaration, and in the Exhibits attached hereto. Each Interval Owner shall, in the event that the Board shall determine at any time during the Association's fiscal year that the amount of Annual Maintenance Fees is, or will be, in excess of the amounts needed for such fiscal year, the Board shall have the authority, exercisable in its sole discretion, to cause to be prepared an estimate of the amount of such excess which excess shall then be subtracted from the previously prepared budget for the fiscal year to which such excess is applicable. The reduced total budget shall then be allocated by appropriate determination of the Association among the appropriate Interval Owners. No Interval Owner shall, by reason of such reduction, be entitled to a refund of all or any portion of any Annual Maintenance Fee previously paid. Any amount assessed and collected in excess of the amount required shall be applied to reduce the amount assessed for the next succeeding calendar year. Any reduction in the budget, as provided herein, shall not relieve any Interval Owner from the obligation to pay any past due Annual Maintenance Fees or other past due Assessments.

Notwithstanding the foregoing, the Board shall from time to time establish and maintain one or more operating reserves as are necessary for the proper operation of the Project by including amount intended for this purpose in the Association's budget, or by levying Assessments upon all Owners, based upon the proportionate cost allocable to that Owner's Unit, in such amount(s) as the Board determines to be necessary and adequate to provide financial stability. Said reserves, at the discretion of the Board, may be used to pay any extraordinary expense for which they were established or intended (such as painting), may be allocated to reserve accounts which were established for different purposes, or may be used to meet any deficiencies in operating or maintenance funds, as the case may be, from time to time resulting from delinquencies by Owners in the payment of any Assessments or otherwise; provided, however, that the existence of such reserves shall not operate to exempt any Owner from his obligation to pay his Assessments. Any funds used from any of said reserves to meet any deficiencies in operating or maintenance funds resulting from an Owner's delinquencies shall be restored upon the payment of such delinquent Assessment(s).

Notwithstanding the foregoing, the Association shall at all times maintain in escrow a special replacement reserve account, for the purpose of replacing, as needed, all furniture, furnishings, and equipment within each Unit Committed to Interval Ownership on an average forty-eight(48) month cycle. The proportionate interest of each Owner in said reserves and in any other funds being held by the Association shall not be withdrawn or assigned separately, but shall be deemed to be transferred with his Interval Ownership, even though not mentioned or described expressly in the instrument of transfer. If the Association is ever dissolved, all such funds remaining after full payment of all expenses shall be distributed to all then existing Owners in accordance with each proportionate share allocable to each Unit Committed to Interval Ownership as determined by the Board.

Each Owner shall be responsible for paying to the Association any and all expenses incurred as a result of the act or omission of that Owner or any other person(s) occupying such Unit during his Floating Vacation Interval Week(s) (except an exchange user), including, but not limited to the cost of long distance telephone charges and other special services or supplies attributable to the occupancy of the Unit during such Owner's Floating Vacation Interval Week(s), such as optional maid service, the cost to repair any damage to said Unit or to repair or replace any Common Furnishings located therein on account of loss or damage occurring during such Owner's Floating Vacation Interval Week(s), and the cost to satisfy any expenses arising from an intentional or negligent act or omission of an Owner, a member of his family, his guests, invitees, or licensees (to the event not covered by insurance), or resulting from his breach of the provisions of the Project Instruments. Such Personal Charges shall be payable at the time of check-out if the amount of the Personal Charge is known at such time, or within thirty(30) days from the date a notice of such Personal Charge is mailed to the Owner.

The Annual Maintenance Fee shall be assessed in the calendar year of purchase if the Owner uses or reserves for use any Floating Vacation Interval Week(s) within the calendar year of purchase. If the Owner does not reserve or use any Floating Vacation Interval Week(s) within the calendar year of purchase, then the Annual Maintenance Fee shall be due on January 1 of the following calendar year and on January 1 for each year thereafter.

Upon assessments that are unpaid for over ten(10) days after due date, at the sole discretion of the Board of Directors (and if not forbidden by law), a late charge not to exceed \$5.00 or 5% of the amount due, whichever is lesser, to extent allowed by law, shall also be due and payable to defray the expense of late collection.

Each Assessment levied under this Article and any late charges, interest charges, and costs of collection, including reasonable attorneys' fees attributable thereto, shall be a separate, distinct, and personal debt and obligation of the Owner against whom they are assessed, and a lien as security for the payment of the same shall attach to said Owner's Interval

Ownership effective as of the date upon which a notice of lien for any such Assessment is recorded, as provided in the following paragraph. Each Owner shall be deemed to covenant and agree, on behalf of himself and any Person claiming by, under, or through him, to the attachment of such lien, and shall be deemed to covenant and agree to pay such Assessment(s) to the Association. The Association shall be obligated to pay any Assessments whatsoever upon any Maintenance Weeks; provided, however, the Association shall include such cost as an item to be added to the Annual Maintenance Fees of the Owners of that Unit.

If any Owner does not pay any Assessment, or any installment thereof, when due, such Owner shall be deemed to be in default and, without in any way impairing or otherwise being in derogation of the aforesaid lien, the amount of any unpaid Assessment, together with the amount of any subsequent default, plus any late charges, interest charges, and costs of collection, including reasonable attorneys' fees, shall also be and become an additional lien on such Owner's Interval Ownership, notice of which shall be given upon recording in the office of the Public Records for Horry County, South Carolina, by the Board of a notice of lien, signed by any two officers of the Association, and stating the amount of the unpaid Assessment, the amount of any late charges and accrued interest charges, any other costs, charges and fees listed above, description of the affected Interval Ownership, and the name of the Owner in whose name the Interval Ownership Deed conveying such Interval Ownerhips(s) is recorded. Any lien arising hereunder shall continue in full force and effect until fully paid or otherwise satisfied or discharged. The lien against an Interval Owner in a Unit Committed to Interval Ownership, said lien shall be limited to the Interval Ownership owned by said Owner, and shall not encumber the property, real or personal, or any other Owner of an Interval Ownership in said Unit.

In the event of a default in the payment of any such Assessment, and in addition to any other remedies herein or by law provided, the Board may enforce each such obligation as follows:

- (i) By suit or suits at law to enforce each such Assessment obligation. Each such action may be brought by the Board or by the Manager if the latter is so authorized by the Board. Each such action shall be brought in the name of the Association, which shall be deemed to be acting on behalf of itself and all Owners of Interval Ownership(s). Any judgment rendered in any such action shall include a sum for reasonable attorneys' fees in such amount as the court may adjudge against the defaulting Owner. Upon full satisfaction of any such judgment, the Manager, or any two Directors, shall execute and deliver to the judgment debtor, at his expense, an appropriate satisfaction of judgment and release of any lien placed upon his Interval Ownership(s).
- (ii) By foreclosure of any aforesaid lien in the same manner as is authorized by the Laws of the State of South Carolina for the foreclosure of mortgage liens, whether by suit, power of sale, or otherwise. The purchaser at any foreclosure sale shall obtain title subject to the provisions of the Project

Instruments. The Association shall have the authority to bid on such Interval Ownership(s) at any foreclosure sale and may acquire and hold, lease, mortgage, or convey any Interval Ownership(s) acquired at such sale.

Any such lien against any Owner upon his Interval Ownership Interest(s) shall be subordinate to prior recorded bona fide liens of record.

No mortgagee of any mortgage of record or other purchaser of an Interval Ownership(s) who obtains title to the same at the foreclosure sale upon foreclosure of such mortgage shall be liable for the share of the Assessments accruing after the date of recording of such mortgage but prior to the acquisition of title by such acquirer.

The Association, acting through its Board, shall have the right to assign any claim and/or lien rights for the recovery of any unpaid Assessments.

No Interval Owner may exempt himself from liability for any Assessment(s) by waiving the use or enjoyment of any of the Common Elements or by abandoning a Unit or his Interval Ownership therein.

Nothing contained herein should be construed to mean that Declarant shall owe assessments for weeks not yet sold by Declarant or its assigns. Declarant shall, however, be required to pay its portion of the expenses incurred by the project and not paid by assessments on the previously sold Interval Ownership Periods or Intervals. Declarant's portion of the expenses shall be 100% of the actual expenses defined above which have not been met or paid by owners of unit weeks previously sold. At such time as Seventy-five (75%) percent of the use periods, as defined in paragraph 20 of Article I, in the entire project are sold, or on January 1, 1988, whichever occurs first, Declarant shall be responsible for regular assessments on all unsold Use Periods.

ARTICLE X Maintenance

1. Each Unit is hereby divided into a total of fifty-two(52) Interval Weeks. Upon conveying thirty-seven(37) Interval Weeks in a Unit Committed to Interval Ownership, or six(6) months from the date of the recording in the Public Records for Horry County, South Carolina of the first Interval Ownership Deed conveying an Interval Ownership from the Developer to an independent purchaser, whichever occurs first, the Developer agrees to convey and the Association shall accept title to one(1) Interval Week in each said Unit as the Maintenance Week. The Developer shall have the right to choose the Interval Week to be conveyed as the Maintenance Week. The Maintenance Week need not occur at the same time in each Unit. A Maintenance Week shall not have any voting rights appurtenant thereto. The Manager, acting on behalf of the Board, shall set annually the Floating Maintenance Week in the same Designated Season as the Interval Week conveyed, and in the same Unit.

Notwithstanding any of the foregoing to the contrary, it is expressly provided that in the event any one (1) Person becomes

the Owner of fifty-one(51) Interval Weeks in any one (1) Unit, that Person may cause the Association to convey the Maintenance Week in that Unit to him or it at no charge by notifying the Association, in writing, of his desire that the Unit cease being a Unit Committed to Interval Ownership. The Association shall execute the necessary instrument to accomplish the conveyance no later than sixty(60) days after receiving such notice. All such conveyance expenses shall be borne by the Person requesting the conveyance. Upon such conveyance, the particular Unit affected shall no longer be subject to the provisions hereof, but shall remain subject to the Master Deed and the Homeowners Association by-laws and rules and regulations, and the Owner thereof shall, as long as the Regime exists, be a Co-Owner thereof, subject to payment of expenses levied by the Homeowners Association.

In the case of an emergency (as determined by the Association, the Board, or the Manager, in the reasonable exercise of discretion), an Owner shall release to the Association the use and occupancy of his Unit during his Floating Vacation Interval Week(s) as required to respond to such emergency until the emergency has been abated. In such event, the Owner shall be relocated for the duration of such displacement to reasonably comparable nearby accommodations, as determined by the Board, at the Association's expense.

2. In accordance with the provisions of the Master Deed, the Homeowners Association shall be responsible for the maintenance, repair, replacement, and improvement of the Common Elements, including, but not limited to, all recreational facilities.

3. The Association(acting through the Manager, if any) shall maintain, repair, and replace, at its expense, all interior portions of Units Committed to Interval Ownership, including, but not limited, all doors, windows, glass, screens, patios, decks, electric wiring, electrical outlets and fixtures, air conditioners, furniture, heaters, hot water heaters, refrigerators, dishwashers, other appliances, drains, plumbing fixtures and connections, interior surfaces of all walls, floors, and ceilings, and all other portions of such Units which require maintenance or replacement resulting from normal wear and tear. The Association shall determine the interior color scheme, decor, and furnishings of each Unit Committed to Interval Ownership, as well as the proper time for redecoration and/or replacement thereof. The Association shall have the further right to have its employees or agents, or any subcontractor appointed by it, enter a Unit at any reasonable time to do such work as is deemed necessary by the Board to enforce compliance with the provisions hereof.

4. Each Owner shall be strictly bound by each and every provision of the Master Deed and this Declaration relating to maintenance, repair, and replacement. In addition, no Owner shall under any circumstances make, cause, or allow to be made, any repairs, modifications, alterations, or replacements to any of the property specified above. Each Owner, during his Floating Vacation Interval Week(s) shall keep the interior of his Unit, including without limitaion, the interior walls, windows, glass,

ceilings, floors, fixtures, and appurtenances thereto and all furnishings contained therein, in a clean, sanitary, and attractive condition, and shall be personally liable for any damage or destruction thereto caused by such Owner, the members of his family, his guests, invitees or licensees. In the event that an Interval Owner fails to maintain his Unit as required herein, or makes any alterations or additions thereto, or otherwise violates or threatens to violate the provisions hereof or of the By-Laws, the Rules and Regulations, or the Master Deed, the Association shall have the right to proceed in a court of law for an injunction to seek compliance with the provisions hereof or thereof. In lieu thereof or in addition thereto, the Association shall have the right to levy an Assessment against the Owner for such sum or sums as are necessary to remove any unauthorized addition or alteration and to restore the Unit and/or the Project to good condition and repair. Said Assessment shall constitute a Personal Charge and shall have the same force and effect as all other Assessments.

ARTICLE XI Condemnation

The effect of any taking in condemnation or by eminent domain of all or part of the Project shall be governed entirely by the Master Deed. Each Owner, by his acceptance of an Interval Ownership Deed conveying his Interval Ownership, shall be deemed to appoint the Board as his true and lawful attorney in fact to act in his behalf with respect to all matters relating to the condemnation, in whole or in part, of the Project.

ARTICLE XII Insurance and Restoration

To the extent not maintained by the Homeowners Association, the Board shall procure and maintain, from a company or companies having an Alfred M. Best Financing Rating of not less than "A 15" and admitted and authorized to do business in South Carolina, a policy or policies (hereinafter referred to as the "Policy"), of fire insurance, with extended coverage endorsements including windstorm, flood, earthquake and theft, for as nearly as practicable to one hundred percent (100%) of the actual replacement cost (without deduction for depreciation) of the Project, the contents of each Unit Committed to Interval Ownership, including all Common Furnishings, appliances, drapes, carpet, and any replacements thereof or to pay off all mortgages on the Unit, whichever is greater. If obtainable, such policy:

(a) shall contain no provision limiting or prohibiting other insurance by any person in whose name any interest in any Unit in the Project is recorded, but shall provide that the liability of the insurer shall not be affected by, nor shall the insurer claim any right of set-off, counterclaim, apportionment, proration, or contribution by reason of, any such other insurance.

(b) shall contain no provisions relieving the insurer from liability because of loss occurring while the hazard is increased

in any building or improvement, whether or not within the control or knowledge of the Board, and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board or any Owner or guest of any Owner or by reason of any act or neglect of the Board or any Owner or guest of any Owner;

(c) shall provide that the Policy may not be cancelled except by giving thirty(30) days written notice of such cancellation to the Board and to any Owner and/or mortgagee of record of any Owner who shall have previously requested in writing notice of such cancellation;

(d) shall contain a provision waiving any right of subrogation by the insurer to any right of the Board or any Owner or Mortgagee against any Owner or tenant, guest or invitee of any Owner.

(e) shall contain a standard mortgagee clause which:

(i) shall name and inure to the benefit of any mortgagee or record;

(ii) shall provide that the insurance as to the interest of any mortgagee of record shall not be invalidated by any act or neglect of the Board or any Owner, the members of his family, his guests, licensees, or invitees;

(iii) shall waive any requirement invalidating such mortgagee clause by reason of the failure of any mortgagee of record to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee of record pay any premium (provided, however, that if the Board fails to pay the premium due or to become due under the policy, any mortgagee of record may pay the same prior to the effective date of the termination of the Policy and by subrogated to the lien rights of the Association against the Owners to secure repayment of the same), any contribution clause, and any right to be subrogated to the right of any mortgagee of record against any Owner, any Person occupying under him, or the Board, or to require an assignment of any mortgage or other lien to the insurer, except that the insurer shall have the right of subrogation to the extent of the insurance proceeds received and retained by the mortgagee of record if the insurer shall claim no liability as to the mortgagor or any Owner, but without otherwise impairing the right of any mortgagee of record to sue;

(iv) shall provide that any reference to a mortgagee of record in the Policy shall include all mortgagees of record of any Interval Ownership(s).

2. To the extent not maintained by the Homeowners Association, the Board shall procure and maintain, from a company or companies licensed to do business in South Carolina, a policy or policies (hereinafter referred to as the "Liability Policy") of public liability insurance to insure the Association, the Board, each Owner, the members of his family, his guests, invitees, and licensees, the Manager, and each of the employees of the Association against claims for personal injury, property damage or loss arising out of the condition of each and every Unit Committed to Interval Ownership or any portion of the Project, and any activities therein or related thereto. The

Liability Policy shall be for such limits as the Board may decide, but not less than Three Hundred Thousand (\$300,000.00) Dollars per occurrence. If obtainable, the Liability Policy:

(a) shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in any building or improvement, whether or not within the control or knowledge of the Board, or by any breach of warranty or condition caused by any Owner or by an act or neglect of any Owner or tenant of any Owner; and

(b) shall provide that the Policy may not be cancelled except by giving thirty(30) days written notice of such cancellation to the Board and to any Owner and/or mortgagee of record who shall have previously requested (specifically in writing to the insurer) notice of such cancellation.

3. To the extent not maintained by the Homeowners Association, the Board may also procure insurance against such additional risks of a type normally carried with respect to properties of comparable character and use, and which the Board deems advisable for the protection of the Owners.

4. The Board shall procure and maintain from a company or companies licensed to do business in South Carolina a policy of Directors' and Officers' Liability Insurance in such amount as the Board may decide but not less than One Million Dollars (\$1,000,000.00) per occurrence.

5. The Board shall at all times maintain all required insurance coverage in full force and effect, which coverage shall at all times include, but not necessarily be limited to, suitable coverage for water damage, earthquake, legal liability, hired automobile, on-premises employee coverage, extended coverage, vandalism and malicious mischief coverage, to the extent reasonably available. The Board shall review not less frequently than annually the adequacy of its insurance program and shall report in writing the Board's conclusions and action taken based on such review to the Owners and to any mortgagee of record who shall submit a written request for a copy of such report. At the request of any such mortgagee of record and at the cost of such Mortgagee of Record, the Board shall furnish to such mortgagee a copy of the Policy and Liability Policy described in this Article and of any other policy to which a mortgagee endorsement shall have been attached. Copies of every policy of insurance procured by the Board shall be available for the inspection of any Owner, mortgagee of record, or Person holding a contract on record with the Manager to purchase an Interval Ownership. Any coverage procured by the Board shall be without prejudice to the rights of each Owner to insure his Interval Ownership at his own expense. All premiums for insurance obtained hereunder shall be included in the Annual Maintenance Fee. Subject to and unless otherwise provided in the Master Deed, any amount paid by any insurance company to the Association for any insured loss shall be deposited with an insurance trustee designated by the Board and acceptable to mortgagees of record holding a majority of the dollar indebtedness upon the Project and shall remain with the insurance trustee unless and until drawn upon by the Manager for application toward whatever repairs or replacements (if any) are

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deemed necessary and appropriate, or as may otherwise be directed by the Board and agreed to by the aforesaid mortgagees holding a majority of indebtedness. In the event any loss is not to be repaired or replaced, all proceeds from such loss shall be allocated and divided among all Owners of Interval Ownership(s). Such proceeds allocated to an Interval Ownership shall be paid first to any mortgagee(s) holding a mortgage(s) upon said Interval Ownership to the extent of the indebtedness due (and, if more than one, in order of priority) and the balance, if any, to the Owner thereof. The Maintenance Week shall not be included in the ascertainment of the proportionate division of insurance proceeds.

In the event of any damage, destruction, or obsolescence of all or part of the Project, whether the Project (or a portion thereof) shall be reconstructed, repaired, or replaced shall be determined strictly in accordance with the provisions of the Master Deed. Each Owner, by his acceptance of conveyance of his Interval Ownership, shall be deemed to appoint the Board as his true and lawful attorney in fact to act in his behalf with respect to all matters relating to the damage, destruction, or obsolescence of all or part of the Project.

ARTICLE XIII Amendment of Declaration

This Declaration may be amended at any regular or special meeting of the Association, called and convened in accordance with the provisions of the By-Laws, by the affirmative vote of Owners (including the Developer as to all Interval Weeks of which it is deemed the Owner, pursuant to the provisions hereof) casting not less than 75% of the total votes eligible to be voted by the members of the Association.

Any amendment shall be binding upon every Owner. Any amendment authorized hereby shall be evidenced by an instrument in writing, signed and acknowledged by any two (2) Officers of the Association, setting forth in full the text of such amendment to this Declaration and certifying that such amendment has been approved by the affirmative vote of Owners casting not less than 75% of the total votes eligible to be voted by the members of the Association. Said amendment shall become effective upon the recording of said instrument in the Public Records of Horry County, South Carolina.

No amendment materially affecting the rights and privileges of the Developer shall become effective unless and until approved in writing, by the Developer. Notwithstanding any provisions to the contrary contained herein, the Owners shall have no power to amend this Declaration in such a manner as to materially change the configuration or size of any Unit, to materially alter modify the appurtenances to any Unit, or to change the proportion or percentage of any Owner's interest in the Common Elements or Common Furnishings, without the unanimous consent of all Owners and mortgagees affected thereby. Furthermore, the Owners shall have no power to enact an amendment to this Declaration which materially affects the rights and priorities of any mortgagee of

record, without first obtaining the written consent of any such affected mortgagee of record

Notwithstanding the foregoing provisions of the Article, the Developer reserves the right subject to the provisions of the Act, the Condominium Act, and the Master Deed, as long as it is deemed the Owner of at least ten percent (10%) of the Interval Weeks in Units submitted to this Declaration, to change the interior design and/or arrangement of such Units, to change the number of Units within the Project, and to unilaterally effectuate any such amendments to this Declaration and/or the By-Laws as might be necessary or required in connection with the exercise of said reserved right. Developer further reserves the right, prior to the recording of the first Deed conveying an Interval Ownership from the Developer to an Owner, and thereafter (to the extent permitted by law), to unilaterally amend this Declaration as may be required by any lending institution or public body, or as may be necessary to conform the same to the requirements of local or South Carolina law, or to facilitate the operation or management of the Project created hereunder. Any such amendments shall become effective upon recording in the Public Records of Horry County, South Carolina, of an instrument executed by the Developer, setting forth the text of such amendment in full. However, Developer shall not have the power to initiate any such changes, nor make any such amendments, which would prejudice or impair to any material extent the rights of Owners of any mortgages of record, increase the proportion of Common Expenses borne by one or more Owners, or decrease the percentage of ownership in the Common Elements and Common Furnishings which is appurtenant to any Interval Ownership or allocated to any Owner, or change any Owner's voting rights, to the material prejudice of any Owner.

At any time that Developer owns one or more units, Developer, his successors or assigns shall have the right to amend this declaration in order to commit additional units to this declaration. Such additional units shall be subject to all the terms and conditions of this declaration, the master deed and the association by-laws and the rules and regulations of the association. In order to commit additional units to this declaration, Developer shall file in the office of the clerk of court for Horry County a certificate of commitment, a sample of which is attached to this declaration as exhibit "A".

ARTICLE XIV Termination

On December 31, 2025, each Interval Owner shall become a tenant in common with the other Interval Owners of his Unit and the provisions hereof shall cease, terminate and be of no further force and effect unless extended as herein provided.

The Association shall, not less than thirty(30) days nor more than ninety(90) days prior to December 31, 2025, call a meeting of all Owners. At such meeting, a vote shall be taken to decide upon the disposition of the Units Committed to Interval Ownership. A majority of the total votes eligible to be voted by

all of the Owners shall constitute a quorum at such meeting. The Owners, by votes of Owners present either in person or by proxy at such meeting, casting a majority of the total votes eligible to be voted by such Owners, may decide to continue the Project, in which case the Board of Directors shall cause a Notice of Extension of Interval Ownership to be recorded in the Public Records of Horry County, South Carolina, whereupon this Declaration, together with any amendments or supplements hereto, shall be adopted as covenants running with the land for an additional period of ten(10) years. This same procedure shall be followed prior to the termination of said ten(10) year period and each succeeding ten(10) year period.

Should the Owners not vote to continue the Project by December 31, 2025, or prior to the expiration of any succeeding ten(10) year period, then the Board shall file suit in a court of competent jurisdiction in Horry County, South Carolina, for partition of the Units Committed to Interval Ownership.

ARTICLE XV Miscellaneous Provisions

1. Each Owner and any other Person who in any way uses the Project shall comply strictly with the provisions of the Project Instruments, as well as the decisions and resolutions of the Board and the Association adopted pursuant thereto, as the same may lawfully be amended from time to time. Time is of the essence with respect to compliance with each of the provisions of the Project Instruments.

2. Each Owner shall register his mailing address with the Manager (or, if none, the Board or its designee) promptly upon his becoming an Owner, and shall promptly notify the Manager of any changes of address. Any notices required to be sent to any Owner shall be sent first class or bulk mail, postage prepaid, to such Owner's address given by him; provided, however, that if an Owner has not registered his address with the Manager, all notices required to be given to such Owner hereunder may be given by mailing any such notice(s) to the Owner's Unit, in the Owner's name. All notices to mortgagees of record of Units or an Interval Ownership(s) shall likewise be sent to their respective addresses, as provided by them, from time to time in writing to the Manager. All notices shall be deemed to have been given when mailed, postage prepaid, except notices of change of address, which shall be deemed to have been given when received.

3. Failure and/or refusal to comply with any of the provisions of the Project Instruments shall be grounds for an action to recover sums due and/or damages, for injunctive relief, or both, and for reimbursement of all costs and attorneys' fees incurred in connection therewith, as well as late charges and interest on all delinquent amounts, which action(s) shall be maintainable by the Board or the Manager, in the name of the Association, or, in a proper case, by an aggrieved Owner. Violation of any provision of the Project Instruments shall give the Association or the Manager the right, in addition to any other rights set forth in the Project Instruments:

(a) To enter the area in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the violating Owner, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof; and neither the Board, the Manager, nor any authorized agent thereof shall thereby be deemed guilty in any manner of trespass; and

(b) To engage the services of an attorney to initiate such action as is deemed necessary by the Board or the Manager to enforce such provisions, including the initiation of a suit for damages, and/or to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. All costs thereof, including attorneys' fees, shall constitute a Personal Charge against the Owner who committed or who is responsible for such violation, and shall promptly be reimbursed by such Owner to the Association, upon demand therefor.

4. This Declaration shall not constitute a joint venture or partnership, and no party or Interval Owner shall have the right to participate in the individual profits, if any, of any other party or Owner arising out of the operation of the Project created hereunder.

5. The captions used herein and in the Project Instruments and in any exhibits annexed hereto or thereto, are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of the provisions hereof or thereof or of any exhibits hereto or thereto.

6. Whenever the context so requires, the use of any gender in the Project Instruments and in any exhibits annexed thereto shall be deemed to include both genders, and the use of the singular shall be deemed to include the plural, and the plural shall include the singular.

7. The provisions of the Project Instruments shall be liberally construed to effectuate the purpose of insuring that Project shall at all times be operated and maintained in a manner so as to optimize and maximize its enjoyment and utilization by each Interval Owner as a vacation resort established pursuant to the Act.

8. The provisions hereof shall be deemed to be independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provisions hereof.

9. No restrictions, conditions, obligation, or provision contained in the Project Instruments shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

10. The provisions of the Project Instruments shall be binding upon all parties have or acquiring any Interval Ownership(s) or any right, title or interest therein, and shall be for the benefit of each Owner, his heirs, successors, and assigns. Each Owner (including the Developer) shall be fully discharged and relieved of liability upon the covenants contained herein, in his capacity as Owner, insofar as such covenants

relate to each Interval Owner, upon ceasing to own such Interval Ownership(s) and upon paying all sums and performing all obligations thereunder, up to the time that his Interval Ownership terminates.

11. All Interval Ownerships are subject to such easements, covenants, restrictions, reservations and conditions as are set forth in the Master Deed, together with such rights as may be provided to Declarant.

12. In the event of a conflict between this Declaration and the provisions of the Master Deed, with respect to those Units Committed to Interval Ownership, this instrument shall control. In the event of conflict between this instrument and the Act, if such variance is permitted, this Declaration shall control.

13. This Declaration shall be construed in accordance with the Laws of the State of South Carolina.

IN WITNESS WHEREOF, this Declaration has been executed under seal as of the day and year first above written.

WITNESSES:

J. Phillip Spruiell
E. J. Fulmer

ATALAYA TOWERS INTERVAL, CORP.

BY: Allen L. Teeque
Allen L. Teeque

Its: President
Attest:

BY: W. B. G. G. G.
Its: Assistant Secretary

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 Atalaya Towers INTERVAL, CORP., by and through its duly authorized agent, execute the within written Declaration of Time Sharing Covenants of the Atalaya Towers Interval, Corp., and that (s)he, with the other witness whose signature appears above, witnessed the execution thereof.

E. J. Fulmer
Witness

SWORN and subscribed to before me this 18th day of SEPTEMBER, 1985

[Signature]
NOTARY PUBLIC FOR SOUTH CAROLINA

My Commission Expires: 2/28/91

STATE OF SOUTH CAROLINA)
 Horry County)
)
 COUNTY OF HORRY)
)
)

FILED
 2001 NOV 16 PM 8:08
 R.M.C.

**Amendment to the Declaration Of
 Time Sharing Covenants For Units
 302, 504, 602, 606, 702, 802, 804, 902,
 1002, 1102, 1202, 1203, 1206, 1402,
 1405, 1502, 1503, 1504 and 1602**

This Amendment to the Declaration of Timesharing Covenants, which constitutes covenants running with the land for the above referenced units in the Atalaya Towers Horizontal Property Regime, is entered into by the Atalaya Towers Interval Owners Association, Inc., (aka Atalaya Towers Resort Interval Owner Association, Inc.) a South Carolina Non-Profit Corporation ("the Association"), having its principal management office located at 6301 N. Kings Highway, Myrtle Beach, South Carolina 29572.

WITNESSETH

WHEREAS, the Master Deed for the Atalaya Towers Horizontal Property Regime was recorded on May 24, 1985 in the Office of the Register of Deeds for Horry County, South Carolina, in Deed book 959 at Page 263; and

WHEREAS, the Declaration of Timesharing Covenants for the above referenced units was recorded on September 18, 1985 in the Office of the Register of Deeds for Horry County, South Carolina, in Deed book 991 at Page 029, the By-Laws of the Association having been recorded as an Exhibit thereto; and

WHEREAS, pursuant to Section 27-32-300, *et seq.* Code of Laws of South Carolina, 1976, as amended and Article XIII of the Declaration of Timesharing Covenants, the Board of Directors of the Atalaya Towers Interval Owners Association, Inc. (hereinafter, "the Board") proposes to amend said Declarations to provide for the nonjudicial foreclosure of UNITs belonging to owners who are delinquent in the payment of assessments or maintenance fees; and

WHEREAS, by affirmative vote of no less than fifteen percent of the eligible votes represented at the Annual Meeting, the above-described amendments were adopted by the members of the Association.

NOW THEREFORE, BE IT RESOLVED by the duly assembled Board that Article IX of the Declaration of Timesharing Covenants shall be amended by the deletion of the last three paragraphs depicted in Deed Book 991 on Page 013, the last of the three carrying over onto Page 014. For further reference the beginning phrases of each of the paragraphs being deleted are as follows:

In the event of a default in the payment of such Assessment, and in addition to any other remedies herein or by law provided, the Board may enforce such obligation as follows:

- (i) By suit or suits. . .
- (ii) By foreclosure of any aforesaid lien. . .

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BE IT FURTHER RESOLVED that the Declaration of Timesharing Covenants shall be amended by the addition of Article IX-A, the specific terms of which are:

ARTICLE IX-A, Enforcement of Lien(s)

The lien granted to the Association herein and above may be foreclosed in the same manner as mortgages or pursuant to the provisions of the *Timeshare Lien Foreclosure Act, 27-32-300, et. seq. Code of Laws of South Carolina, 1976*, as amended. In the interest of utilizing common business practices, the Board, through its designated agent shall determine on a case-by-case basis which method of foreclosure to undertake.

In order to facilitate the use of nonjudicial foreclosure techniques, each owner of an Interval Ownership interest ("Obligor") shall take notice of the following statutorily required notice which is set forth in capitalized print:

EACH OBLIGOR UNDERSTANDS THAT, IF THE OBLIGATIONS OWED FOR ASSESSMENTS OF THE ASSOCIATION AND FOR AD VALOREM TAXES AND SPECIAL ASSESSMENTS ARE NOT SATISFIED AND THE OBLIGOR DOES NOT TIMELY CURE THE DEFAULT, THE ASSESSMENT LIEN MAY BE FORECLOSED THROUGH A NONJUDICIAL PROCEDURE IN ACCORDANCE WITH ARTICLE 3 OF CHAPTER 32 OF TITLE 27 OF THE CODE OF LAWS OF SOUTH CAROLINA. THE OBLIGOR UNDERSTANDS THAT HE OR SHE WILL NOT BE SUBJECT TO A DEFICIENCY JUDGEMENT OR PERSONAL LIABILITY FOR THE ASSESSMENT LIEN RESULTING FROM A NONJUDICIAL FORECLOSURE PROCEDURE, EVEN IF THE SALE OF HIS OR HER TIMESHARE ESTATE RESULTING FROM THE FORECLOSURE FOR THE ASSESSMENT LIEN IS INSUFFICIENT TO OFFSET THE AMOUNT OF THE ASSESSMENT LIEN. THE OBLIGOR ACKNOWLEDGES THE TRUSTEE WILL SEND THE NOTICE REQUIRED BY THIS PROCEDURE TO THE OBLIGOR'S NOTICE ADDRESS. THE OBLIGOR CONSENTS TO NOTIFICATION BY CERTIFIED OR REGISTERED MAIL AND AGREES THAT ANY PERSON AT THE OBLIGOR'S NOTICE ADDRESS MAY ACKNOWLEDGE RECEIPT OF ANY CORRESPONDENCE RECEIVED IN CONNECTION WITH THIS PROCEDURE. THE OBLIGOR UNDERSTANDS THAT THE TRUSTEE MAY NOTIFY THE OBLIGOR OF THE COMMENCEMENT OF THE PROCEDURE BY PUBLICATION IF DELIVERY OF THE NOTICE IS NOT ACCEPTED AT THE NOTICE ADDRESS. IF THE OBLIGOR SENDS THE TRUSTEE A WRITTEN OBJECTION TO THE NONJUDICIAL PROCEDURE STATING THE REASONS FOR THE OBJECTION, THE MATTER WILL BE TRANSFERRED TO A JUDICIAL FORECLOSURE PROCEDURE, BUT THE OBLIGOR UNDERSTANDS AND AGREES THAT IN THE JUDICIAL FORECLOSURE PROCEDURE, THE OBLIGOR MAY BE SUBJECT TO A DEFICIENCY JUDGEMENT OR PERSONAL LIABILITY

FOR THE ASSESSMENT LIEN IF THE SALE OF HIS OR HER TIMESHARE ESTATE RESULTING FROM THE FORECLOSURE OF THE ASSESSMENT LIEN IS INSUFFICIENT TO OFFSET THE AMOUNT OF THE ASSESSMENT LIEN. THE OBLIGOR FURTHER UNDERSTANDS AND AGREES THAT IN THE JUDICIAL FORECLOSURE PROCEDURE FOR THE ASSESSMENT LIEN, IF THE COURT FINDS THAT THERE IS A COMPLETE ABSENCE OF A JUSTIFIABLE ISSUE OF EITHER LAW OR FACT RAISED BY THE OBLIGOR'S OBJECTION OR DEFENSE, THE OBLIGOR MAY BE PERSONALLY LIABLE FOR THE COSTS AND ATTORNEY'S FEES INCURRED BY THE ASSESSMENT LIENHOLDER IN THE JUDICIAL FORECLOSURE.

In addition to any remedy defined herein or pursuant to South Carolina law, the Association shall be entitled to rental from the owner of any Interval Ownership Interest 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 Interval Ownership Interest. The rental required to be paid shall be equal to the rental charged for a comparable type of unit or unit week in Myrtle Beach, 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 then highest rate or, if no such rate, at 18% per annum on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by any means, any interest in the ownership of any Interval Ownership Interest, or who may be given to 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 on any Interval Ownership Interest expressly subject to such lien.

BE IT FURTHER RESOLVED that this Amendment having received the requisite number of affirmative votes as required by the *Timeshare Lien Foreclosure Act, 27-32-300, et. seq. Code of Laws of South Carolina, 1976*, as amended, is declared to have been approved at a duly called meeting of the Association Members conducted on the 10th day of November, 2001.

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

PROBATE

Personally appeared before me the undersigned witness, who, being duly sworn, says that (s)he saw the Secretary of the ATALAYA TOWERS INTERVAL OWNERS ASSOCIATION, INC. sign, seal and deliver the foregoing Amendment to the Declaration of Timesharing Covenants for the Atalaya Towers Horizontal Property Regime and that(s)he with the other witness whose name is subscribed above, witnessed the execution thereof.

Sworn to before me this 10th
Day of November, 2001.



Mary F. Johnson

Notary Public of South Carolina

My Commission expires ~~My~~ Commission Expires July 1, 2003