

EXHIBIT "E"

SUNSET HARBOUR CONDOMINIUM

MASTER DEED AND DECLARATION OF RESTRICTIVE AND
PROTECTIVE COVENANTS, EASEMENTS, CHARGES AND LIENS

R. RANDLE SCARBOROUGH, having his office at Suite 25, Barclay Pavilion West, Cherry Hill, New Jersey 08034, hereinafter referred to as the GRANTOR, does hereby make, declare and publish his intention and desire to submit and does hereby submit the lands and premises owned by him in the City of Ocean City, County of Cape May, and State of New Jersey, hereinafter being more particularly described, to the form of ownership known and designated as a CONDOMINIUM as provided by the CONDOMINIUM ACT OF THE STATE OF NEW JERSEY, N.J.S.A. 46:8 (b)-1 et seq., for the specific purpose of creating and establishing SUNSET HARBOUR CONDOMINIUM and for the further purpose of defining the plan of unit ownership. Said premises shall be held, transferred, sold, conveyed and occupied subject to such restrictive and protective covenants, hereinafter set forth for the benefit of said CONDOMINIUM.

(A) The lands and premises owned by the GRANTOR, which are hereby made expressly subject to the provisions of this Deed, are described as follows:

ALL THOSE CERTAIN tracts or parcel of land and premises hereinafter particularly described, situate, lying or being in the City of Ocean City, County of Cape May, and State of New Jersey, as set forth in Schedule A hereof and made a part hereof.

The lands and premises in addition to easements and restrictions herein set forth are subject to easements, restrictions and covenants set forth in Schedule A.

(B) The GRANTOR has constructed or is about to construct on the parcels of land and premises described as aforesaid, the project known and designated as SUNSET HARBOUR CONDOMINIUM. Said project consists of Twenty Four (24) Units. The word "Unit" when used throughout this Deed, shall be deemed to refer to each of the Twenty Four (24) Units as herein described and as defined in the CONDOMINIUM

Limited Common Elements as defined and assigned hereto. It is the intention of the GRANTOR herein to provide that the Common Elements and Limited Common Elements in SUNSET HARBOUR CONDOMINIUM shall be owned by the owner or owners of each Unit as tenants in common, the undivided interest of each therein being as hereinafter set forth.

For the purpose of further clarifying the state of intent of the GRANTOR, the aforesaid parcel will be owned under the Condominium Concept, when the title to the aforesaid lands and all of the improvements constructed and to be constructed thereon are held or acquired by two (2) or more persons in any manner whereby each person is vested of:

- (1) The fee simple ownership of one (1) or more units; and
- (2) An undivided interest as tenants in common in the correlative Common Elements and Limited Common Elements, all pursuant to the provisions of this plan of ownership, the Condominium Act of the State of New Jersey and the restrictions, covenants, limitations and conditions herein set forth.

(E) The Twenty Four (24) individual Units hereby established and which will be individually conveyed or designated as set forth on Schedule B annexed hereto, each Unit having a percentage of interest as shown on Schedule B annexed hereto and made a part thereof.

- (1) The above percentage of interest in the Common Elements shall also be the percentage appertaining to the several units in the expense of and rights in the Common Elements. However, each Unit shall be entitled to one (1) vote in the Association. The proportionate representation appertaining to each Unit for voting purposes in the Association of owners shall be one (1), as more particularly set forth in the By-Laws of the Sunset Harbour Condominium Association, attached hereto as Schedule C and made a part hereof. The GRANTOR reserves the right, for so long as it shall remain the owner of any of the aforesaid units, to change the price or value of said Units. However, no change in the price or value of any of the aforesaid Units shall change or otherwise affect the percentage of interest of any of said Units in the Common Elements and/or Limited Common Elements.

(F) The above respective undivided interest in the Common Elements and Limited Common Elements are to be conveyed with the respective Units, and shall

ACT OF THE STATE OF NEW JERSEY. The GRANTOR covenants and agrees that those buildings which are not completed at the time of the recording of this Deed shall be deemed in all respects, when completed, to be subject to the provisions of this Deed.

(C) The GRANTOR is order to implement the Condominium plan of ownership for the above-described property, including improvements and prospective improvements, covenants and agrees that it hereby subdivides the above described realty and all improvements erected and to be erected thereon into the following estates:

(1) Twenty Four (24) separate parcels being the Twenty Four (24) Units hereinafter more particularly described and identified on Schedule B annexed hereto and made a part hereof. Said schedule also describes the dimensions of the several units, and improvements erected or to be erected thereon, including the common elements and limited common elements.

Each of the Twenty Four (24) Units consists of:

(a) The volume or cubicles of space enclosed by the unfinished inner surfaces of the exterior and interior dividing walls, ceilings and floors thereof, including vents, doors, windows and other structural elements that are regarded as enclosures of space;

(b) All interior dividing walls and partitions (including the space occupied by such walls or partitions); and

(c) The direct inner surfaces of such interior walls, floors and ceilings consisting of wallpaper, paint, plaster, carpeting, masonry, tiles and all other finishing materials affixed or installed as a part of the physical structure of the unit and all immediately visible fixtures, mechanical systems and equipment installed for the sole and exclusive use of the unit, commencing at the point of disconnection from the structural body of the Unit and from the utility lines, pipes or systems servicing the Units. No pipes, wires, conduits or other public utility lines or installations constituting a part of the overall systems designed for the service of any particular multi-unit building, nor any of the structural members or portions of any kind, including fixtures and appliances within the Unit, which is not removable without jeopardizing the soundness, safety or usefulness of the remainder of the building, shall be deemed to be a part of any Unit in Schedule B attached hereto.

(2) A separate undivided interest in the remaining portions of the lands and premises hereinabove described, with all improvements constructed and to be constructed thereon, including all appurtenances thereto, which said remaining portions shall be hereinafter known and referred to as "Common Elements". More specifically, the common elements including all appurtenances thereto, which said remaining portions shall be hereinafter known and referred to as "Common Elements". More specifically, the Common Elements include, but shall not be limited to, the following:

(a) The parcel of land described above,

(b) The multi-unit buildings described above, including the space within each of said buildings not otherwise herein defined as being embraced within the Twenty Four (24) Units, and including improvements, foundations, roofs, floors, ceilings, exterior walls, structural and bearing parts, main walls, dividing walls, slabs, supports, basements, entrances, exits and other means of access, pipes, wires, conduits, air ducts and public utility lines, including the space actually occupied by the above, excluding any specifically reserved or limited to a particular unit or group of units;

(c) All of the road, parking lot, parking areas, walkways, paths, trees, yards, driveways, shrubs, gardens, landscaping, etc., located on the aforesaid parcel of land, excluding any parking areas specifically reserved or limited to a particular unit or group of units;

(d) Portions of the land or any improvements, or appurtenance reserved exclusively for the management, operation or maintenance of the Common Elements or of the Condominium property;

(e) Installations of all central services and utilities;

(f) All apparatus and installations existing or intended for Common Elements;

(g) Any improvement constructed or to be constructed on the aforesaid parcel of land, rationally of common use or necessary or convenient to their existence, management or operation, and, in general, all other devices existing for common use.

Initially, the GRANTOR, and thereafter the Association, shall be responsible for maintaining the aforesaid areas referred to as Common Elements, including, but not limited to, maintenance of roads, storm drainage, sanitary sewers and sidewalk areas

within the Condominium; solid waste removal and snow removal from the parking lots and roadways within the Condominium; seeding, landscaping, painting of exterior walls and exterior trim and lawn maintenance and payment of utility charges servicing the Common Elements. The Common Elements shall not include any of the Twenty Four (24) Units as hereinabove described and as shown on Schedule B attached hereto, notwithstanding that the multi-unit buildings in which said Units shall be located may not have been constructed at the time of the recording of this Deed, it being the intention of the GRANTOR that the interest in Common Elements appurtenant to each Unit as same shall be hereinafter described, shall not include any interest whatsoever in any of the other Units or the space within them, whether or not the buildings within which said Units are or shall be located are constructed or are yet to be constructed at the time of the recording of this deed.

The right of any owner to the use of the Common Elements shall be a right in common with all other Unit owners (except as to limited Common Elements) to use such Common Elements in accordance with the reasonable purposes to which they are intended without encroaching upon the lawful rights of other Unit owners.

(3) Portions of the Common Elements are hereby set aside and reserved for the use of one (1) or more specified Units to the exclusion of the other Units and such portions shall be known and referred to as "Limited Elements". The Limited Common Elements shall include, but shall not be limited to entry ways, common walls, patios or deck, front entrance areas, porches, parking spaces and storage areas, designated as appurtenant to a specified Unit. Each Unit owner shall be responsible for maintaining, at their individual cost and expense, all areas designated as Limited Common Elements except, however, structural modifications and structural maintenance of the walls. In particular, each Unit owner shall be responsible for any improvements or maintenance in and to patios, none of which shall be the responsibility for maintenance by the Association as hereinafter provided. All Limited Common Elements, however, shall comply with all governmental rules and regulations as provided herein or as provided in the By-Laws of the Association.

(D) For the purpose of this Deed, the ownership of each Unit shall conclusively be deemed to include the respectively undivided interest, as specified and established herein, together with the appurtenant undivided interest in common and

have a permanent character and the GRANTOR, its successors and assigns and Unit owners, their heirs, executors, administrators and assigns, covenant and agree that the undivided interest in the Common Elements and Limited Common Elements and the fee title to the Units conveyed therewith, shall not be separately conveyed, transferred, alienated or encumbered with its respective Unit notwithstanding the description and the instrument of conveyance, transfer, alienation or encumbrances may refer only to the fee title to the Unit. The GRANTOR, its successors and assigns, and the Unit owners further covenant and agree that any conveyance, transfer alienation of any unit shall be exclusively deemed to include all of the interest of the owner in the Association and encumbrance on any Unit shall also be exclusively deemed to include all of the interest of said owner in the Association.

(G) Sunset Harbour Condominium shall be administered, supervised and managed by the Sunset Harbour Condominium Association, a non-profit corporation of the State of New Jersey, presently having its principal office at Suite 25, Barclay Pavilion West, Cherry Hill, New Jersey, which shall act by and on behalf of the owners of Units in Sunset Harbour Condominium. In accordance with this Deed, the By-Laws of the Association, annexed hereto as Schedule C, in accordance with the CONDOMINIUM ACT OF THE STATE OF NEW JERSEY, its supplements and amendments. The said By-Laws form an integral part of this plan of ownership and this Deed shall be construed in connection with the provisions of said By-Laws pursuant to the CONDOMINIUM ACT OF THE STATE OF NEW JERSEY. The Sunset Harbour Condominium Association, is hereby designated as the form of administration of Sunset Harbour Condominium and the said Association is hereby vested with the rights, powers, privileges, and duties necessary to or incidental to the proper administration and management of Sunset Harbour Condominium including but not limited to the conduct of all activities of Common Interest to the Unit owners, the same being more particularly set forth in the By-Laws of the Association. The said Association shall also be empowered and is hereby empowered to exercise any and all rights, powers, privileges or duties which may, from time to time be established by law or which may be delegated to by the owner of Units in Sunset Harbour Condominium. It shall be an affirmative and perpetual obligation of the Association and its Board of Trustees to

fix Common Expense and reserve assessments in an amount at least sufficient to maintain the exterior of the aforesaid building and to maintain and operate the other Common Elements, and to provide a reserve for replacement of Common Elements. The amount of monies for Common Expenses and reserves of the Association deemed necessary by the Trustees and the manner of expenditure thereof shall be a matter for the sole discretion of the Board.

(H) This Master Deed may be amended, modified or supplemented from time to time by the affirmative vote of two-thirds of the Unit owners of the Condominium. No such amendment, modification or supplement shall be operative or effective until it is embodied in a recorded instrument which shall be recorded in the office of the Clerk of Cape May County in the same manner as the Master Deed. No amendment, modification or supplement shall be contrary or violate any provisions of the Condominium Act or any law of the State of New Jersey. No such amendment shall change a Unit or the effect of the subordination as set forth herein unless the owner of record thereof and the holders of record of any liens thereon shall join in the execution of the amendment or execute a consent thereto with the formalities of a deed.

(I) Notwithstanding any other provisions herein set forth, the entire Condominium property or some or all of the Units included therein (together with the undivided interest in the Common Elements and Limited Common Elements appurtenant to such elements) may be subject to a single or blanket mortgage constituting a valid first lien thereon created by a recorded mortgage executed by all of the owners of the property or Units covered thereby. Any Unit covered by the lien of such mortgage may be sold or otherwise conveyed or transferred subject to such mortgage. Such mortgage shall provide a method whereby any Unit owner may obtain a release of his Unit (together with the undivided interest in the Common Elements and Limited Common Elements appurtenant thereto) from the lien of such mortgage and receive a satisfaction and discharge in recordable form, upon payment to the mortgagee of a sum equal to the proportionate share attributable to his Unit and the then outstanding balance or unpaid principal and accrued interest and any other charges then due and unpaid. Such

proportionate share attributable to each Unit shall be a proportion in which all Units then subject to the lien of the mortgage share among themselves in liability for Common Expenses as provided in this Master Deed or such other reasonable proportion as shall be specifically provided in the mortgage instrument.

RESTRICTIONS AND EASEMENTS

To further implement this plan of ownership to make feasible the ownership and sale of Units in Sunset Harbour Condominium, to preserve the character of the community and to make possible the fulfillment of the purposes of living intended, the GRANTOR, its successors and assigns, by reason of this declaration and all future owners of Units in Sunset Harbour Condominium, by their acquisition of title thereto, covenant and agree as follows:

1. The Common Elements and the Limited Common Elements shall be owned in common by all of the owners of the Units and no others. The Common Elements shall remain undivided and no Unit owner shall bring any action for partition or division of the whole or any part thereof, except as otherwise provided by law or in the By-Laws of the Sunset Harbour Condominium Association.

2. That each Unit shall for all purposes, constitute a separate parcel of the real property which may be owned in fee simple and which may be conveyed, devised, inherited, transferred or encumbered along with its percentage in the Common Elements and no part of any Unit shall be conveyed, devised, inherited, transferred or encumbered apart from the whole of said Unit or its correlative percentage in the Common Elements.

3. That the Unit shall be occupied, within the limitations hereinafter set forth and used by the respective owners only as a private single-family residential dwelling for the owner, his family, tenants and social guests and for no other purposes

except such temporary non-residential uses as may be permitted by the GRANTOR, while the premises are being constructed, developed and sold necessary for the construction, development and selling of the project.

4. That in the event any portion of the Common Elements encroaches on any Unit or vice versa, or in the event that any portion of one Unit encroaches on another Unit, a valid easement for the encroachment and for the maintenance of the same, so long as it stands, shall and does exist. In the event that any one (1) or more of the multi-unit buildings is partially or totally destroyed and then rebuilt in substantially the same location, and as a result of such rebuilding, any portion of the Common Elements encroaches upon another Unit, a valid easement for such encroachment and for the maintenance thereof, so long as it stands, shall and does exist.

5. That in interpreting any and all provisions of this deed, the schedules attached hereto and subsequent deeds and mortgages to individual Units, the actual location dimensions of the Units and Common Elements shall be deemed conclusively to be the property intended to be conveyed, reserved and encumbered, notwithstanding any minor deviations, either horizontally or vertically, from the proposed locations or dimensions on Schedule A attached hereto. This covenant is necessary by reason of the fact that this plan of ownership will be implemented prior to the completion of construction of some of the Twenty Four (24) Units shown on the proposed drawings.

6. That a valid easement does and shall continue to exist throughout the Common Elements for the purpose of installation, maintenance or repairs and replacement of all sewer, or water, power and telephone lines, mains, conduits, wires, poles, transformers and any and all other equipment or machinery necessary or incidental to the proper function of any utility system. In addition, a valid easement is reserved to the GRANTOR to install utilities, utility meters and other facilities necessary for the proper maintenance of the Common Elements within a Unit together with a blanket, perpetual and non-exclusive easement of unobstructed ingress and egress in, upon, over, across and through the Common Elements to the City of Ocean City, Sunset Harbour Condominium Association, their respective officers, agents, and employees (but not the public in general) and all police, fire and ambulance personnel in the proper performance of their respective duties, (including but not limited to emergency or other necessary

repairs to a Unit which the Unit owner has failed to perform), and for repair and maintenance to the Common Elements. Except in the event of emergencies, the rights accompanying the easements provided for in this subparagraph, shall be exercised only during the reasonable daylight hours, and then, whenever practicable, only after advance notice to and with the permission of the Unit owners directly effected thereby.

7. That each owner of the Unit shall automatically, upon becoming an owner of the Unit, be a member of said Association until such time as his ownership ceases for any reason, at which time his membership in said Association shall automatically cease. Other than as an incident to a lawful transfer of title to a Unit, membership in the Association shall be non-transferrable and any attempt to transfer shall be null and void.

8. That, notwithstanding any provisions of the By-Laws of Sunset Harbour Condominium Association, GRANTOR reserves the right and shall be entitled to appoint a majority of the Board of Trustees of Sunset Harbour Condominium Association for so long as the GRANTOR shall be the owner of Units in Sunset Harbour Condominium, or until five (5) years from the date hereof, whichever is sooner subject, however, to the following limitations:

(a) Sixty (60) days after conveyance of Twenty-five percent (25%) of the lots, parcels, Units or interests not less than Twenty-five percent (25%) of the members of the Board of Trustees shall be elected by owners;

(b) Sixty (60) days after conveyance of Fifty percent (50%) of the lots, parcels, Units or interests not less than Forty percent (40%) of the members of the Board of Trustees shall be elected by the owners;

(c) Sixty (60) days after conveyance of Seventy-five percent (75%) of the lots, parcels, Units or interests the GRANTOR'S control of the Board of Trustees shall terminate, at which time the owners shall elect the entire Board of Trustees.

(d) Notwithstanding (a), (b), and (c) above, the GRANTOR may retain one (1) member of the Board of Trustees so long as there are any Units remaining unsold in the regular course of business.

(e) A GRANTOR may surrender control of the Board of Trustees of the Association prior to the time as specified, provided the owners agree by a majority vote to assume control.

(f) The Association, when controlled by the owners, shall not take any action that would be detrimental to sales of Units by the Developer and shall continue the same level of maintenance, operation and services as immediately prior to the assumption of controls, until the last Unit is sold in the ordinary course of business.

9. That the administration of Sunset Harbour Condominium shall be in accordance with the provisions of this Deed, the By-Laws, the rules and regulations of Sunset Harbour Condominium Association, CONDOMINIUM ACT OF THE STATE OF NEW JERSEY and all other governmental rules, regulations and requirements.

10. That each owner, tenant and occupant of a Unit shall comply with the provisions of this Deed and the By-Laws, rules and regulations of Sunset Harbour Condominium Association and failure to comply therewith shall be grounds for an action to recover damages or injunctive relief, such relief being set forth in the By-Laws.

11. That the owner of each Unit is bound to contribute according to the percentage of his undivided interests in the Common Elements as set forth in this Master Deed toward the expenses of administration and of maintenance, repairs of the Common Elements, which includes, but not limited to, snow removal, utility charges, solid waste removal, maintenance of streets, sewers, sidewalks, curbs, etc., the expenses of administering and maintaining Sunset Harbour Condominium Association and all of its real and personal property in such amounts as shall be from time to time affixed by the Association, including reserves for deferred maintenance (maintenance items that occur less frequently than annually), reserves for replacement and reserves for capital improvements, and to any expenses that shall be lawfully agreed upon. No owner may exempt himself from contributing towards such expenses by waiver of the use or enjoyment of the Common Elements or facilities or the Association or by abandonment of the Units owned by him or otherwise. A Unit owner shall, by accepting a Deed, be conclusively presumed to have agreed to pay his proportionate share of Common Expenses accruing while he is the owner of a Unit.

12. That all charges, expenses and assessments chargeable to any Unit shall constitute a lien against said Unit in favor of Sunset Harbour Condominium Association, which lien shall be prior to all liens except: (1) Assessments, liens and charges for taxes past due and unpaid on the unit; and

(2) Bona fide mortgage instruments duly recorded; and

(3) The Association's lien shall be recorded in the Clerk's office of Cape May County pursuant to the Condominium Act. The charges and expenses represented in the usual monthly maintenance charge shall become effective as a lien against each Unit on the first day of each month; additional or added assessments, charges and expenses, if any, chargeable to Units not covered by the usual monthly maintenance charge, shall become effective as a lien against each Unit as of the date when the expense or charge giving rise to such additional or added assessment, charge or other expense giving rise to said lien, remains unpaid for more than thirty (30) days after the same shall become due and payable, the lien may be foreclosed by the Association in the manner provided for the foreclosure and sale of real estate mortgages, and, in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action, including costs and attorney's fees. In addition, such charges and expenses shall bear interest from the due date except by the Association at such rate not exceeding a legal interest rate as may be established by the Association, or if no rate is established, at the legal rate. The right of the Association to foreclose the lien aforesaid shall be in addition to any other remedy which may be available to it for the collection of such charges and expenses. The title acquired by any purchaser following any such foreclosure sale, shall be subject to all of the provisions of this Deed, the By-Laws, rules and regulations of the Sunset Harbour Condominium Association, and the CONDOMINIUM ACT OF THE STATE OF NEW JERSEY, and by so acquiring title to the Unit, said purchaser covenants and agrees to abide by and be bound thereby. The Association shall have the power to bid on the Unit at foreclosure sale and to acquire, hold, lease, mortgage and convey the same.

13. That upon the sale, conveyance or any lawful transfer of title to a Unit, (except the transfer pursuant to a foreclosure of a mortgage), all unpaid assessments, charges and expenses chargeable to the Unit shall first be paid out of the sales price and preference to any other assessment or charges of whatever nature except:

(a) Assessments, liens, and charges for taxes past due and unpaid on the unit; and

(b) Bona fide mortgages duly recorded.

14. That the acquirer of title to any Unit (except the transfer pursuant to a foreclosure of mortgage or deed in lieu of foreclosure) shall be jointly and severally liable, with his predecessor in title, for the amounts owing by the latter to the Association up to and through the date of the transfer of title, without prejudice to the acquirer's right to recover from his predecessor and title the amount paid by him as such joint debtor, but the acquirer shall be exclusively liable for the amounts accruing while he is the Unit owner. The Association shall provide for the issuance and issue to every Unit owner, or their mortgagee, upon his request, a statement or certificate of such amounts due, which statement or certificate shall issue within ten (10) days after receipt of the request therefore. A person other than a Unit owner may rely upon such statement or certificate and his liability shall be limited to the amount set forth therein. Liability for the payment of said amount to the Association shall not attach to the purchaser or the Unit following a mortgage foreclosure sale of any Unit, provided the Association has been joined as a party to the foreclosure suit. Such unpaid share shall be deemed to be the common expenses collectible from all of the remaining owners, including such acquirer, his successors and assigns.

15. No Unit owner shall contract for or perform any maintenance, repair, replacement, removal, alteration or modification of the Common Elements or any additions thereto, except through the Association and its officers. No Unit owner shall take or cause to be taken any action within his Unit which would jeopardize the integrity or safety of any part of the Condominium property or impair any easement or right appurtenant thereto or affect the Common Elements.

16. That each owner, tenant or occupant of the Unit may use the Common Elements and Limited Common Elements in accordance with the purposes for which they are intended, without hindering or encroaching upon the lawful rights of other owners, tenants, or occupants.

17. That the Sunset Harbour Condominium Association shall have the irrevocable right, to be exercised by the Trustee and authorized person, to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Elements or to any other Unit or Units.

18. No Unit shall be rented by the owners thereof for transit or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days or (b) rental if the occupant of the Units are provided customary hotel services such as room services for food and beverage, laundry service, maid service, bellboy service, etc. Other than the foregoing, an owner shall have the absolute right to lease his Unit, provided that the terms of the lease are subject to the terms and conditions of this Deed, the By-Laws, rules or regulations of Sunset Harbour Condominium Association and the provisions of the CONDOMINIUM ACT OF THE STATE OF NEW JERSEY.

19. (a) That in the event of fire or other disaster or casualty resulting in damage to or destruction of any improvements on the Condominium property or any part thereof or to the Common Elements of the Condominium in an amount less than two-thirds (2/3) of the value of the Condominium, the net proceeds of any insurance carrier by the Association shall be made available for the purpose of repair, reconstruction, or restoration or replacement. Where the insurance proceeds are insufficient to cover the cost of repair, reconstruction, restoration or replacement, the deficiency shall be paid by all of the owners directly affected by the damage in proportion to the value of their respective Units. If any owner directly affected by the damage shall refuse to make payments, the Board of Trustees shall levy an assessment in an amount proportionate to the value of the Unit affected by the damage, the proceeds of such assessment being paid together with the insurance proceeds to the Association for the purpose of recovering the cost of repair, reconstruction, restoration or replacement. In the event any owner shall fail to respond to the assessment by payment thereof within a reasonable time, the amount of said assessment shall constitute a lien against the Unit of such owner, which lien may be enforced and collected in the same manner as any other liens as hereinbefore provided. In the event any insurance proceeds remain after such repair, reconstruction, restoration or replacement, such excess shall be shared by the Unit owners directly affected subject to the rights of the mortgagees. The provisions of this section may be changed by the unanimous resolution of the Unit owners adopted after the date upon which the fire or other disaster occurs.

(b) That in the event such insurance proceeds shall be inadequate by a substantial amount to cover the estimated cost of repair, reconstruction, restoration or replacement of an essential improvement or Common Element or if such damage shall constitute substantially total destruction of the Condominium property or if Seventy-five percent (75%) of the Unit owners directly affected by such damage, together with all mortgagees holding bona fide or first mortgages on the Units, directly affected, shall realize upon the salvage value of the portion of the Condominium property so damaged or destroyed, either by sale or such other means as the Association may deem advisable, and shall collect the proceeds of any insurance. In the event the owners or mortgagee decide to repair or restore, the payment of the cost thereof shall be in accordance with the preceding paragraph. In the event election is made to sell, the covenants against partition herein contained shall become null and void and the said owner or owners shall be entitled to convey their interest in the Condominium and may invoke relief in a court of competent jurisdiction to compel such sale and partition against those owners who shall have refused to approve such a sale or partition.

All sums received from insurance shall be combined with the proceeds of sale of the Condominium, after providing for all necessary costs and expenses, including court costs and reasonable attorney's fees, in the event of any litigation necessary to compel any owner to join a conveyance of his interest in the Condominium, distribution of combined funds shall be made to the owners of the Units in the said Condominium in accordance with their respective undivided interests in the Common Elements as herein set forth or to mortgagees or other lien holders as their interests shall appear.

(c) In the event that the Board of Trustees shall deem that the multi-unit buildings in the Condominium are obsolete, the Board of Trustees, at a regular or special meeting of the owners, may call for a vote by said owners to determine whether or not the entire Condominium should be sold. In the event that all of the Unit owners, with the consent of all bona fide or first mortgagees, determine that the premises should be sold, the applicable provisions of the preceding section shall become effective.

(d) The Sunset Harbour Condominium Association acting by and on behalf of the owners of Sunset Harbour Condominium shall insure the Condominium in

accordance with the By-Laws of the Association. Nothing contained in this covenant and no provisions of the By-Laws shall be deemed to prohibit any owner or a Unit from insuring his Unit for his own account and benefit. No owner shall, however, insure any part of the Common Elements whereby, in the event of a loss thereto, the right of Sunset Harbour Condominium Association to recover the insurance indemnity for such loss in full, shall be diminished or impaired in any way.

20. That the Common Elements shall be subject to a valid easement hereby granted to the City of Ocean City, but not to the public in general to enter upon all roadways, parking areas, sidewalks, driveways and walkways for the purposes of maintaining the safety, welfare, police and fire protection of the citizens of Ocean City, including the residents of Sunset Harbour Condominium.

21. Nothing shall be done or kept in any Unit or Common area which will increase the rate of insurance on any Common area or result in the cancellation of any such insurance.

22. (a) If all or any part of the Common Elements shall be taken, injured or destroyed by Eminent Domain, each Unit owner shall participate through the Association in any proceedings incident thereto. Any damages shall be for the taking, injury or destruction as a whole and shall be collected by the Association and distributed by the Association among the Unit owners proportioned to each owner's undivided interest in such Common Elements, except to the extent that the Association deems it appropriate to apply them to the repair or restoration of any such injury or destruction.

(b) The present title to the premises being the subject hereof and the title to each Unit which shall be hereafter conveyed or acquired in any manner is hereby expressly declared and made subject to the terms and provisions of this deed and the acquisition by any person of title to a Unit shall be conclusively deemed to mean that the acquirer approves, adopts and ratifies the provisions of this deed, the By-Laws, rules and regulations of Sunset Harbour Condominium Association and will comply therewith. The covenants, agreements and restrictions set forth herein which shall run with the lands and shall be binding upon all Unit owners, their heirs, executors, administrators, successors and assigns.

(c) It is the intention of the Grantor that the provisions of this deed are severable so that if any provision, condition, covenant or restriction thereof shall

be invalid, or void under any applicable federal, state or local law, the remainder shall be unaffected thereby. In the event that any provision, condition, covenant or restriction thereof is at the time of the recording of this deed void, voidable or unenforceable and contrary to any applicable federal, state or local law, the Grantor, its successors and assigns and all persons claiming by, through or under the Grantor, covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability or unenforceability shall be deemed to apply retrospectively to this deed thereby operating to validate the provisions of this deed which otherwise might be invalid, and it is covenanted and agreed that any such amendments or supplements to the said laws shall have the effect at the time of the execution of this deed.

23. No provision contained in this Master Deed 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 which may occur.

24. The use of the masculine gender in this Master Deed shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural and vice versa, whenever the context so requires.

25. Anything to the contrary herein or in the Articles of Incorporation or By-Laws of the Association notwithstanding Grantor hereby reserves for itself, its successors and assigns, for so long as it owns one (1) or more Units of the Condominium or for a period of ten (10) years from the date hereof, whichever is later, the right to sell, lease, mortgage or to sublease any unsold Units within the Condominium, in the ordinary course of business.

IN WITNESS WHEREOF, the GRANTOR hereunto sets his hand and seal this day of _____, 198 .

Signed, Sealed and Delivered
in the presence of:

R. RANDLE SCARBOROUGH

LINDA L. SCARBOROUGH