

**OWNER'S QUARTERS
PURCHASE CONTRACT**

THIS PURCHASE CONTRACT (this "Contract") made by and between Drake Investments LLC, a South Carolina limited liability company ("Seller"), and the Buyer(s) identified in Part I hereof (collectively if more than one "Buyer").

BUYER ___ **SELLER** **X** **THE MANAGER OF DRAKE INVESTMENTS, LLC IS LICENSED UNDER THE LAWS OF SOUTH CAROLINA AS A REAL ESTATE LICENSEE**

PART I – IDENTIFICATIONS

A. Buyer.

Co-Buyer.

NAME: _____

NAME: _____

SS#: _____

SS#: _____

ADDRESS: _____

ADDRESS: _____

CITY: _____

CITY: _____

STATE: _____ **ZIP:** _____

STATE: _____ **ZIP:** _____

HOME PHONE: _____

HOME PHONE: _____

BUSINESS PHONE: _____

BUSINESS PHONE: _____

FAX #: _____

FAX: _____

MOBILE PHONE #: _____

MOBILE PHONE #: _____

E-MAIL ADDRESS: _____

E-MAIL ADDRESS: _____

B. Unit Interest and Purchase Price.

Unit Interest: Unit Interest # _____ (the "Unit Interest"), a one-thirteenth undivided interest in Unit #1003 Crescent Shores (the "Unit") as described in the Master Deed for Crescent Shores Horizontal Property Regime recorded in the Register of Deeds office for Horry County in Deed Book 3011 at page 816, and governed by the Declaration of Covenants, Conditions, Restrictions and Easements for Owner's Quarters #1003 Crescent Shores (the "Declaration"). The Unit Interest is subject to the Declaration, as defined below.

Purchase Price:

Payment of Purchase Price. Buyer will pay the Purchase Price set forth above in installments as follows:

Earnest Money. Earnest Money due with delivery to Seller of this Contract.	\$ _____
Balance at Closing. The balance of the Purchase Price (not including all of Buyer's Closing costs, prepaids, and escrow deposits required hereunder) in cash or certified funds.	\$ _____
Total Purchase Price	\$ _____

C. Outside Closing Date: _____, 20__.

D. Real Estate Broker. Buyer warrants and represents that, other than Drake Development Company USA, Buyer has not dealt with any real estate agent who may be entitled to claim a real estate commission in this transaction, other than the following (if left blank, there are none):

Company: _____
Agent: _____

THIS CONTRACT IS NOT INTENDED AS AN OFFER TO SELL NOR A SOLICITATION OF OFFERS TO BUY REAL ESTATE IN ANY JURISDICTION WHERE PROHIBITED BY LAW OR WHERE REGISTRATION OF THE CONDOMINIUM BUILDING OR INCORPORATION OF ADDITIONAL CONTRACT PROVISIONS WOULD BE REQUIRED.

PART II – TERMS & CONDITIONS

The rights and obligations of Seller and Buyer are determined solely by reference to the terms and conditions set forth in this Part II.

1. **The Unit Interest.** Seller agrees to sell and Buyer agrees to purchase the Unit Interest referenced above, being a one-thirteenth undivided interest in Unit #1003 Crescent Shores (the "Unit") as described in the Master Deed for Crescent Shores Horizontal Property Regime recorded in the Register of Deeds office for Horry County in Deed Book 3011 at page 816. The Buyer's rights and obligations with respect to the Unit Interest are governed by the Declaration and Bylaws for Owner's Quarters #1003 Crescent Shores Association (the "Association") (copies of which Buyer acknowledges receipt).

2. **Inspection Period and Right of Rescission.** Seller will up fit and furnish the Unit as determined by Seller in its sole discretion. Upon substantial completion of such up-fitting and furnishing, Seller will provide Buyer with written notice thereof (the "Inspection Notice"). Buyer will then have 15 days in which to complete inspection of the Unit and will at such inspection execute a "Unit Inspection Addendum." Upon completion of such inspection or, if Buyer fails to conduct such inspection, at the end of the 15-day period, Buyer shall have the right of rescission described in the Rescission Notice set forth on the signature page of this Contract (the "Rescission Notice"). If Buyer rescinds this Contract within the time provided in the Rescission Notice (the "Rescission Period"), all Earnest Money shall be refunded to Buyer and neither Party shall have any further rights hereunder. If Buyer does not rescind this Contract within said time, Buyer shall be obligated to close on the Unit within the time provided in paragraph 5 below. Buyer acknowledges and agrees that if it does not rescind this Contract, the Unit, including all up-fitting and furniture, are deemed fully acceptable to Buyer.

3. **The Purchase Price.** Buyer will pay to Seller at Closing the Purchase Price of the Unit Interest set forth in Part I of this Contract, plus Buyer's closing costs.

3.1 **Earnest Money Deposit.** Lumpkin, Oxner and Stacy, P.A. ("Escrow Agent") will receive the Earnest Money Deposit and any additional deposit to be made, as set forth in Paragraph B of Part I of this Contract, and will deposit said sums in its escrow account, to be held by the Escrow Agent as an earnest money deposit and disbursed in accordance with this Part II. All interest earned on the Earnest Money Deposit shall be paid to Seller and not credited against the Purchase Price. At closing, the Earnest Money Deposit shall be credited toward the purchase price of the Unit Interest.

3.2 **Payments at Closing.** The Purchase Price, together with all of Buyer's closing costs, prepaids, and closing escrow deposits required hereunder, less the Earnest Money Deposit, will be paid in cash or by certified, collected funds at the Closing.

4. **Buyer's Financial Condition; Financing.**

4.1 **Verification of Buyer's Financial Ability to Close.** Buyer acknowledges that this Contract is subject to approval by Lender of Buyer's financial ability to close on the Unit Interest. Buyer agrees to promptly provide to Seller such financial information, including a statement of assets and liabilities and employment information, as Seller may reasonably request, and authorizes Seller to verify such information. In addition, should Buyer elect to use Seller's Designated Lender (as defined below), Seller is authorized to provide such information to Seller's Designated Lender, and Seller's Designated Lender is authorized to verify such information.

4.2 **Seller's Designated Lender.** Seller will designate a third party lender ("Seller's Designated Lender"), to provide financing to qualified buyers of Unit Interests. If Buyer elects to apply for financing with Seller's Designated Lender, Buyer will pay all fees and expenses charged by Seller's Designated Lender, including the loan origination fee charged by the Designated Lender, **except that Seller will pay \$3500 of Buyer's closing costs in accordance with Sections 8.1 below if Buyer qualifies for and obtains its loan from Seller's Designated Lender and provided that the parties use Seller's Designated Closing Agent as required in Section 8.2. Nothing herein shall be deemed to obligate Seller's Designated Lender to provide a loan to Buyer. Nothing herein shall be deemed to obligate Buyer to obtain financing from Seller's Designated Lender, and Buyer is permitted to obtain financing from whatever source Buyer may choose.**

4.3 **Financing.** If Buyer applies for financing with Seller's Designated Lender and decides after submitting an application to obtain financing from another source, or if Buyer is turned down for a loan, Buyer shall be responsible for all costs incurred by Seller's Designated Lender in processing said application, including, but not limited to, application fees, credit report charges and inspection fees.

4.4 **Financing Guaranteed by Seller.** Any Mortgage payment guaranteed by the seller (hereinafter guarantor) that is not paid within 15 days after the due date shall be considered delinquent and shall (together with the interest thereon at the rate of 1 1/2% per month from the due date and all cost of collection thereof, including a reasonable attorney's fee) become a charge and continuing lien on the land and all improvements thereon against which each such assessment is made, at the hands of the Owner, its heirs, devisees, personal representatives, tenants, and assigns. If the payment is not paid within 30 days after the due date, the seller guarantor may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property or both. Purchaser agrees to allow the guarantor the option of accepting their deed in lieu of foreclosure or he may foreclose on the property. If foreclosed on, all cost and reasonable attorney's fees of such judgment to be obtained, such judgment shall include interest on the amount owed

at a rate of 18% per annum or the maximum lawful rate on such judgments. In addition to the rights of actions set forth above, the Board of Directors will suspend the membership rights of any Member during the period when the payment remains unpaid. Upon full payment, and satisfaction of all fees, penalties, and payments due, the Owner's rights and privileges shall be automatically restored.

4.5 **Appraisal.** The Seller's Designated Lender may require an appraisal, which will be at Buyer's expense.

4.6 **Buyer's Selection Concerning Financing.** Buyer shall indicate by initialing below whether or not Buyer intends to apply for financing (check one of the following):

- I will pay CASH at Closing and will not require financing.
- I DO intend to apply for mortgage financing provided by Seller's Designated Lender.
- I DO NOT intend to apply for mortgage financing provided by Seller's Designated Lender, but I will apply for other financing.

5. **Closing.** Seller will give Buyer not less than ten (10) days prior written notice of the Closing date. Closing shall occur not later than the Outside Closing Date; provided, however, if the transaction has not closed by said date because a contingency has not been satisfied through no fault of either party (for example, if the presale contingency in paragraph 22.13 has not been met), then Seller may in its sole discretion extend the Closing date for a period not to exceed 120 days from the original Outside Closing Date.

6. **Owner's Quarters Assessment.**

6.1 Buyer understands that it is purchasing the Unit Interest subject to monthly assessments collected in advance, payable to the Association. At the Closing, the closing attorney will prorate the monthly assessment for the current month and will collect the next month's assessment.

6.2 Buyer also will pay to the Association an "Operating Capital Reserve Fee" equaling 2 months of the monthly assessment. Do not confuse this with the payment of the regular monthly assessments. This is a "start-up fee" paid by every new owner of a Unit Interest. This is a one time fee and is not refundable, even in the event of the sale of the Unit Interest. All new buyers will pay this fee in the event of a resale as well.

6.3 Any assessment not paid within 15 days after the due date Specified in section 13.3 or any other date set by the Board hereof shall be considered delinquent and shall (together with the interest thereon at the rate of 1 1/2% per month from the due date and all cost of collection thereof, including a reasonable attorney's fee) become a charge and continuing lien on the land and all improvements thereon against which each such assessment is made, at the hands of the Owner, its heirs, devisees, personal representatives, tenants, and assigns.

6.4 If the assessment is not paid within 30 days after the due date, the association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property or both. Purchaser agrees to allow the association the option of accepting their deed in lieu of foreclosure or to foreclose on the property.

6.5 Upon the exercise of its right to either of these remedies, the Association may elect to declare the entire remaining amount of the Annual Assessment due and payable (up to 6 months) and collect the same if they choose to foreclose. If foreclosed on, all cost and reasonable attorney's fees of such judgment are obtained, such judgment shall include interest on the assessment at a rate of 18% per annum or the maximum lawful rate on such judgments.

6.6 In addition to the rights of actions set forth above, the Board of Directors will suspend the membership rights of any Member during the period when the assessment remains unpaid. Upon payment of such assessment, and satisfaction of all fees, penalties, and payments due, the Owner's rights and privileges shall be automatically restored.

7. **Title.** In consideration of the conditions and covenants contained in this Contract, Seller agrees to convey to Buyer a marketable title in fee simple to the Unit Interest by general warranty deed subject only to the following (the "Title Matters"):

7.1 All rights, covenants, conditions, restrictions and easements of record;

7.2 Licenses and easements for utilities serving the Unit Interest;

7.3 Interests created by or limitations on use imposed by the Federal Coastal Zone Management Act or other applicable federal law or by S.C. Code Section 48-39-200, as amended, or other applicable state law, or any regulations promulgated pursuant to said state or federal laws;

7.4 Taxes and assessments not yet due and payable;

- 7.5 Applicable state, county and municipal laws, ordinances, regulations, building codes and development standards;
- 7.6 The recorded Master Deed and the Association By-Laws for Crescent Shores Horizontal Property Regime;
- 7.7 The Declaration.

If a title insurance company which is a member of the American Land Title Association will issue a binder to issue an owner's title insurance policy insuring the title to the Unit Interest in an amount equal to the Purchase Price, which owner's title insurance policy will have as exceptions only standard exceptions and exceptions to the Title Matters, Seller will be deemed to be able to convey acceptable marketable title to Buyer. If, at the Closing, Seller cannot deliver a general warranty deed to the Unit Interest subject only to said matters, Seller will have the right to extend the Closing for an additional 90 days to comply with the terms of the title policy.

8. Closing Costs.

8.1 Seller will pay for the preparation of the deed and the transfer tax required for recording of the deed, and the fees of Seller's Designated Closing Agent. Buyer will pay all other Closing costs, including but not limited to Buyer's attorney's fees (in the event Buyer retains separate legal counsel to review the closing package), recording fees, prepaid items, title insurance premiums and one/thirteenth of the transfer fee charged by Crescent Shores Condominium Association (this is currently \$250 and the 1/13 pro rata share is currently \$19.25); provided, however, that if Buyer obtains its loan from Seller's Designated Lender and the parties use the Designated Closing Agent for the Closing as required in Section 8.2, Seller will pay Buyer's closing costs up to a total of \$3500 (based on a purchase price of **\$54,900**), and Buyer will pay any remaining closing costs. Buyer will also pay the Closing assessments and working capital contributions as set forth above and ad valorem taxes for the pro rata portion of the calendar year during which Buyer will hold title to the Unit Interest. In the event Purchaser pays the Purchase Price in cash, the Purchase Price will be reduced to **\$49,900** and the Seller will pay the transfer tax on the deed, the fees of the Designated Closing Agent and the transfer fee charged by Crescent Shores Condominium Association (currently \$19.25 per 1/13th).

8.2 The parties acknowledge that Seller and Buyer will benefit from the efficiencies of Closing that will occur if the Closing is conducted by a closing attorney designated by Seller who is familiar with closing of Units under the Declaration as well as the requirements of Seller's Designated Lender. Accordingly, Seller designates Lumpkin, Oxner and Stacy, P.A. as "Designated Closing Agent" and both parties agree that the Designated Closing Agent will conduct the Closing. Buyer has the right at its own expense to retain separate counsel to review the closing package, but the Designated Closing Agent will conduct the Closing. Buyer acknowledges and agrees that the Designated Closing Agent will represent both the Buyer and the Seller in preparation of closing documents, and may represent Seller in any subsequent dispute with Buyer concerning the Unit Interest or the Unit not related to the closing services provided to Buyer by the Designated Closing Agent. Except to the extent provided in Section 8.1, Seller will not pay for title insurance, loan fees and other costs, which will be the responsibility of Buyer. As previously stated, Purchaser may at its option and its own expense obtain an additional attorney to advise Purchaser with respect to the Closing, provided that such attorney does not delay the Closing.

9. **Vacation Multiple Ownership Act.** The sale of the Unit Interest is under a Vacation Multiple Ownership Plan registered under the provisions of the Vacation Multiple Ownership Act, S.C. Code Section 27-32-250. Period of use will change according to the Declaration. All amenities are now available or will be available prior to the Closing of the Unit Interest. The assessment charges paid by Members to the Association are established annually by the Board who are elected by the Owner's. Seller has selected Condo-World Management as the Association's initial management company, which has entered into a management agreement for one (1) year with the Association, which may be cancelled upon sixty (60) days notice by either party.

10. Defaults.

10.1 **Default by Buyer.** In the event of a default in the performance of any obligation of Buyer pursuant to this Contract, Seller will have the right to specifically enforce this Contract according to its terms and/or to pursue any and all other remedies available to Seller at law or in equity, or Seller may, at Seller's election, elect to terminate this Contract and to be released from any further obligations to Buyer pursuant to this Contract, and in such event will be entitled to retain the Earnest Money and all other deposit(s) as agreed liquidated damages, it being the intention and Contract of the Parties that the amount of such Earnest Money and all other deposit(s) are a fair measure of compensation for actual damages incurred by Seller as a result of Buyer's default. The parties hereto acknowledge and expressly understand that by the execution of this Contract, the Buyer has induced the Seller to bind itself to the sale of the Unit Interest, thus withdrawing the Unit Interest from the sale to the general public.

10.2 **Default by Seller.** If Seller defaults in the performance of any of Seller's obligations as set forth in this Contract and such default is not cured within 30 days after written notice of default is given by Buyer to Seller, Buyer will be entitled to, at its election, either

- (a) terminate this Contract and receive from Seller an amount equal to Buyer's Earnest Money Deposit; provided, however, that in the event of the nonmaterial breach of any term or condition of this Contract, Buyer's remedies will not include termination of this Contract; or

- (b) seek specific performance by Seller of this Contract, but not damages.

Buyer shall also have such additional remedies, if any, as may be specifically required by the Vacation Multiple Ownership Act, S.C. Code § 27-32-250, as amended.

11. **Insulation.** Seller did not develop the building containing the Unit and does not believe it is required by law to provide insulation information to Buyer. The following information was provided by the developer of the building and is provided to Buyer for its information, without warranty or representation by Seller as to its accuracy: common party walls between Units are insulated with a blanket of sound insulation to a thickness of 3.2 inches. The outside of the exterior walls is a 10" poured concrete with an R-Value of 2.0. Attached to the exterior of the exterior walls is a 5/8" stucco with an R-Value of .5. The interior side of the exterior walls includes 2 ½ "rigid insulation with an R-Value of 10.0 as well as a 5/8" Gypsum Board with an R Value of .5. The total R-Value of the exterior wall system according to the manufacturer equals 13. The roof area is insulated with Iso-Board to a varying thickness, which according to the manufacturer will yield an R-Value of 22. Characteristics of insulation are based upon information received from the manufacturer, installer or supplier.

12. **The Crescent Shores Horizontal Property Regime.** The Unit Interest will be conveyed to Buyer subject to the Master Deed and the Association Bylaws for Crescent Shores Horizontal Property Regime.

13. **Casualty.** Partial loss or damage to the Unit by fire, storm or other casualty between the date hereof and the Closing shall not void or impair this Contract, but all such damages prior to Closing may be repaired by Seller. In the event of total or substantial loss as a result of the hazards mentioned above, Seller shall have sole rights to all insurance proceeds payable with respect to such loss and Seller shall have the option to repair all damages at its cost or to cancel this Contract and refund the Earnest Money Deposit without interest.

14. **Economic Advisability.** BUYER REPRESENTS THAT BUYER IS PURCHASING THE UNIT INTEREST FOR BUYER'S PERSONAL USE AND ENJOYMENT AND THAT NO REPRESENTATION HAS BEEN MADE TO BUYER BY SELLER, DRAKE DEVELOPMENT COMPANY USA AND ANY SALES AGENT OR OTHER PARTY REGARDING THE ECONOMIC ADVISABILITY OF THIS TRANSACTION, FUTURE APPRECIATION OR POTENTIAL RENTAL RETURNS. SELLER, DRAKE DEVELOPMENT COMPANY USA AND ANY SALES AGENT OR OTHER PARTY MAKE NO REPRESENTATION OR WARRANTY AS TO ANY TAX OR OTHER BENEFITS, INCLUDING APPRECIATION, WHICH BUYER MIGHT RECEIVE AS A RESULT OF BUYER'S OWNER'SHIP OF THE UNIT INTEREST. SELLER HEREBY ADVISES BUYER TO CONSULT WITH BUYER'S OWN LEGAL AND/OR FINANCIAL ADVISORS AS TO THE TAX BENEFITS, IF ANY, AVAILABLE TO BUYER AS A RESULT OF BUYER'S OWNER'SHIP OF THE UNIT INTEREST.

15. **Agency Disclosure.** THE LAW REQUIRES THAT BUYER AND SELLER RECEIVE AN AGENCY DISCLOSURE BROCHURE, ALONG WITH AN EXPLANATION OF THE AGENCY DISCLOSURE BROCHURE. THE BROCHURE DEFINES THE RELATIONSHIP BETWEEN THE PARTIES. DRAKE DEVELOPMENT COMPANY USA AND ITS AGENTS ALWAYS REPRESENT SELLER. A FULL DISCLOSURE AND AN EXPLANATION OF THE RELATIONSHIPS ARE INCLUDED IN THE AGENCY DISCLOSURE BROCHURE. SHOULD BUYER HAVE ANY QUESTIONS ABOUT THIS BROCHURE OR THE AGENCY RELATIONSHIP, THEY ARE DIRECTED TO THE BROKER-IN-CHARGE OF BUYER'S AGENT, IF APPLICABLE, OR THE SOUTH CAROLINA REAL ESTATE COMMISSION OR AN ATTORNEY OF THEIR CHOICE. THE MANAGER OF SELLER IS A LICENSED REAL ESTATE BROKER/AGENT IN SOUTH CAROLINA. BY SIGNING BELOW, BUYER IS ACKNOWLEDGING RECEIPT OF THE AGENCY DISCLOSURE BROCHURE, ALONG WITH AN EXPLANATION OF THE DIFFERENT TYPES OF AGENCY IN SOUTH CAROLINA.

16. **Coastal Zone Disclosure.** NOTICE AS REQUIRED BY § 48-39-330, S.C. CODE ANN., IS HEREBY GIVEN THAT THE PROPERTY WHICH IS THE SUBJECT OF THIS CONTRACT IS OR MAY BE AFFECTED BY BASELINES, SETBACK LINES, JURISDICTION LINES, SEAWARD CORNERS OF ALL HABITABLE STRUCTURES AND EROSION RATES, AS ESTABLISHED BY THE SOUTH CAROLINA DEPARTMENT OF ENVIRONMENTAL COASTAL, OFFICE OF COASTAL RESOURCE MANAGEMENT.

17. **Option of Review by Attorney.** This Contract has important legal consequences that should be read thoroughly prior to signing. If you have any questions about your rights or responsibilities under this Contract, you may wish to consult an attorney.

18. **Additional Seller Disclosures.** Buyer acknowledges the following:

18.1 No representations are made that the Unit is or will be soundproof or that sound may not be transmitted from one Unit Interest to another.

18.2 Buyer understands and agrees that there are various methods for calculating the square footage of a Unit, and that depending on the method of calculation; the quoted square footage of the Unit may vary by more than a minimal amount. By closing, Buyer shall be deemed to have conclusively agreed to accept the size and dimensions of the Unit, regardless of any variances in the square footage from that which may have been disclosed to Buyer at any time prior to Closing, whether included as part of Seller's promotional materials or otherwise. Without limiting the generality of any other provision of this Contract, Seller does not make any representation or warranty as to the actual size, dimensions or square footage of the Unit, and Buyer hereby waives and expressly releases any such warranty and claim for loss or damage resulting from any variances between any represented or otherwise disclosed square footage and the actual square footage.

18.3 The Unit may trap humidity created by everyday living (cooking, bathing, laundering, etc.). As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows and glass. If left unattended and not properly maintained by Buyer, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially mildew or mold. Further, given the climate and humid conditions in South Carolina, molds, mildew, toxins and fungi may exist and/or develop within the Unit. Buyer is hereby advised that certain molds, mildew, toxins and/or fungi may be, or if allowed to remain for a sufficient period may become, toxic and potentially pose a health risk. By acquiring title to a Unit Interest, Buyer shall be deemed to have assumed the risks associated with molds, mildew, toxins and/or fungi and to have released the Seller and Association from any and all liability resulting from same.

18.4 Exposed concrete surfaces in portions of the Condominium building which are not heated and cooled are subject to cracking due to (A) water penetration, (B) expansion and contraction of the concrete with temperature changes, and (C) building settlement.

18.5 Concrete surfaces in heated and cooled portions of the Condominium building are subject to cracking due to building settlement.

19. Property Sold "AS-IS." BUYER ACKNOWLEDGES THAT BUYER IS PURCHASING THE UNIT INTEREST FROM SELLER "AS-IS" AND WITHOUT WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE UNIT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE. The parties acknowledge that Seller, Drake Development Company USA and its agents and brokers:

19.1 **Make no guaranty, representation or warranty of any kind, express or implied, as to the physical condition of the Condominium building or the Unit;**

19.2 **Make no guaranty, representation or warranty, express or implied, as to the merchantability or fitness for a particular purpose of the Condominium building or Unit and any implied warranty is hereby disclaimed;**

19.3 **Make no guaranty or warranty concerning (a) any certification or inspection concerning the condition of the Condominium building or the Unit, (b) any matters which would be reflected by a current survey of the Condominium building, or (c) the accuracy of the published square footage of the Unit;**

19.4 **Make no guaranty, representation or warranty as to any other matters concerning the Unit Interest or the Condominium building.**

19.5 **Are not responsible for making any improvements or repairs to the Unit.**

20. Arbitration. SELLER AND BUYER AGREE THAT ANY "DISPUTE" (AS DEFINED BELOW) BETWEEN THE PARTIES SHALL BE SUBJECT TO MANDATORY ARBITRATION, AT THE REQUEST OF EITHER PARTY, WHETHER MADE BEFORE OR AFTER INSTITUTION OF ANY JUDICIAL PROCEEDING, PURSUANT TO THE FEDERAL ARBITRATION ACT OR, IF IT IS DEEMED NOT TO APPLY, THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, SECTION 15-48-10 ET. SEQ. OF THE CODE OF LAWS OF SOUTH CAROLINA. The term "Dispute" shall mean any dispute, claim or controversy of any nature whatsoever between Seller and Buyer, including without limitation (i) any dispute, claim or controversy arising out of or relating to this Contract, (ii) any dispute, claim or controversy arising out of or relating to the Unit Interest or the Unit, the condition of the Unit or any alleged defect in the Unit or in the property on which the Unit is located, (iii) any dispute, claim or controversy concerning the sale of the Unit Interest by Seller, and (iv) any other dispute, claim or controversy which concerns the Unit Interest, the condominium building or their surrounding land or environment in any manner, whether or not based on or relating to this Contract. Without limiting the generality of the foregoing, Disputes which are subject to arbitration under this paragraph shall include disputes based on alleged breach of contract, Disputes based on alleged negligent or intentional misrepresentation or non-disclosure in the inducement of a contract or in the execution or performance of a contract, Disputes concerning alleged breach of any alleged duty of good faith and fair dealing and Disputes concerning the design, construction or condition of the Unit Interest, the condominium building (including the common elements) or the surrounding subdivision or environment. Disputes subject to arbitration hereunder also include all disputes, claims and controversies alleging negligence, gross negligence, reckless conduct, intentional conduct, breach of implied warranty of habitability or any other basis or theory of liability whatsoever. The parties confirm their intention that this arbitration paragraph be construed liberally to give effect to the parties' desire that all Disputes between the parties of every nature whatsoever be subject to arbitration. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes include disagreements as to whether a matter is subject to arbitration, claims brought as class actions, and claims arising from documents executed in the future. Arbitration shall be conducted under and governed by the Construction Industry Arbitration Rules of the American Arbitration Association (the "AAA").

21. **Licensed Only in South Carolina.** Drake Development Company USA and its agents are not licensed to sell real estate in any other state and all sales activity shall be conducted in South Carolina.

22. **Miscellaneous.**

22.1 **Entire Contract.** This Contract incorporates the terms of the entire Contract between the Seller and the Buyer and cannot be altered, changed or amended, except in writing signed by the party to be charged. Should any provision of this Contract be void or become unenforceable at law or in equity, the remaining provisions shall remain in full force and effect and shall not in any manner be affected or impaired thereby. This Contract supersedes any and all understandings and Contracts between the parties and constitutes the sole and entire Contract between the parties. No oral statements or representations whatsoever shall be considered a part hereof. Neither the Seller, nor any sales agent, or employee of Seller, have made any pledges, covenants, no commitments which have induced the purchase of the Interest except as stated in this Contract, and the Master Deed and Bylaws of Crescent Shores Horizontal Property Regime and the Declaration and Bylaws of the Owner's Quarters #1003 Crescent Shores Association.

22.2 **Buyer's Obligations.** The Buyer covenants and agrees that it will faithfully comply with the provisions of this Contract. Buyer shall be a member of the Association and agrees to comply with the provisions of the Declaration and the Bylaws, which also include the Master Deed for Crescent Shores Horizontal Property Regime.

22.3 **Notices.** Any and all notices or other communication provided for in this Contract will be given in writing and delivered by personal delivery or by registered or certified mail, first class postage prepaid, by facsimile transmission or by e-mail transmission. Any notices mailed in accordance with this Section will be deemed received upon actual receipt thereof or after the expiration of five (5) days, whichever is earlier. Notices sent by facsimile or via e-mail transmission will be deemed received on the date of its transmission, provided transmission occurs prior to 5:00 p.m., Eastern Time, and the sender retains proof of its transmittal and receipt without error. Notices will be addressed as follows:

If to Seller: Drake Investments LLC
c/o Drake Development Company USA
3710 Landmark Drive, Suite 114
Columbia, SC 29204
ATTN: Bucky Drake
Fax: (803) 738-9771

If to the Escrow Agent: Lumpkin, Oxner & Stacy, P.A.
P.O. Box 558
Georgetown, SC 29442
ATTN: Dan Stacy
Fax: (843) 546-4111

If to Buyer: As set forth on Page 1 of this Contract

22.4 **Time is of the Essence.** It is expressly understood and agreed that **TIME IS OF THE ESSENCE** as to all obligations hereunder, including Buyer's obligation to obtain a mortgage commitment and provide the Lender with all information requested, and close.

22.5 **Modification of Contract.** Buyer represents and warrants that Buyer has not modified this Contract from the standard form of this Contract provided by Seller. This Contract may not be changed or modified in any manner except by written instrument executed by both parties to this Contract.

22.6 **Interpretation Presumption.** This Contract has been negotiated by the parties hereto and/or by the respective attorneys for each party. The parties represent and warrant to one another that each has, by counsel or otherwise, actively participated in the finalization of this Contract, and in the event of a dispute concerning the interpretation of this Contract, each party hereby waives the doctrine that an ambiguity should be interpreted against the party which has drafted the document.

22.7 **Binding Effect; Assignment.** This Contract is binding upon the heirs, devisees, personal representatives, successors and assigns of the parties; provided however, this Contract and any rights of Buyer hereunder may not be assigned by Buyer. Seller may freely, and without restriction or notice to Buyer, assign this Contract.

22.8 **Unenforceable Provisions.** Should any provision of this Contract be void or become unenforceable at law or in equity, the remaining provisions will remain in full force and effect and will not in any manner be thereby affected or impaired.

22.9 **Survival.** This Contract and all the terms and conditions hereof will survive the Closing of the transaction contemplated hereby and will thereafter continue to bind the parties to this Contract.

22.10 **Governing Law.** This Contract shall be governed by the Laws of the State of South Carolina without regard to the conflicts of laws principles thereof.

22.11 **Facsimile and Other Electronic Means.** This executed Contract and any modifications hereof may be delivered by use of a fax or other secure electronic means, including but not limited to electronic mail and the internet, and the signatures, initials and handwritten

modifications to any of the foregoing shall be deemed to be valid and binding upon the parties as if the original signatures, initials and handwritten or typewritten modifications were present on the documents in the handwriting of each party.

22.12 **Presale Contingency.** Seller reserves the right, notwithstanding anything contained herein to the contrary, to elect not to move forward with the sale of any Unit Interests in the Unit until Seller has presold 10 Unit Interests. In the event Seller does not presale such number of Unit Interests within 120 days from the date of this Contract, Seller may terminate this Contract and refund Buyer his Earnest Money and this Contract shall be null and void.

22.13 **Multiple Counterparts.** This Contract may be executed separately by the parties on multiple counterpart signature pages.

22.14 **Acknowledgment of Receipt.** The Buyer has read this entire Contract and acknowledges receipt of a CD containing the master deed for Crescent Shores Horizontal Property Regime and the Declaration of Covenants, Conditions, Restrictions and Easements, Bylaws, preliminary budget and usage calendar for Owner's Quarters #1003 Crescent Shores Association.

THIS IS A LEGALLY BINDING CONTRACT. PLEASE READ EACH OF THE PAGES CAREFULLY AND BE SURE EACH BLANK HAS BEEN FILLED IN.

22.15 **Right of Rescission.** Buyer may cancel this Contract without penalty or obligation within four (4) days, not including Sunday if that is the fourth day, from the end of the Inspection Period or the Seller's receipt of the Unit Inspection Addendum signed by Buyer, whichever is first, by notifying the Seller in writing of your intent to cancel, sending Seller notice thereof by certified mail, return receipt requested. This NOTICE OF RIGHT OF CANCELLATION form is part of this paperwork package and your signature below acknowledges your receipt of the form. This right to cancel shall not survive the actual transfer of title by deed where there has been at least three (3) days between the signing of the Contract and transfer of the Unit Interest by Deed.

IN WITNESS WHEREOF, the undersigned have set their hands and seal on the date(s) indicated below. If the dates of signature differ between the parties, the later of the dates shall serve as the Effective Date of this Contract.

SELLER:

DRAKE INVESTMENTS LLC

By: _____
W. Russell Drake, Manager

Date: _____

OR

By: _____
Authorized Officer

Date: _____

BUYER(S):

Buyer

Date: _____

Buyer

Date: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

NOTICE OF RIGHT OF CANCELLATION

The undersigned hereby acknowledges receipt of the following notice of right of cancellation by the Seller in connection with their purchase of a one-thirteenth interest in Owner's Quarters #1003 Crescent Shores:

YOU MAY CANCEL THIS CONTRACT WITHOUT PENALTY OR OBLIGATION WITHIN FOUR DAYS, NOT INCLUDING SUNDAY IF THAT IS THE FOURTH DAY, FROM THE ABOVE DATE, BY NOTIFYING THE SELLER IN WRITING OF YOUR INTENT TO CANCEL, SENDING HIM NOTICE THEREOF BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. THIS RIGHT TO CANCEL SHALL NOT SURVIVE THE ACTUAL TRANSFER OF TITLE BY DEED WHERE THERE HAS BEEN AT LEAST THREE DAYS BETWEEN THE SIGNING OF THE CONTRACT AND TRANSFER BY DEED.

Executed this ____ day of _____, 2007.

BUYER:

