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DECLARATION OF RESTRICTIONS AND PROTECTIVE COVENANTS  
FOR  
LAKESIDE AT EAGLE'S NEST

DECLARATION OF RESTRICTIONS AND PROTECTIVE COVENANTS

FOR

LAKESIDE AT EAGLE'S NEST

THIS DECLARATION is made this 14<sup>th</sup> day of June, 1993, by Cherry Grove Golf Limited Partnership, hereinafter called "Declarant", which declares that the real property described in Article II, which is owned by Declarant, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, reservations, easements, charges and liens (sometimes referred to as "covenants and restrictions") hereinafter set forth.

W I T N E S S E T H :

WHEREAS, Lakeside at Eagle's Nest is being developed as a community of single family homes, and various recreational and club facilities and may include villas, townhouses and condominiums; and

WHEREAS, Declarant wishes to declare certain restrictive covenants affecting certain lands in Lakeside at Eagle's Nest;

KNOW, THEREFORE, the Declarant declares that the covenants contained herein shall be covenants running with the land and shall apply to the lands described on Exhibit "A" attached hereto. The Declarant reserves the right to add additional restrictive covenants in respect to any of the said properties, or to limit the application of this Declaration.

ARTICLE I

DEFINITIONS

The following words and terms when used in this Declaration or any supplemental Declaration (unless the Contract shall clearly indicate otherwise) shall have the following meanings:

Section 1. "Annual Assessments" or "Assessments" shall mean an equal assessment established by the Board of Directors for common expenses as provided for herein or by a subsequent amendment which shall be used for the purpose of promoting the recreation, common benefit and enjoyment of the Owners and occupants of all Lots.

Section 2. "Association" shall mean and refer to Lakeside at Eagle's Nest Homeowners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 3. "Common Area" shall mean all the real property owned by the association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association includes the roadways and certain open areas shown on the maps referenced in Exhibit "A" and "B".

Declarant specifically does not convey certain Common Areas at this time, but shall, by January 1, 2009, do so. Further, the recording and reference to said map shall not in and of itself be construed as creating any dedications, rights or easements (negative reciprocal or otherwise), all such dedications, rights and/or easements being made only specifically by this Declaration, any amendment or supplement hereto or any deed of conveyance from Declarant, its successors or assigns, as developer.

Section 4. "Declarant" shall mean and refer to Cherry Grove Golf Limited Partnership, its successors and assigns as Developer.

Section 5. "Limited Common Area" shall mean any areas so designated either in this document or any subsequent document or declaration and shall mean and refer to certain portions of the Common Area which are for the exclusive use and benefit of one or more, but less than all of the Owners and shall be available for use by other associations, which may be established for the maintenance and regulation of other developments established and created by Declarant, its successors or assigns, upon the tract of land described in Exhibit "A" and Exhibit "B".

Section 6. "Lot" shall mean and refer to any plot of land, with delineated boundary lines appearing on any recorded subdivision map of the Properties with the exception of any Common Area shown on a recorded map. In the event any Lot is increased or decreased in size by resubdivision, the same shall nevertheless be and remain a Lot for the purposes of this Declaration. This definition shall not imply, however, that a Lot may be subdivided if prohibited elsewhere in this Declaration. A villa home site, townhouse villa or condominium shall also be known as a Lot. In the event that an Owner desires to combine two (2) or more adjoining Lots for the purpose of constructing and maintaining a single residence thereon, the resulting combined Lots shall from that date forward be deemed one Lot for the purposes of this Declaration.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association, as provided herein.

Section 8. "Neighborhood" shall mean and refer to each separately developed residential area subject to this Declaration whether or not governed by a separate owners association. For

example, and by way of illustration and not limitation, each single family detached housing development community shall constitute a separate neighborhood. In addition, each parcel of land intended for development as above shall constitute a neighborhood, subject to division into more than one (1) neighborhood upon development. The Declarant may designate in any subsequent amendment adding property to the terms and conditions of this Declaration that such property shall constitute a separate neighborhood or neighborhoods or shall be added to a pre-existing neighborhood; and provided further, the Board of Directors may also designate neighborhood status to any area so requesting or permit the merger of two (2) or more neighborhoods in the public records of Horry County, South Carolina. Such recordation shall not constitute an amendment to this Declaration nor require the formality thereof. Where the context permits or requires, the term Neighborhood Committee (established in accordance with the By-Laws) or Owners Association having jurisdiction over the property within the Neighborhood.

Section 9. "Neighborhood Assessment" shall be imposed by the Neighborhood Association equally against all Lots in the Neighborhood upon which a home has been constructed or which will benefit from the services supported, provided that in the event of Assessments for exterior maintenance of structures, or insurance on structures or replacement reserves which pertain to particular structures (pursuant to an Amendment to this Declaration), such Assessments for the use and benefit of particular Lots shall be levied on a pro rata basis among benefitted Lots. Lots upon which homes have not been built may be assessed a lower rate; however, each undeveloped Lot shall be assessed at the same rate as every other undeveloped Lot in the neighborhood.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

Section 11. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof, and any additions thereto as are or shall become subject to this Declaration and brought within the jurisdiction of the Association under the provisions of Article II hereof.

Section 12. "Setback" shall mean an area along the boundary of a Lot where no building shall be permitted, without the express written permission of Declarant.

Section 13. "Special Assessment" shall mean and refer to assessments levied in accordance with Article VI, Section 3 of this Declaration.

Section 14. "Subsequent Amendment" shall mean an amendment to

this Declaration which adds property to this Declaration and makes it subject to the Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Subsequent Amendment to the provisions of the Declaration.

Section 15. "Villa Home Sites" shall mean and refer to all those parcels or tracts of land subdivided into Lots intended for construction of detached single family villa homes. All Villa Home Sites shall be so designated by Declarant, its successors and assigns at the time of conveyance.

Section 16. "Voting Member" shall mean and refer to the representative selected by the Members of each Neighborhood to be responsible for voting on their behalf for election of Directors, whose duties may include amending this Declaration or the By-Laws and all other matters provided in this Declaration and in the By-Laws. The Voting Member from each Neighborhood shall be the senior elected officer (e.g. Neighborhood Committee Chairman or Owners Association President) from the Neighborhood; the alternative Voting Member shall be the next most senior officer. The Voting Member may also be a Director of the Property Owners Association. On all matters requiring a vote of the Voting Members, except elections of Directors, each Voting Member shall cast one (1) vote for each Lot it represents, unless otherwise specified in the By-Laws of this Declaration. With respect to election of Directors, each Voting Member shall be entitled to cast one (1) equal vote for each directorship to be filled, as more particularly described in the By-Laws.

## ARTICLE II

### PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE LAKESIDE AT EAGLE'S NEST PROPERTY OWNERS ASSOCIATION

Section 1. Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is located in Horry County, South Carolina, and described in the attached Exhibit "A".

Section 2. Merger or Consolidation. Upon a merger or consolidation of any association referred to herein with any other association as provided in its Articles of Incorporation, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights, and obligations of any association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the covenants and restrictions established by this Declaration within the Properties together with the covenants and restrictions established

upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change or addition to the covenants established by this Declaration within the Properties.

### ARTICLE III

#### ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Annexation Without Approval of Class "I" Membership. As the owner thereof, Declarant, its successors and assigns, shall have the unilateral right, privilege, and option, from time to time at any time until January 1, 2009, to subject to the provisions of this Declaration and the jurisdiction of the Association all or any portion of the real property described in Exhibit "B", attached hereto and by reference made a part hereof, whether in fee simple or leasehold, by filing in the Public Records of Horry County, South Carolina, an amendment annexing such Properties. Such annexation shall be for any purpose designated by Declarant, its successors and assigns. Such Subsequent Amendment to this Declaration shall not require the vote of Members. Any such annexation, subject to Article I, Section 8, shall be effective upon the filing for record of such Subsequent Amendment unless otherwise provided therein.

Section 2. Annexation With Approval of Class "I" Membership. Subject to the consent of the owner thereof, upon the affirmative vote of Voting Members or Alternates representing a majority of the Class "I" votes of the Association other than Declarant at a meeting duly called for such purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject in accordance with Section 1 of this Article, the Association may annex real property other than that shown on Exhibit "B". Following the expiration of the right in Section 1, the Properties shown on Exhibit "B", may be submitted to the provisions of this Declaration and the jurisdiction of the Association by filing of record in the Public Records of Horry County, South Carolina, a Subsequent Amendment in respect to the Properties being annexed. Any such Subsequent Amendment shall be signed by the President and the Secretary of the Association, and the owner of the properties being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form of notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 2 and to ascertain the presence of a quorum at such meeting.

Section 3. Acquisition of Additional Common Area. Declarant may convey to the Association additional real estate, improved or unimproved, including lakes, located within the properties

described in Exhibit "B" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

Section 4. Amendment. The Article shall not be amended without the written consent of Declarant, so long as the Declarant owns any property described in Exhibits "A" or "B".

#### ARTICLE IV

##### MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Members with respect to voting rights:

(a) Class I. Members. Class I Members shall be all Owners, except Class II Members as the same is hereinafter defined. Each Class I Member shall be entitled to one (1) vote for each Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot all such persons shall be members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any one Class I Member.

(b) Class II Members. The sole Class II Member shall be declarant. The Declarant shall be entitled to four (4) votes for each Lot owned by it. The Class II Membership shall cease to exist and shall be converted to Class I Membership upon the happening of the following:

(1) When one hundred (100%) percent of the Lots have been conveyed to Class I Members by Declarant, or

(2) On January 1, 2009,

in the discretion of Declarant.

#### ARTICLE V

##### PROPERTY RIGHTS IN THE COMMON AREAS AND LIMITED COMMON AREAS

Section 1. Members Easements. Each Member, and each tenant, agent and invitee of such member shall have a permanent and

perpetual easement for ingress and egress for pedestrian and vehicular traffic over and across the roadways from time to time laid out on the Common Areas, for use in common with all other such Members, their tenants, agents, and invitees. The portions of the Common Areas not used from time to time for roadways shall be for the common use and enjoyment of the Members of the Association, and each member shall have a permanent and perpetual easement for pedestrian traffic across all such portions of such tracts as may be regulated by the Association. In the case of a Limited Common Area, the use of the Limited Common Area is subject to the rights of others who may be entitled to the use thereof. Further, each Member, tenant, agent and invitee of each such Member shall have a non-exclusive permanent and perpetual easement for ingress and egress over and across the entrance road.

Section 2. Easements Appurtenant. The easements provided in Section 1 shall be appurtenant to and shall pass with the title to each Lot.

Section 3. Public Easements. Fire, police, health, maintenance, and sanitation, and other public service personnel, vehicles and equipment shall have a permanent and perpetual non-exclusive easement for ingress and egress over and across the Common Areas.

Section 4. Declarant's Easement. Declarant reserves unto itself and its successors and assigns as Developer the right of ingress and egress over all easements, roads and streets within the Properties whether existing or constructed in the future for access to any areas which adjoin or are a part of the Properties, for purposes of construction, maintenance, sales and development. The easement herein reserved shall be in addition to, and not in lieu of, any other easements to which Declarant, its successors and assigns, may be entitled. This easement shall exist so long as Declarant retains any ownership interest in the Property submitted or to be submitted to this Declaration.

Section 5. Maintenance. The Association shall at all times maintain in good repair, and shall repair or replace as often as necessary, the paving, drainage structures, street lighting fixtures, landscaping, and amenities (except utilities) situated on the Common Areas. The Board of Directors acting on a majority vote shall order all work to be done and shall pay for all expenses including all electricity consumed by the lighting located in the Common Areas and Limited Common Areas and all other common expenses. All work pursuant to this Section 5 and all expenses hereunder shall be paid for by such Association through assessments imposed in accordance with Article VI. Excluded herefrom shall be paving and maintenance of individual lot driveways which shall be maintained by each owner. Nothing herein shall be construed as preventing the Association from delegating or transferring its maintenance obligations to a governmental authority under such



terms and conditions as the Board of Directors may deem in the best interest of the Association.

In the event that the Association determines that a lot owner is not maintaining the property properly, the Association reserves the right to access the lot and cut the grass or otherwise maintain the property and bill the owner accordingly.

Section 6. Utility Easements. Use of the Common Areas for utility easements, shall be in accordance with the applicable provisions of this Declaration.

Section 7. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article V may be exercised by members of the Owners' family who occupy the residence of the Owner within the properties.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article V may be delegated by the Owner to his tenants who occupy a residence within the Properties. No property may be leased for a period of less than ninety days or longer than one year without the express written permission of the Association.

(c) Guests. Recreational facilities, if any, situated upon the Properties may be utilized by guests of Owners or tenants subject to the rules and regulations of the Association governing said use and as established by its Board of Directors.

Section 8. Ownership. The Common Areas shall be conveyed to the Association by recording of the plat showing those areas specified as common areas or roads, by Declarant, on or before January 1, 2009, or earlier, in the discretion of Declarant. The Association shall accept such conveyance. Beginning from the date of such conveyance, the Association shall be responsible for the maintenance of all Common Areas. Upon conveyance, it is intended that all real estate taxes, permits, fines or fees assessed against the Common Areas shall be assessed against and payable by the Association, as shall any personal property taxes on any personal property owned by the Association. Declarant shall have the right from time to time to enter upon the Common Areas and adjoining properties during periods of construction for the purpose of construction or maintenance of any facilities on the Common Areas which Declarant elects to build. The Owner of a Lot shall have no personal liability for any damage for which the Association is legally liable or arising out of or connected with the existence or use of any Common Areas or any other property required to be maintained by the Association. Limited Common Areas may, from time to time be conveyed to the Association subject to the rights of others as set out in Article I, Section 5.

Section 9. Maintenance of Limited Common Areas and Entrance

Road. The Declarant, for itself and its successors and assigns as Developer (and not as lot purchasers in the normal course of its business) hereby covenants that it will require in the initial documentation of any association of owners or any owners individually, if no association be involved to whom it grants or conveys a right of use thereof, the contribution of a pro-rata share of maintenance and upkeep of any Limited Common Areas created hereunder and, further, toward the maintenance and upkeep, specifically, of the roadways over which easements of ingress and egress have, in this document, been granted. "Pro-rata" shall, for the purpose of this Section, be based upon the number of lots which may be created by Declarant and be so designated by the Declarant in the documents creating such lots. This Section 9 is not intended to and shall not be construed as requiring the Declarant to create any further developments nor as Declarant's guarantee of payment on behalf of any such Associations or lots.

## ARTICLE VI

### COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided and fines imposed upon offenders for the violations of the rules and regulations of the Association.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used to promote the comfort and liveability of the residents of the Properties and for the acquisition, installation, improvement and maintenance of properties, services and facilities devoted to these purposes and related to the use and enjoyment of the Common Area, including but not limited to, the cost of repair, replacement and additions to the Common Areas, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance, the employment of attorneys to represent the Association when necessary, and such other needs as may arise. The Owner shall maintain the structures and grounds on each Lot at all times in a neat and attractive manner. Upon the Owner's failure to do so, the Association may at its option after giving the Owner ten (10) days' written notice sent to his last known address, or to the address of the subject premises, have the grass, weeds, shrubs and vegetation cut when and as often as the same is necessary in its judgment, and

have dead trees, shrubs and plants removed from such Lot, and replaced, and may have any portion of the Lot resodded or landscaped, and all expenses of the Association for such work and materials shall be a lien and charge against the Lot on which the work was done and the personal obligation of the then Owner of such Lot. Upon the Owner's failure to maintain the exterior of any structure in good repair and appearance, the Association may, at its option, after giving the Owner thirty (30) days' written notice sent to his last known address, make repairs and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an assessment against the Lot on which the work was performed, collectible in a lump sum and secured by a lien against the Lot as herein provided. The Association's right to maintain a Villa Home Site upon the Owner's failure to shall not be construed as an obligation. Any entry upon the property for maintenance purposes shall not be deemed a trespass.

Section 3. Capital Improvements. Funds necessary for capital improvements and other designated purposes relating to the Common Areas under the ownership of the Association may be levied by such Association as special assessments, upon the approval of a majority of the Board of Directors of such Association and upon approval by the Voting Members representing two-thirds of the Members of such Association voting at a meeting or by ballot as may be provided in the By-Laws of such Association. The Board may levy a special assessment of Five (5%) percent of the annual budget, without the approval of the membership.

Section 4. Capital Contribution. Each Owner of a Lot shall be assessed at closing an amount equal to one-sixth (1/6) of the annual assessment for start-up costs which shall be designated a Capital Contribution. If any two adjoining Lots are combined at the time of closing as provided in Article X, Section 1, the Owner of such Lot shall be assessed one (1) Capital Contribution.

Section 5. Annual Assessments. The Annual Assessments provided for in this Article VIII shall commence on the first day of June, 1993, or upon the closing of each Lot, whichever is later.

The Assessments shall be payable in monthly, quarterly, semi-annual or annual installments as determined periodically by the Board of Directors of the Association. Each Lot shall be assessed an equal Annual Assessment.

The assessment amount may be changed at any time by said Board from any other assessment that is adopted. The assessment shall be for the calendar year, but the amount of the annual assessment to be levied during any period shorter than a full calendar year shall be in proportion to the number of months remaining in such calendar year.

The due date of any special assessment under Section 3 hereof shall be fixed by the Board.

Section 6. Neighborhood Assessments. Neighborhood assessments shall be imposed by the Neighborhood Association and shall be levied equally against all Lots in the neighborhood with any assessments for the use and benefit of a particular Lot or Lots levied on a pro rata basis among the benefitted Lots.

Section 7. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of the assessment against the Lots subject to the Association's jurisdiction for each assessment period at least thirty (30) days in advance of such date or period, and shall, at the time, prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Any increase in the Annual Assessment applicable to the Lots which is less than any increase of thirty (30%) percent over the immediately preceding year's assessment may be made by the Board of Directors without the consent or approval of the Members and any such increase that exceeds thirty (30%) percent, excluding insurance, reserves, utilities and Acts of God, shall be effective only if approved by at least two-thirds (2/3) of the Voting Members representing votes appurtenant to each Class of Lots (Class I and Class II).

Written notice of the assessment shall thereupon be sent to every Owner subject thereto.

The Association shall upon demand at any time furnish to any Owner liable for an assessment a certificate in writing signed by an officer of the Association, setting forth whether such assessment has been paid as to any particular Lot. Such certificate shall be conclusive evidence of payment of any assessment to the Association therein stated to have been paid.

The Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time with one or more persons, firms or corporations for management services. The Association shall have all other powers provided in its Articles of Incorporation and By-Laws.

Section 8. Effect of Non-Payment of Assessment; the Personal Obligation of the Owner, the Lien, Remedies of the Association. If the assessments are not paid on the date when due (being the date specified in Section 5 hereof), then such assessment shall become delinquent and shall, together with such interest thereon and the cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees,

personal representative, successors and assigns. Every Purchaser of a Lot shall be required to determine the status of the Lot Assessment at the time of purchase and shall be deemed to assume any outstanding assessment not paid by the Seller at the time of closing.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date when due at the highest allowable rate of interest and the Association may bring an action at law against the Owner personally obligated to pay the same or may record a claim of lien against the property on which the assessment is unpaid, or may pursue one or more of such remedies at the same time or successively, and there shall be added to the amount of such assessment attorneys' fees and costs of preparing and filing the claim of lien and the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorneys' fee to be fixed by the court together with the costs of the action, and the Association shall be entitled to attorneys' fees in connection with any appeal of any such action.

In addition to the rights of collection of assessments stated in this Section 8, the Owner and all persons acquiring the title to or an interest in a Lot as to which the assessment is delinquent, including, without limitation, persons acquiring title by operation of law and by judicial sales, shall not be entitled to the enjoyment and use of recreational facilities, if any, until such time as all unpaid and delinquent assessments due and owing from the selling Owner have been fully paid.

It shall be the legal duty and responsibility of the Association to enforce payment of the assessments hereunder.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Article VI shall be subordinate to the lien of any mortgage recorded prior to recordation of the claim of lien, which mortgage encumbers the Lot to any lender and which is now or hereafter placed upon any property subject to assessments; provided however, that any mortgagee when in possession or any receiver, and in the event of a foreclosure, any purchaser at foreclosure sale, and all persons claiming by, through or under such purchaser or mortgagee shall hold title subject to the liability and lien of any assessment becoming due after such foreclosure. Any unpaid assessment which cannot be collected as a lien against any Lot by reason of the provisions of this Section 9, shall be deemed to be an uncollectable assessment.

Section 10. Access at Reasonable Hours. For the purpose solely of performing the maintenance authorized by this Article, including without limitation all of the maintenance and installation work permitted under Section 2 of this Article, the

Association, through its duly authorized agents or employees or independent contractors, shall have the right, to enter upon any Lot at reasonable hours on any day, or at any time in case of an emergency. Such entry shall not be deemed a trespass.

Section 11. Effect on Declarant. Notwithstanding any provision that may be contained to the contrary in this instrument, for as long as Declarant is the Owner of any Lot in the Properties, the Declarant shall not be liable for assessments against such Lot, provided that Declarant funds any reasonable Deficit in operating expenses of the Association. Declarant may at any time commence paying such assessments as to Lots that it owns and thereby automatically terminate its obligation to fund deficits in the operation expenses of the Association. The Declarant shall have the right to select its method of payment on an annual basis.

## ARTICLE VII

### ARCHITECTURAL REVIEW

Except for original and initial construction of improvements by the Declarant on any Lot or upon any other area of the Properties, which such construction is and shall be exempt from the provisions of this Section, no building, wall, fence, dock, ornamentation or other structure or improvements of any nature shall be erected, placed or altered on any Lot until the construction plans and specifications and a plan showing the location of the structure and landscaping as may be required by the Architectural Review Board have been approved in writing by the Architectural Review Board. Each building, dock, wall, fence, dock or other structure of improvements of any nature, together with any ornamentation or landscaping, shall be erected, placed or altered upon the premises only in accordance with the plans and specifications and plot plan so approved. Refusal of approval of plans, specifications and plot plans, or any of them, may be based on any ground, including purely aesthetic grounds, which in the sole and uncontrolled discretion of said Architectural Review Board seems sufficient. Any change in the appearance of any building, wall, fence, dock or other structure or improvements and any change in the appearance of the landscaping (excepting the planting of flowers and shrubs indigenous to the area), shall be deemed an alteration requiring approval. The Architectural Review Board shall have the power to promulgate such rules and regulations as it deems necessary to carry out the provisions and intent of this paragraph. The Architectural Review Board, which will not consist of more than three members, shall be appointed by the Class II membership until its expiration, at which time the Architectural Review Board shall be appointed by the Board of Directors of the Association.

A majority of the Architectural Review Board may take any action said Board is empowered to take, may designate a

representative to act for the Architectural Review Board, and may employ personnel and consultants to act for it. In the event of death, disability or resignation of any member of the Architectural Review Board, the remaining members shall have full authority to designate a successor. The members of the Architectural Review Board shall not be entitled to any compensation for services performed pursuant to this covenant. The Architectural Review Board shall act on submissions to it in writing within thirty (30) days after receipt of same. Requests and submissions shall, however, be in such form and contain such information as the Architectural Review Board may require prior to its being required to act.

The Architectural Review Board may establish a fee to cover the expense of reviewing plans and related data at the time plans are submitted for review in order to compensate any consulting architects, landscape architects, urban designers or attorneys.

Any Owner may appeal the decision of the Architectural Review Board provided that all parties involved comply with the decision of the Architectural Review Board until such time, if any, as the Board of Directors amends, or reverses the Architectural Review Board's decision. Appeals petitions must be legibly written, state the grounds for appeal and be submitted to the Board of Directors within ten (10) days of the decision of the Architectural Review Board. The Board of Directors shall act upon the appeal by amending, reversing or confirming the decision of the Architectural Review Board within thirty (30) days of receipt of the petition. The Board of Directors' decision shall be by majority vote, and shall be binding.

The paint, coating, stain and other exterior finishing colors on all buildings may be maintained as that originally installed, without prior approval of the Architectural Review Board, but prior approval by the Architectural Review Board shall be necessary before any such exterior finishing color is changed, approval of which will not be unreasonably withheld. No building shall be more than three (3) stories or a height of thirty-five (35') feet.

## ARTICLE VIII

### USE RESTRICTIONS

Section 1. Land Use. All Lots shall be used for residential purposes only. Declarant may maintain a sales office, models, parking lots, property management office, design center office, and construction office upon one or more Lots and/or Common Areas until all Lots to be located on the Properties and additions thereto have been sold. No Lot may be subdivided or its boundaries changed where the result would be a decrease in the size of any Lot. In the event that an Owner combines two (2) or more adjoining Lots for the purpose of constructing a single residence thereon, form that

date forward, the resulting Lot shall not be subdivided or its boundaries changed so as to result in a decrease in the size of the Lot.

Section 2. Nuisance. No noxious, illegal or offensive activity shall be conducted upon any Lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Pets. Owners may keep as pets: Companion pets such as birds, domesticated cats, fish, dogs and other small mammals. No Owner may keep exotic cats, non-human primates, horses or other farm livestock or zoo type animals on the Property. Pets must be on a leash or carried when on Common Property. It shall be the Owner's obligation to dispose of waste material from pets. The Board of Directors of the Association shall have the right to order the removal of any pet which, in the Board's sole discretion, is considered a nuisance, and the same shall be done without compensation to the Owner. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be permanently removed from the Property. A pet not on a leash shall be deemed a nuisance. Failure to clean the waste material from a pet shall be deemed a nuisance. Owners shall be obligated to refrain from any actions which would detract from the peaceful enjoyment of the Property by other Owners. Such prohibited actions shall include, but are not limited to, such activities as the maintenance of unfenced dogs or other pets on the Lot under conditions interfering with such peaceful enjoyment due to their loud barking, running around the development.

Section 4. Gardens. No vegetable gardens shall be permitted to be planted in the front or side yard areas of any Lot.

Section 5. Rentals. No rentals of a shorter period than three (3) months will be allowed.

Section 6. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Architectural Review Board.

Section 7. Exclusions From Common Area. Portions of the Common Area may be utilized by Declarant for signage purposes. Otherwise, the Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association.

Section 8. Access to Lot. In addition to easements granted elsewhere, the Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, as may be necessary for the maintenance, repair or replacement of any portion of the Common Area, or facilities situate upon such Lot which serve another Owner's Lot. The



Association or its agent shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area or another Lot.

Section 9. Recreational Vehicles, Boats, and Trailers. No campers, trucks, recreational vehicles, trailers, boats, motorbikes, motor cycles or tractors may be parked or kept within the Properties unless parked within an enclosed garage or within area(s) designated for such use by the Association and subject to the rules of the Association. Provided, however, that this shall not be implied to obligate either Association or Declarant to provide such areas. Further, this shall not prevent the Declarant or Association from keeping maintenance vehicles and equipment on the property.

Section 10. Signs. Other than the signage rights reserved by Declarant in Section 7, no signs or other advertising devices shall be displayed upon any Lot which are visible from the exterior of the dwelling thereon, or in the facilities thereon, without prior written permission of the Association. In addition to what is reserved under Section 7, Declarant may post "for sale" or other marketing, directional or informational signs on the Properties. Further, temporary signs designating mortgage lenders and construction companies may be placed on Lots being financed or improved by them until such time as all Lots owned by Declarant have been sold.

Section 11. Mailboxes. No mailbox may be placed on any Lot until it has been approved by the Architectural Review Board.

Section 12. Garbage Disposal. All garbage shall be stored within the residence of each Owner or in storage facilities provided for said residence at the time same is constructed. The storage area must be visually screened in order to conceal it from view from the road and adjacent properties. No Owner may change or supplement the garbage disposal facilities provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall require a specific method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 13. Antennas and Satellite Dishes. No exterior television or citizens band radio antennas shall be permitted on any Lot nor shall any "satellite dishes" be permitted upon any Lot without the express written permission of the Architectural Review

Board. The Declarant, its successors and assigns, may locate such facilities upon the Common Areas.

Section 14. Regulations. Reasonable regulations governing the use of the Common Areas shall be promulgated by Declarant and they shall be amended from time-to-time by the Board of Directors of the Association. Copies of such regulations and amendments thereto shall be furnished to each Member by the Association upon request.

Section 15. Fences and Docks. No fences, docks or other structures of any kind may be located on any Lot without the prior written permission of the Architectural Review Board.

Section 16. Vehicle Storage. No inoperative vehicle or vehicle in a state of noticeable disrepair shall be kept or stored upon Lot or Common Area nor may any repair work be done to any motor vehicle, boat or trailer upon any Lot or Common Area except for very minor repair work.

Section 17. Parking. Each Owner shall provide paved space for off-street parking. No parking shall be allowed on any unpaved space.

Section 18. Water and Sewer Systems. No individual water or sewer system may be installed on any Lot. Each Lot must be connected to a public water and/or sewer system in lieu of any individual systems whatsoever. Water may not be diverted or taken from lagoons for yard maintenance or for any other purposes, with the exception that the Developer may operate an irrigation system for the Subdivision.

Section 19. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, or mining operations of any kind shall be permitted upon any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. This shall in no way interfere with Declarant or Association from maintaining or stabilizing the lake and its banks.

Section 20. Lighting. No mercury vapor or similar lights which are situated upon poles similar to street lights shall be permitted on any Lot without the prior written consent of the Architectural Review Board which may decline such permission in its sole discretion and may, but shall not be obligated to, consider the feelings of adjoining Lot owners.

Section 21. Trees. Except as may be approved by the Architectural Review Board, no trees four (4") inches in diameter or ten (10') feet in height shall be cut, removed or intentionally damaged on any Lot unless such tree interferes with construction of

improvements, is dead or diseased, or presents a hazard to persons and property.

Section 22. Lake. No propellor driven boats or boats longer than seventeen (17') feet shall be allowed on the lake unless they are being utilized for lake maintenance purposes by the Declarant, the Association or an agent thereof.

## ARTICLE IX

### EASEMENTS AND SETBACKS

Section 1. Easements for the installation and maintenance of driveway, walkway, parking area, water line, gas line, telephone, irrigation, cable television, electric power line, sanitary sewer and drainage facilities and for other utility installations are reserved as outlined on the recorded plat and/or may be granted by Declarant, its successors and assigns, and in addition the Association may reserve and grant additional easements for the installation and maintenance of sewerage, cable, irrigation, utility and drainage facilities over the Properties. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition, the Association shall have the continuing right (but not obligation) and easement to maintain all public sewer and water lines located on the Lots.

Section 2. There is reserved across the front of each Lot an "Easement Area" or "Setback" as shown on the plats of the Properties, a portion of which area represents the area which may be needed for a street right-of-way should the Association elect to dedicate the abutting Common Area street or road to the public authorities. By acceptance of a deed to a Lot, every Owner, for him, her, and/or itself and for him/her/itself, their respective heirs, successors and assigns, and hereby appoints the Association as such Owner(s) attorney-in-fact for the purpose of deeding, transferring and/or dedicating said "Easement Area" to the proper public authorities, their successors and assigns, for street dedication purposes pursuant to, and subject to, such terms and conditions, if any as may be contained in the dedication agreement respecting the portion of the street or road which is comprised of a Common Area.

Section 3. Declarant further reserves unto itself, its successors, and assigns, a perpetual, alienable and releasable easement and right on, over, and under the ground to erect, maintain and use poles, wires, cables, conduits, sewers, water mains, and other suitable equipment for the conveyance and use of

mains, and other suitable equipment for the conveyance and use of electricity, C.A.T.V., security cable equipment, telephone equipment, gas, sewer, irrigation, water or other private or public convenience or utilities. Said easements, which constitute building setbacks, shall be as follows: For Custom Lots, the street front setback shall be twenty-five (25') feet; each side lot setback shall be ten (10') feet. The rear setback line shall be twenty-five (25') feet. Estate Lots shall have a side lot line setback of twelve and one-half (12.5') feet with a rear setback line of thirty (30') feet. The front setback line shall be thirty-five (35') feet. Moreover, the Developer may cut, at its own expense, drainways for surface water wherever and whenever such action may appear to the Developer to be necessary in order to maintain reasonable standards of health, safety and appearance utilizing the easements and setbacks outlined above. The use of these easement areas by Declarant, its successors and assigns, shall not be deemed a trespass.

## ARTICLE X

### INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Associations's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Area and may, but shall not be obligated to, by written agreement with any Neighborhood Committee (as defined in the By-Laws), assume the responsibility for providing the same insurance coverage on the Properties contained within the Neighborhood. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred (100%) percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

In addition to casualty insurance on the Common Area, the Association may, but shall not under any circumstances be obligated to, obtain and continue in effect adequate blanket all-risk casualty insurance in such form as the Board of Directors deems appropriate for one hundred (100%) percent of the replacement cost of all structures on Lots. If the Association elects not to obtain such insurance, then an individual Neighborhood may obtain such insurance as a common expense of the Neighborhood to be paid by Neighborhood Assessments, as defined in Article VIII hereof. In the event such insurance is obtained by either the Association or a Neighborhood, the provisions of this Article shall apply to policy provisions, loss adjustment, and all other subjects to which this Article applies with regard to insurance on the Common Area. All such insurance shall be for the full replacement cost less any deductible. All such policies shall provide for a certificate of

insurance to be furnished to the Association or Neighborhood, as applicable.

If reasonably available, the Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. If reasonably available, the public liability policy shall have at least a One Million and No/100 (\$1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Two Million and No/100 (\$2,000,000.00) Dollars limit per occurrence, if reasonably available, and a Five Hundred Thousand and No/100 (\$500,000) Dollars minimum property damage limit.

Unless higher insurance requirements are contained in any covenants or restrictions for any Neighborhood, the following shall apply: insurance obtained on the Properties contained within any Neighborhood, whether obtained by such Neighborhood, or the Association, shall meet the requirements of this Section 1. Costs of such coverage shall be a charge to the Members residing within such Neighborhood.

Premiums for all insurance on the Common Area shall be common expenses of the Association: premiums for insurance provided to Neighborhoods shall be charged to those Neighborhoods. This policy may contain a reasonable deductible, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

Cost of insurance coverage obtained by the Association for the Common Area shall be included in the Assessment, as described in Article VIII, Section 2.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as Trustee for the respective benefitted parties, as further identified in (b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in South Carolina which a Best's rating of A or better and is assigned a financial size category of XI or larger as established A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Common Area shall be for the benefit of Owners and their Mortgagees as their interests may appear; all policies secured at the request of a Neighborhood

shall be for the benefit of the Owners and Mortgagees of their Lots within the Neighborhood.

(c) Exclusive authority to adjust losses under policies in force on the Properties obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees.

(e) All casualty insurance policies shall have an inflation guard endorsement, if reasonably available, and an agreed amount endorsement with an annual review by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the Horry County, South Carolina, area.

(f) The Association's Board of Directors shall be required to make every reasonable effort, without a significant increase in premiums, to secure insurance policies that will provide for the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;

(ii) a waiver by the insurer of its rights to repair, and reconstruct, instead of paying cash;

(iii) that no policy may be cancelled, invalidated or suspended on account of any one or more individual Owner;

(iv) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that no policy may be cancelled or substantially modified without at least thirty (30) days prior written notice to the Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least thirty (30) days prior written notice to the Association.

The Association shall purchase officers and directors liability insurance, if reasonably available, and every Director and every officer of the Property Owners Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably 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 Association, 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 only apply if the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 2. Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on his Unit(s) and structures constructed thereon, unless the Neighborhood Association in which the Lot is located or the Property Owner's Association carries such insurance (which they are not obligated to do). Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction of structures comprising his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction. In the event that the structure is totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall immediately clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

A Neighborhood Committee may impose more stringent requirements regarding the standards for rebuilding or reconstruction structures on the Lot and the standard for returning the Lot to its natural state in the event the Owner decides not to rebuild or reconstruct.

Section 3. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s) as their interests may appear, shall be retained by and for benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

(b) If it is determined, as provided for in Section 4 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in Section 3(a) of this Article XII.

Section 4. Damages and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area or to the Common Property of any Neighborhood shall be repaired or reconstructed unless the Voting Members representing at least seventy-five (75%) percent of the total vote of the Association, if Common Area, or the Neighborhood whose common property is damaged, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the



Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No mortgagee shall have the right to participate in the determination of whether the Common Area damaged or destroyed shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained by the Association, or Neighborhood, as applicable in a neat and attractive condition.

Section 5. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of Lots owned, provided, if the damage or destruction involves a Lot or Lots only Owners of the affected Lots shall be subject to such assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

#### ARTICLE XI

#### NO PARTITION

Except as is permitted in this Declaration or any amendment hereto, there shall be no physical partition of the Common Area or any part thereof, nor shall any person acquiring any interest in the Properties or any part thereof seek any judicial partition, unless the Properties have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

#### ARTICLE XII

#### FINANCING PROVISIONS

Section 1. Approval of Owners and Holders of First Mortgages. Unless at least sixty-seven (67%) percent of the Owners and fifty-one (51%) percent of the holders of first mortgages which are owned or insured through the FNMA, FHA or similar agency on Lots located within the Properties, have given their prior written approval, the Association shall not:

(a) Change the method of determining the obligations,

(71)

assessments, dues or other charges which may be levied against a Lot Owner, or of the voting rights of the Owners.

(b) Change the responsibility for maintenance and repairs as may otherwise be set out herein.

Section 2. Books and Records. Any Owner or holder, insurer or guarantor of a first mortgage on any Lot will have the right to examine the books and records of the Association, current copies of this Declaration, the By-Laws of the Association and Rules and Regulations during any reasonable business hours and upon reasonable notice.

Section 3. Payment of Taxes and Insurance Premiums. The Owners and holders of first mortgages on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefor from the Association.

### ARTICLE XIII

#### RULES AND REGULATIONS

Section 1. Compliance by Owners. Every Owner shall comply with the restrictions and covenants set forth herein and any and all rules and regulations which from time to time may be adopted by the Board of Directors of the Association.

Section 2. Enforcement. Failure of an Owner to comply with such restrictions, covenants or rules and regulations shall be grounds for action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof. Failure of Association to enforce any covenant or restriction shall not be deemed a waiver of the right to do so thereafter.

Section 3. Fines. In addition to all other remedies, in the sole discretion of the Board of Directors of the Association, a fine or fines may be imposed upon an Owner for failure of an Owner, his family, guests, invitees, Lessees or employees to comply with any covenant, restriction, rule or regulation, provided the following procedures are adhered to:

(a) Notice: The Association shall notify the Owner of the infraction or infractions. Included in the notice shall be the date and time of the next Board of Directors meeting at which time the Owner shall present reasons why penalty(ies) should not be imposed.

(b) Hearing: The non-compliance shall be presented to the Board of Directors after which the Board of Directors shall hear reasons why penalties should not be imposed. A written decision of the Board of Directors shall be submitted to the Owner by no later than thirty (30) days after the Board of Director's meeting.

(c) Penalties: The Board of Directors may impose special assessments against the Lot owned by the Owner as follows:

(1) First non-compliance or violation: a fine not in excess of One Hundred and No/100 (\$100.00) Dollars.

(2) Second non-compliance or violation: a fine not in excess of Three Hundred and No/100 (\$300.00) Dollars.

(3) Third and subsequent non-compliance or violation or violations which are of a continuing nature: a fine not in excess of Five Hundred and No/100 (\$500.00) Dollars.

(d) Payment of Penalties: Fines shall be paid no later than thirty (30) days after notice of the imposition or assessment of the penalties.

(e) Collection of Fines: Fines shall be treated as an assessment subject to the provisions for the collection of assessments as set forth in Article VIII.

(f) Application of Penalties: All monies received from fines shall be allocated as directed by the Board of Directors.

(g) Non Exclusive Remedy: These fines shall not be construed to be exclusive, and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any penalty paid by the offending Owner shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner.

#### ARTICLE XIV

##### GENERAL PROVISIONS

Section 1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 2. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of fifty (50) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of

ten (10) years. This Declaration may be amended during the first fifty (50) year period by an instrument signed by the Owners of not less than fifty-one (51%) percent of the Lots, or as provided in Article XII herein. Any amendment must be properly recorded.

Section 3. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five (75%) percent of the membership and a majority of the Board of Directors. In the case of such a vote, and notwithstanding anything contained in this Declaration or the Articles of Incorporation or By-Laws of the Association to the contrary, a Board member shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of seventy-five (75%) percent of all members of the Neighborhood represented by the Board member. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of personal assessments, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

#### ARTICLE XV

##### AMENDMENT OF DECLARATION WITHOUT APPROVAL OF OWNERS

The Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvement loans made by, guaranteed by, sponsored by or insured by a governmental or quasi-governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by or under the substantial control of, the United States Government or the State of South Carolina, regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of the Property, including, without limitation, ecological controls, construction standards, aesthetics and matters affecting the public health, safety and general welfare. A letter from an official of any such corporation or agency, including, without limitation, the Veterans Administration (VA), U.S. Department of Housing and Urban Development (HUD), the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requiring an amendment as a condition of approval, or suggesting an amendment, shall be sufficient evidence of the approval of such amendment of VA, HUD and/or such corporation or agency and permit Declarant to amend in accord with

such letter.

No amendment made pursuant to this Section shall be effective until duly recorded in the Office of the Clerk of Court of Horry County.

#### ARTICLE XVI

##### LENDERS NOTICE

Section 1. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number upon which it holds, insures or guarantees a first mortgage, any holder, owner or insurer of a first mortgage shall be provided with timely written notice of:

(a) Any condemnation or casualty loss that affects either a material portion of the project or the lot securing its mortgage.

(b) Any ninety (90) day delinquency in the payment of assessments or charges owed by the owner of any lot on which it holds the mortgage.

(c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the owner's association.

(d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

#### ARTICLE XVII

##### DECLARANT'S RIGHTS

Any or all of the special rights and obligations of the Declarant may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Official Records of Horry County, South Carolina. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the property set forth in Exhibit "B" in any manner whatsoever.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as the initial sale of Lots shall continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the sale of such Lots,

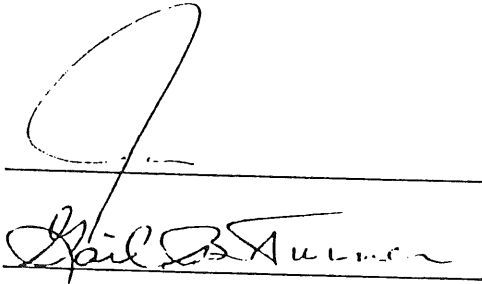
including, but not limited to, business offices, signs, model units, and sales offices. The Declarant shall have an easement for access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use residences owned by the Declarant, if any, and any which may be owned by the Association.

So long as Declarant continues to have rights under this paragraph, no person or entity shall record any declaration of restrictions and protective covenants or similar instruments affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of restrictions and protective covenants or similar instrument being void an of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

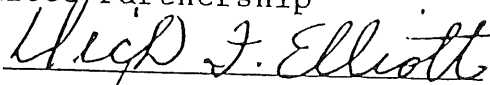
This Article may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article shall terminate upon the earlier of January 1, 2009, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

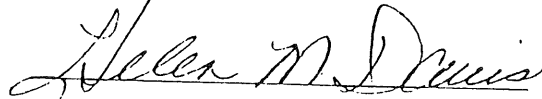
IN WITNESS WHEREOF, the undersigned Cherry Grove Golf Limited Partnersh, Declarant by virtue of the provisions of Article I, Section 3 of the aforesaid Declaration of Covenants, Conditions and Restrictions, has caused this instrument to be executed by its principal officer the day and year first above written.

WITNESSES:

  
\_\_\_\_\_  
Paul B. Turner

CHERRY GROVE GOLF LIMITED  
PARTNERSHIP, A South Carolina  
Limited Partnership

By:   
\_\_\_\_\_  
Heidi J. Elliott

  
\_\_\_\_\_  
Helen M. Davis

STATE OF SOUTH CAROLINA

COUNTY OF HORRY

PERSONALLY appeared before me the undersigned witness, who, being duly sworn, says that (s)he saw the within-named Grantor sign, seal and deliver the within Declaration of Restrictions and Protective Covenants for Lakeside at Eagle's Nest; and that (s)he with the other witness whose signature appears above witnessed the execution thereof.

SWORN TO BEFORE ME THIS 14<sup>th</sup>  
DAY OF JUNE, 1993

Gail B Turner  
WITNESS

\_\_\_\_\_  
NOTARY PUBLIC FOR SOUTH CAROLINA

MY COMMISSION EXPIRES: 5/14/97

SCHEDULE A

ALL AND SINGULAR, that certain piece, parcel or tract of land lying in Little River Township, State and County aforesaid, and shown as Lot numbers 1-7 and 27-49 on a plat of Lakeside at Eagles Nest Subdivision, prepared by Leon Campbell and Associates, certified by C.B. Berry, R.L.S. on 6-15-93, and recorded in Plat Book 124 at Page 116 in the Office for the RMC for Horry County, SC. Said plat is made a part and parcel of this description by reference.

This conveyance is made subject to the Declaration of Restrictions and Protective Covenants For Lakeside at Eagle's Nest, recorded in the Office for the RMC for Horry County, SC.

This is a portion of that property conveyed to the Grantor herein by Cherry Grove Golf Corporation, recorded July 31, 1986, in Deed Book 1066 at page 87, Horry County RMC.

HORRY COUNTY ASSESSOR  
130-24-01-016 thru 036

Map      Blk      Parcel

6-18-93  
JH



SCHEDULE B

ALL AND SINGULAR, that certain piece, parcel or tract of land lying in Little River Township, State and County aforesaid, and shown as Future Development on a plat of Lakeside at Eagles Nest Subdivision, prepared by Leon Campbell and Associates, certified by C. B. Berry, R.L.S. on 6-15-93, and recorded in Plat Book 124 at Page 116 in the Office for the RMC for Horry County, SC. Said plat is made a part and parcel of this description by reference.

This is a portion of that property conveyed to the Grantor herein by Cherry Grove Golf Corporation, recorded July 31, 1986, in Deed Book 1066 at page 87, Horry County RMC.

HORRY COUNTY ASSESSOR

130-24-01-068

Map Blk Parcel

6-18-93

*[Handwritten signature]*