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Re-record due to omission of Exhibit "C" Bylaws

Declaration of Covenants, Conditions, and Restrictions

**For
Sun Colony Estates**

October 31, 2018

This Declaration of Covenants, Conditions and Restrictions for Sun Colony Estates (hereinafter, this "Declaration") is made this 31st day of October, 2018, by Colonial Charters Lender, LLC, an Arizona Limited Liability Company (hereinafter referred to as "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 ("Covenants & Restrictions") hereinafter set forth.

WITNESSETH

Whereas, Declarant is the owner of the property shown on the Final Boundary Survey Sun Colony Phase 2B, which property is more particularly described in Article II below; and

Whereas, Sun Colony Estates is being developed as a community of single-family homes; and

Whereas, Declarant wishes to declare certain restrictive covenants affecting certain lands in Sun Colony Estates; and

Now, therefore, Declarant, by this Declaration of Covenants, Conditions, and Restrictions, does declare all of the Property referenced and described on "Exhibit A" attached hereto, is and shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions, charges and liens set forth in this Declaration, which are for the purpose of protecting the value and desirability of the Property, and which shall run with the title to real property, shall be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
Definitions

1. "Association" shall mean and refer to Sun Colony Estates Homeowners' Association, Inc. a South Carolina non-profit corporation, its successors and assigns.

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

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3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof and, as applicable, the "Additional Property" described in Article II, Section 2 hereof.

4. "Lot" shall mean and refer to any plot of land, with delineated boundary lines appearing or any recorded subdivision map of the Property (with the exception of Common Area) and shall include all improvements thereon. In the event any Lot is increased or decreased in size by resubdivision, the same shall nevertheless be and remain a Lot for the purpose of this Declaration. This definition shall not imply, however, that a Lot may be subdivided if prohibited elsewhere in this Declaration. 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.

5. "Declarant" shall mean and refer to Colonial Charters Lender, LLC, an Arizona Limited Liability Company authorized to do business in South Carolina, its successors and assigns as Developer.

6. "Common Area" shall mean and refer to all real property owned or to be owned by the Association for the common use and enjoyment for the Owners. Common Areas, with respect to the property subject to this Declaration, shall be shown on the various plats of Sun Colony Estates recorded or to be recorded in the Horry County Public Registry and designated thereon as "Common Area", which are shown thereon. "Common Area" shall include all private streets and parking areas, fencing, any entrance monuments, and wastewater and storm water collections systems and/or disposal facilities and other various or open spaces and facilities shown as Common Area on plats as now recorded or as hereafter recorded in the Horry County Public Registry for the Properties.

7. "Member". Shall mean or refer to every person or entity that holds membership in the Association.

ARTICLE II

Property Subject to this Declaration and Within the Jurisdiction of the Homeowners' Association

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 Little River Township, Horry County, South Carolina, and is described in the attached Exhibit "A".

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 another association may, by operation of law, be added to the properties, rights and obligations of any association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the

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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.

3. Additional Property. Declarant retains the right to add the Additional Property, as described in Exhibit "B," to the Property, as provided in Article XII, Section 2 hereof.

ARTICLE III
Membership and Voting Rights

1. Every Owner of a Lot, which is subject to an 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.

2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. The Association shall have two (2) classes of voting membership.

(a) Class A. Except as provided below, Class A Members shall be all Lot Owners except the Declarant; and Class A Members shall be entitled to one (1) vote for each Lot (Class A Lot) owned. When more than one (1) person owns an interest (other than a leasehold or security interest) in any lot, all such persons shall be Members and the vote appurtenant to said Lot shall be exercised as they, among themselves, determine but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. Class B Members shall be the Declarant (as defined in this Declaration); and such Member shall be entitled to nine (9) votes for each Lot (Class B Lot) owned. The Class B membership shall cease to exist and shall be converted to Class A membership upon the happening of the earlier of the following:

(i) When ninety (90%) percent of the Lots have been conveyed to Class A Owners by Declarant; or

(ii) On May 31, 2038.

(c) Provided, further, that nothing herein shall be construed to prohibit Declarant from converting all or part of the Class B memberships to Class A membership, with the results set forth above at any time earlier than the date specified above, by written statement executed by Declarant and delivered to the Association.

3. Suspension of Voting Rights. Voting rights attributable to ownership interest in a Lot shall be suspended throughout the term for any default under the By-Laws, attached as Exhibit "C", of this Declaration by an Owner of such Lot.

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4. Control by Declarant. Notwithstanding any other language or provision to the contrary in this Declaration or in the By-Laws, Declarant hereby retains the right to appoint and remove any Members of the Board of Directors of the Association and any officer or officers of the Association until ninety (90) days after the first events to transpire outlined in Section 2 (b) herein concerning the termination of Class B membership status of Declarant or until the surrender by Declarant of the authority to appoint and remove directors or officers by an express amendment to this Declaration executed and recorded by Declarant. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Section, such right shall automatically pass to Owners, including Declarant, if it then owns one or more Lots, and a special meeting of the Association shall be called and held within ninety (90) days after the date of the expiration of Declarant's rights hereunder. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of running the Association and Declarant shall deliver to the new Board of Directors the books, accounts, and records which it has kept on behalf of the Association, which may still be in effect or operation. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove directors and officers of the Association as provided in this Section.

ARTICLE IV **Property Rights**

1. Members' Easements. Each Member and each tenant, contractor, 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 in 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 perpetual easement for pedestrian traffic across all such portions of such tracts as may be regulated by the Association. In addition, each Member and each tenant, contractor, agent and invitee of such Member shall have and is hereby granted and conveyed a permanent and perpetual easement for ingress and egress for pedestrian and vehicular traffic over and across "Sun Colony Blvd. 66' Private R.O.W." ("Sun Colony Blvd."), as depicted in that certain plat entitled "Final Boundary Survey - Sun Colony Phase 2B, Parcels A and B and Private Road" prepared by Rowe Professional Services Company and recorded in Plat Book 280, Page 98 of the Horry County Public Registry (the "Sun Colony Blvd. Plat"). This easement shall be appurtenant to the Property and shall run with title to Sun Colony Blvd. and the Lots.

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

3. Public Easements. Fire, police, health and sanitation, and other public service personnel and vehicles shall have a permanent and perpetual nonexclusive easement for ingress and egress over and across the Common Areas for the performance of their respective public functions.

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

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 or within 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 street lighting located in the 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 V. Excluded herefrom shall be paving and maintenance of individual Lot driveways that 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. Declarant shall, at its sole cost and expense and until Sun Colony Blvd. and/or the Stormwater Pond are annexed into the Property, as described in Article XII, Section 2 hereof, if at all, maintain in good repair, and shall repair or replace as often as necessary, the paving, drainage structures, street lighting fixtures, and landscaping within and serving Sun Colony Blvd. and that certain stormwater pond and related facilities serving the Property located on "Parcel 'B'," as depicted in the Sun Colony Blvd. Plat (the "Stormwater Pond").

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

7. **Delegation of Use.**

(a) *Family.* The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV 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 IV may be delegated by the Owner to his tenants who occupy a residence within the Properties.

(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.

8. **Ownership.** The Common Areas shall be conveyed to the Association by Declarant on or before May 31, 2038, or earlier, in the discretion of Declarant. The Association shall accept such conveyance. Beginning from the date of such conveyance, the Association shall be

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responsible for the maintenance of all Common Areas. Upon conveyance, it is intended that all real estate taxes 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 of 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.

9. Entry Not Trespass. Whenever the Association, the members of its Board of Directors, and/or any of its committees, including, but not limited to, the ARB, is permitted by these Covenants and Restrictions to correct, repair, clean, preserve, clear out or do any action on the property, but not including any completed dwelling, of any Owner, or on the easement areas adjacent thereto, the entering of the property and taking such action shall not be deemed a trespass by the Association or its agents. With respect to Developed Lots, entry will be limited to those instances where prior notification has been provided to and permission has been received from the Owner. Moreover, on such Developed Lots and any undeveloped portion of a combined Lot, if the Owner or tenant thereof has failed to maintain the landscape of such Developed Lot in a condition acceptable to the Association, the Association may (but shall not be required to provide), at the Owner's sole expense, enter such Developed Lots or any undeveloped portion of a Combined Lot to cause the condition thereof to be brought up to acceptable standards. Such action by the Association shall be subsequent to written notice to the Owner thereof. Any such entry by the Association shall not be deemed a trespass by the Association or its agent(s).

ARTICLE V **Covenant for Maintenance Assessments**

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 to the Association: (1) annual assessment 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. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall further be the personal obligation of the owner of such Lot at that time when the assessment fell due, but not of the Owner's successor in title unless expressly assumed by such successor.

2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties and for the acquisition, improvement and maintenance of Properties, services and facilities devoted to these purposes and related to the use and enjoyment of the Common Areas, including, but not

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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 re-sodded or landscaped, and all expenses of the Association for such work and material 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, appearance, the Association may, at its option, after giving the Owner at least 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 Lot upon the Owner's failure to maintain shall not be construed as an obligation. Any entry upon the property for maintenance purposes shall not be considered trespass.

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 the Association as special assessments upon the approval of a majority of the Board of Directors of the Association and upon approval by the Voting Members representing two-thirds of the Members of the Association voting at a meeting or by ballot as may be provided in the By-Laws of the Association. The Board may levy a special assessment of no more than Ten Thousand and No/100 (\$10,000.00) Dollars in full from the Membership or Five (5%) percent of the annual budget, whichever is greater, without the approval of the membership.

4 . Capital Contribution. Subject to the provisions of Section 10 of this Article V, each Owner of a Lot shall be assessed at closing (and at closing of each subsequent conveyance of such Lot) 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 Lots are combined at the time of closing as provided in Article I, Section 4, the Owners of such Lot shall be assessed one (1) Capital Contribution.

5. Annual Assessments. Subject to the provisions of Section 10 of this Article V, the Annual Assessments provided for in this Article V shall commence on the first day of October 2018, or upon the closing of each Lot, whichever is later. The Assessments shall be payable in monthly, quarterly, semiannual, 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

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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 of Directors.

6. Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement and the amount of 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 that is less than an increase of ten (10%) 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 such ten (10%) 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 A and Class B).

Written notice of the Annual 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 corporation for management services. The Association shall have all other powers provided in its Articles of Incorporation and By-Laws.

7. 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 that 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 cost of preparing and filing the claim of lien and the complaint in

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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 an appeal of any such action. Such lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages on real property may be foreclosed in the State of South Carolina. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens or encumbrances that may be required advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the legal rate as set out hereinbefore on any such advances made for such purposes. The Association shall have the right and power to bid at any foreclosure sale, and thereafter hold, lease, mortgage or convey the subject Lot. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Lot, or who may be given or acquire a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien granted to the Association, and shall acquire such interest in any Lot expressly subject to such lien.

In addition to the rights of collection of assessments stated in this Section 7, 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 the Association's 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.

8. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Article V 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 institutional 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 a foreclosure sale, and any mortgagee acquiring a deed in lieu of foreclosure, 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 (or conveyance in lieu foreclosure). Any unpaid assessment that cannot be collected as a lien against any Lot by reason of the provisions of this Section 8 shall be deemed to be an assessment divided equally among, payable by, and a lien against all Lots subject to assessment by the Association, including the Lots as to which the foreclosure (or conveyance in lieu of foreclosure) took place.

9. Access at Reasonable Hours. For the sole purpose of performing the maintenance authorized by this Article, including without limitation all of the maintenance and 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

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day except Sunday or at any time in case of an emergency. Such entry shall not be deemed a trespass.

10. Effect on Declarant and any Approved Builder(s). Notwithstanding any provision that may be contained to the contrary in this Declaration, 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 the Declarant funds any 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 operating expenses of the Association. The Declarant shall have the right to select its method of payment on an annual basis. Declarant may exempt any Approved Builder (as defined in Article XV hereof) from the payment of assessments and capital contributions for up to two (2) years following such Approved Builder's acquisition of a Lot or Lots by providing for such exemption in an instrument recorded in the Horry County Public Registry.

ARTICLE VI **Architectural Review**

Except for original and initial construction of improvements by Declarant on any Lot, which such construction is and shall be exempt from the provisions of this Section, no building, wall, fence, 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, wall, fence, or other structure or 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 seem sufficient. Any change in the appearance of any building; wall, fence, or other structure or improvements and any change in the appearance of landscaping (excepting the planting of flowers and shrubs indigenous in 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 shall be appointed by the Class B member of the Association. At such time as the Class B membership expires, the Architectural Review Board shall be appointed by the Board of Directors of the Association.

A majority of the Architectural Review Board may take 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

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Board shall act on submissions to it within thirty (30) days after receipt of same, or else the request shall be deemed approved. 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 three (3) 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 fifteen (15) days or receipt of the petition. The Board of Director's decision shall be by majority vote. Any owner must exhaust this avenue of appeal prior to resorting to a court of law or equity for relief.

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 of the Architectural Review Board shall be necessary before any such exterior finishing color is changed.

The installation of antennae and of satellite dishes or disks shall be permitted on a Lot if accomplished in strict compliance with the limitations and conditions imposed by the Telecommunications Act of 1996, as amended from time to time, but no antenna or disk which is in any dimension larger than prescribed by said act or which is not installed in accordance with the advance notice requirements and location guidelines of the act may be installed or maintained on any Lot except with prior written approval of the Architectural Review Board. No antenna or satellite dish may be installed in such a way that it is visible from any public street.

The Association shall have the authority, but not the duty, to require "sole source" cable television provider for all Lots within the Properties.

ARTICLE VII **Insurance and Casualty Losses**

1. Insurance. The Association'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 an Association-owned dwelling and may, but shall not be obligated to, by written agreement with any committee (as defined in the By-Laws), assume the responsibility for providing the same insurance coverage on the Properties as it so determines. 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.

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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. In the event such insurance is obtained by either the Association, the provisions of this Article shall apply to policy provision, 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. All such policies shall provide for a certificate of insurance for each Member insured to be furnished to the Association, 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 respect to bodily injury and property damage, a Two Million and No/100 (\$2,000,000.00) Dollar limit aggregate, if reasonably available, and coverage sufficient to equal the estimated insurable value of the property.

Premiums for all insurance on the Common Area and an Association-owned dwelling shall be common expenses of the Association. 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. Deductibles on damage caused by errant golf balls shall be allocated either to the Owner or golfer as provided by law, but under no circumstances shall the Association be responsible.

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

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

(a) All policies shall be written with a company licensed to do business in South Carolina that hold a rating of A or better and is assigned a financial size category of XI or larger as established by 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 interest may appear.

(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

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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 person(s), 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 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, agent 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 concealed, invalidated or suspended on account of any one or more individual Owner(s);

(iv) that no policy may be canceled, 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 Owner's policies from consideration; and

(vi) that no policy may be canceled or substantially modified without a least ten (10) 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, workers' compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on the 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 canceled or substantially modified without at least ten (10) days prior written notice to the Association.

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The Association shall purchase Officers' and Directors' liability insurance, if reasonably available, and every Director and every Officer of the 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 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 of 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.

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 Lot(s) and Structure constructed thereon, unless the neighborhood association in which the Lot is located or the 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 clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

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 construction 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(s) and their mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any mortgagee of a Lot and may be enforced by such mortgagee.

(b) If it is determined, as provided 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 VII.

4. Damage 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

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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 such repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this section, 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 construction, 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, as applicable, in a neat and attractive condition.

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, however, if the damage or destruction involves a Lot or Lots, only Owners of the affected Lots shall be subject to such assessment. Additional assessment(s) may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VIII **Use Restrictions**

1. Use Restrictions and Rules and Regulations. Use and enjoyment of the Properties shall be subject to the easements, restrictions, covenants and conditions, charges and liens set forth in this Declaration. In addition, the use and enjoyment of the Properties shall be further governed and regulated by rules and regulations promulgated or adopted by the Board of Directors of the Association, as amended or supplemented from time to time by the Board. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce rules and regulations as amended or supplemented from time to time, and may provide for imposition of fines and other penalties for the violation of any such rules and regulations or for the violation of restrictions, covenants and conditions contained in this Declaration.

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2. Residential Use. Except as may be otherwise expressly provided in this Declaration, each Lot shall be used for residential purposes only. Lease or rental of a home for residential purposes shall not be considered a violation of this Covenant, so long as the lease is in compliance with the provisions of this Declaration, the By-laws and reasonable Rules and Regulations adopted by the Board of Directors.

3. Prohibition of Renting for Transient Hotel Purposes. No Owner shall rent his Lot for transient or hotel purposes, which for the purposes of this Declaration shall be defined as either a rental for any period less than thirty (30) days or any rental if the lessee of the Lot is provided customary hotel services. Each permitted lease shall be in writing and shall be subject to this Declaration, the By-laws and the Rules and Regulations adopted hereunder and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Other than the foregoing restrictions, each Owners shall have the full right to lease all or any portion of his Lot, subject to applicable County, State and Federal regulations.

4. Antennas/Satellite Dishes. As provided in Article VI, except for such as are covered by, and installed in strict compliance with, the requirements of the Telecommunications Act of 1996, as amended from time to time, no outside radio or transmission tower or receiving antenna, including a satellite dish antenna, and no outdoor television antenna or satellite dish may be erected or installed by an Owner or permitted by an Owner to remain on his Lot without the prior written approval of the Architectural Review Board.

5. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, either inside a structure or on the Lot or in the yard, nor shall anything be done which may be or may become a nuisance or annoyance to other Lot Owners or their invitees. This section also prohibits any Owner, visitor, or occupant from playing music, engaging in home occupation activities, or allowing dogs, birds, or other animals to be heard beyond the property line of the Owner's Property. Failure to observe this regulation shall result in fines, as set by the Board of Directors.

6. Dwelling Size. The total square footage of the main structure located on a Lot, exclusive of one-store open porches and garages, shall not be less than one thousand two hundred (1200) square feet.

7. Nuisances. No activity deemed noxious or offensive by the Board of Directors or Architectural Review Board, if any, shall be carried on upon any Lot or within any Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Board of Directors or Architectural Review Board. Examples of such offensive activities shall include, but not be limited to, the origination or emission of any loud or disturbing noise or vibrations, failure of home occupants to insure that garage doors are closed at all times except when automotive traffic is moving in or out; the maintenance of an auto repair site; the maintenance of unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles, appliances, interior furniture, or other miscellaneous items) on porches, patios, terraces, or yards; and similarly unsightly activity (such as outdoor clothes drying lines) not in keeping with the aesthetic character and high level of appearance of the community.

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No potentially hazardous or toxic materials or substances shall be used or stored on any Lot other than normal household, lawn and garden products which shall be used by Owner in a manner that will not permit spills or runoff of such materials anywhere within the Properties. No activity shall be allowed which violates local, state, or federal laws or regulations and the Board of Directors shall have the right, but not the obligation, to take enforcement action in the event of a violation.

8. Pets. Owners may keep as pets on the Properties companion pets such as birds, domesticated cats, fish, dogs and other small mammals. No Owner(s) may keep exotic cats, non-human primates, horses or other farm livestock or zoo-type animals on the Properties. Pets must be on a leash or carried when on Common Areas. A pet not on a leash shall be deemed a nuisance. It shall be the pet Owner's obligation to dispose properly of waste material from pets. The failure to dispose properly of the waste material from a pet shall be deemed a nuisance.

9. Pet Noise. Pets kept on any Lot shall not be permitted to make noise to an extent that it becomes disturbing to others in the Neighborhood. Any pet that creates sufficient noise to disturb others in the Neighborhood shall be deemed a nuisance.

10. The Association's Remedy for Nuisance Pets. The Board of Directors of the Association shall have the right to order the removal of any pet that, in the Board's sole discretion, is considered a nuisance, and the same shall be done without compensation to the Owner of the pet being removed. In such event, the Board shall give written notice thereof to the pet owner, and the pet shall immediately thereafter be removed permanently from the Properties.

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

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

13. Use of Common Area. The Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Association, including, but not limited to, the placement of sports equipment and the operation of vehicles by unlicensed individuals.

14. Access to Lots. In addition to easements elsewhere in this Declaration, the Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the inspection, maintenance, repair or replacement of any portion of the Common Area or facilities situated upon such Lot, which serve another Owner's Lot or the Common Areas. 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.

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15. Vehicles, Boats, and Trailers. No campers, commercial or other vehicles, trucks (except personal, non-commercial pickup trucks), recreational vehicles, all-terrain vehicles, trailers, boats, racing cars, motorbikes, motorcycles or tractors may be parked or kept within the Properties overnight, 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 section shall not be implied to obligate the Association to provide such areas.

16. Golf Carts. Golf carts may be maintained and driven on all roads and streets in the Properties, provided that the operation of the golf carts is done in accordance with the laws of the State of South Carolina, including but not limited to the possession of a valid license. In addition, golf carts must be registered with the Association and, when not in use, stored in a garage.

17. Two-Wheel and Special-Purpose Vehicles. Two-wheel vehicles (excluding motorcycles), but specifically including fuel-burning scooters, mopeds, dirt bikes, and the like) and three- and four-wheel special-purpose vehicles (such as dune buggies, all-terrain vehicles, and the like) are not permitted to be operated within the Properties. Children's unpowered and electrically powered scooters may be used on the Properties.

18. Signs, Generally. No signs or other advertising devices shall be displayed upon any Lot that are visible from the exterior of the dwelling thereon, including signs placed on the exterior or visible through any window of any vehicle, or on the Common Areas, or in the facilities thereon, without prior written permission of the Association. One ARB-approved temporary sign designating the primary contractor may be placed at the street side of a Lot being improved until such time as construction is completed.

19. Real Estate Signs. In connection with efforts to sell any Lot, only certain limited signs may be used. One small sign, as approved by the Association, may be placed on a street side of the Lot setting forth only the telephone number of the Realtor or Owner. A small box, colored to match the sign and approved by the Association, may be affixed to the supporting post for the sign and below the sign. The box shall be used only to hold brochure materials relating to the Lot and shall be no larger than necessary to hold 8½ x 11 inch sheets of paper. In addition, in connection with an "Open House" showing of a Lot that is for sale, one sign, as approved by the Association, may also be placed at the street side of such Lot indicating that the dwelling on the Lot is open for inspection by the public on the day of the "Open House" only. No other real estate signs are permitted anywhere in the Properties, including but not limited to signs providing directions to an "Open House."

20. Security Signs. A small freestanding sign identifying the security service employed by a Lot Owner may be placed on the street side of a Lot and within ten (10) feet of the house on the Lot.

21. Mailboxes. If applicable, Mailboxes must conform in type and size to those generally in use by surrounding Owners and shall be well maintained, and are subject to Architectural Review Board Approval and Guidelines.

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22. House Numbering. Each Home shall be numbered in accordance with the code requirements of Horry County, as supplemented by the Association. Such requirements may be contained in the ARB Manual.

23. Garbage Disposal. All garbage and other trash, including, but not limited to, yard waste, branches and the like, shall be kept within containers provided by a garbage collection entity or provided by the Owner. All such containers shall be stored either inside the residence or garage of each Owner, in storage facilities provided for the residence, or otherwise hidden from view from the street, adjacent properties until the evening prior to the collection day. The emptied garbage containers shall be returned to the residence, garage, or storage area upon the day of the collection. The storage area must be visually screened in order to conceal it from view from any road(s) and all 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 or trash disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

24. Window Treatments. All windows of a dwelling that are visible from a street or an adjacent dwelling shall be either uncovered or covered wholly or in part by conventional window covering materials, including curtains, draperies, shutters, blinds and/or window shades. No such windows shall be covered with any materials that are not regularly so used, including, by way of example only, newspaper, towels, sheets, cardboard and the like.

25. Fences and Walls. No chain link fences shall be permitted on any Lot or any part thereof. No fence or wall of any kind may be located on any Lot without the prior written permission of the ARB.

26. Vehicle Storage and Repair. No inoperative vehicle or vehicle in a state of noticeable disrepair shall be kept or stored upon any Lot, except within a garage. No repair or maintenance work shall be done on any motor vehicle, boat or trailer upon any Lot, except for minor repair work performed wholly within a garage. No repair or maintenance shall be done on any motor vehicle, boat or trailer upon any Common Area, nor may any motor vehicle, boat or trailer be stored upon any Common Area.

27. Parking. Each Owner of an Improved Lot shall provide paved space for off-street parking. No parking shall be allowed on any unpaved space whether such unpaved space is part of a Common Area or a Lot. No overnight parking on streets or other Common Areas shall be allowed.

28. Temporary Parking of Recreational Vehicles, Boats and Trailers. Campers, recreational vehicles, trailers and boats may be parked on paved areas of Lots for periods of up to twenty-four (24) hours for the limited purposes of loading, unloading and cleaning.

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29. Water and Sewer Systems. Each Lot must be connected to a public water and sewer system in lieu of any individual systems. Water may not be diverted or taken from lagoons, streams and/or ponds on the Properties for yard maintenance or for any other purpose. Irrigation wells and portable water systems may be used for all Lots for irrigation purposes only.

30. 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.

31. Pole Lighting. No mercury vapor or similar intensity light that are situated upon poles similar to street lights shall be permitted on any Lot without the prior written consent of the ARB, which may decline such permission in its sole discretion and may, but shall not be obligated to, consider the feelings of adjoining Lot Owners.

32. Landscaping, Security and Exterior Lighting. All landscaping and exterior lighting, including security lighting, must be approved by the ARB and shall not be installed or utilized so as to cause undue annoyance to any adjoining or nearby Lot Owners. Mercury vapor or other similar intensity lights may not be used for landscaping, security or exterior lighting.

33. Clotheslines, Railings and the Like. No clotheslines or other outside drying area shall be located on any Lot. No railings, outside furniture or other structure shall be used for the drying of any clothing or other fabric.

34. Freestanding Flagpoles. All freestanding flagpoles and the location thereof on a Lot must be approved in advance by the ARB. Flagpoles shall be used for flying the United States flag. United States flags shall be no larger than four (4) feet by six (6) feet. Freestanding flagpoles shall be limited to a height not more than five (5) feet less than the height of the house on the Lot, and shall be designed such that halyards do not cause a noise annoyance to adjoining or nearby Lot Owners. The flying of the United States flag should be done in accordance with the United States Flag Code, United States Code, Title 36, Sections 171 and 173-178.

35. Bracket-Mounted Flagpoles. United States flags may also be displayed on poles preferably supported by brackets attached to the dwelling. Such flags are limited to three (3) feet by five (5) feet. The display of the United States flag should be done in accordance with the United States Flag Code, United States Code, Title 36, Sections 171 and 173-178.

36. Limited Street Flag Program. United States flags may be displayed on temporary street-side poles in recognition of federal holidays. Such display must be limited to the holiday or the period immediately surrounding the holiday—e.g., the holiday weekend. A street-side display of other flags or banners is not permitted. The flying of the United States flag should be done in accordance with the United States Flag Code, United States Code, Title 36, Sections 171 and 173-178.

37. Temporary Display of Banners. Banners associated with seasonal or sporting events may be displayed in a manner so as not to be unreasonably obtrusive or offensive to other Lot

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Owners. Banners are limited to three (3) feet by five (5) feet and may be draped on the dwelling or displayed on bracket-mounted poles in accordance with Article VIII, Section 35.

38. Seasonal Displays. Tasteful seasonal displays may be erected temporarily and maintained on a Developed Lot; however, such displays shall be confined to a reasonable time period associated with the theme of the period or the event for the display.

39. Playground, Sports and Exercise Equipment. The size, placement and appearance of playground, sports and exercise equipment, including but not limited to play sets, basketball goals, trampolines, soccer nets and the like, are subject to prior approval by the ARB and may include requirements for adequate screening.

40. Swimming Pools and Hot Tubs. In-ground swimming pools, hot tubs and spas are permitted with the approval of the ARB and must be located within the building envelope on a Lot. Aboveground swimming pools are not permitted. Swimming pools, hot tubs and spas shall not discharge water onto any Common Areas, including roads in the Properties. Swimming pools, hot tubs and spas shall be screened so as to not be plainly visible to an adjoining Lot or the street.

41. Trees. Except as permitted in Article VI, herein, or as may be approved by the ARB in writing, no deciduous tree greater than four (4) inches in Diameter at Breast Height (DBH) shall be cut, removed, or intentionally damaged on any Lot. If such a tree interferes with the construction of Lot Improvements, is dead or diseased, presents a hazard to persons and property, or is of a location or type to be offensive to the Lot's Owner, application may be made to the ARB for permission to remove it. The ARB may, at its sole discretion, require a Lot Owner, as prerequisite for the removal of a tree, to agree to plant another tree of reasonable size and type as a replacement and to have the stump of the removed tree ground out so as to maintain the aesthetic feel and appearance of the Lot, Neighborhood and/or Properties.

42. Fires. No open fires are permitted on the Properties. Only propane-fueled outdoor fireplaces, fire pits, chimineas and the like may be used on the Properties without screening. Other fuel fires in such devices must be used with the employment of manufacturer-supplied screens or other devices for the prevention of flying sparks.

43. Firearms. No firing, meaning a discharge of a firearm, this term being given its broadest possible meaning to include, but not be limited to, handguns, revolvers, rifles, pellet guns, BB guns, shotguns, and automatic and semi-automatic weapons, is permitted upon the Properties. The sole exception to this provision is that licensed trappers of feral animals retained by the Association may use appropriate firearms to euthanize such feral animals.

44. Contractor Restrictions. Construction, landscape, and landscape maintenance contractors shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors, which rules and regulations shall be made available to all contractors working on the Properties.

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45. Traffic Regulation. Vehicular traffic shall be monitored and enforced by the Association through all reasonably practicable measures available by both public and private measures.

46. Regulations. Reasonable regulations governing the use of the Common Areas shall be promulgated by the Board of Directors of the Association 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 Voting Member by the Association upon request.

47. Estate, Yard and Garage Sales. Garage and yard sales, where goods for sale are displayed in a yard, driveway, and/or garage are not permitted. Estate sales, where goods for sale are displayed only within a dwelling, may be held, with prior notice to the Association. However, no sign relating to an estate sale may be posted within the Properties.

ARTICLE IX Easements

1. Easements for the installation and maintenance of driveway, walkway, parking area, water line, gas line, telephone, 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 the Association, its successors and assigns, and in addition the Association may reserve and grant easements for the installation and maintenance of sewerage, cable, 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 that may interfere with the installation of sewerage disposal facilities and utilities, or that may change the direction of flow or drainage channels in the easements or that 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 the obligation) and easement to maintain all sewer and water lines located on the Lots.

2. There is reserved across the front of each Lot an "Easement Area" as stated in the notes to the plats of the Properties, which such area represents the additional area 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 him/her/itself, their respective heirs, successors and assigns, herein 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 successor 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 that is comprised of a Common Area.

3. The Declarant further reserves unto itself, its successors, assigns and any Approved Builder, 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 electricity, CATV, security cable equipment, telephone equipment, gas, sewer, water or other private or public convenience or utilities on, in or over the

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rear ten (10) feet of each Lot, and five (5) feet along one side of each Lot and fifteen (15) feet in width along each front Lot line and such other areas as are shown on the applicable plats. Moreover, the Association or Declarant may, at its own expense, cut drainage ways for surface water wherever and whenever such action may appear to the Association or Declarant to be necessary in order to maintain reasonable standards of health, safety and appearance utilizing the easements outlined above; provided, however, that no such drainage way shall be cut or located within the building area of a Lot. The use of these Easement Areas by the Association, an Approved Builder or Declarant, their successors and assigns, shall not be deemed a trespass.

ARTICLE X
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 such 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 or from acquiring title to real property, which may or may not be subject to this Declaration.

ARTICLE XI
General Provisions

1. Invalidation of any one of these Covenants and Restrictions by judgment or court order shall in no way affect any other provision, which shall remain in full force and effect.

2. Amendment. The Covenants and Restrictions of this Declaration shall run with and bind the Property from the date this Declaration is recorded. Except as provided in Article XII below, this Declaration may be amended by an instrument signed by the representative of Owners of not less than sixty-seven (67%) percent of a quorum of the Membership. In the case of a ballot by mail, a quorum shall constitute the full membership of the Association. Any amendment must be properly recorded in the Horry County Public Registry. In the event that any amendment to this Declaration changes the rights and/ or obligations of the Declarant or its assigns hereunder then the Declarant or its assigns must sign the amendment in order to evidence its approval and consent to the change(s).

3. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of sixty-seven (67%) percent of a quorum of the Membership duly noticed and a majority of the Board of Directors. In the case of such a vote, and notwithstanding anything contained in this Declaration or the Article of Incorporation or By-Laws of the Association to the contrary, a Board member shall not vote in favor of bringing or persecuting any such proceeding unless authorized to do so by a vote of sixty-seven (67%) 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,

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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 Association or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

4. Liability Generally. The Association shall indemnify, defend and hold harmless the Board of Directors, the officers of the Association, the members of each of its committees, including but not limited to the ARB, from all costs, expenses and liabilities, including attorneys' fees, of all nature resulting by virtue of the acts of the Association or any of its committees or its members while acting on behalf of the Association and any of its committees, which acts are within the scope of their authority as members of the Association and any of its committees.

ARTICLE XII

Amendment of Declaration without Approval of Owners

1. Unilateral Amendment by Declarant. During Class B control, the Declarant shall have the right to amend this Declaration, without the consent or approval of any Owners, except for any Approved Builder(s) (as defined in Article XV hereof), whose written approval shall be required for any such amendment to this Declaration to be made unilaterally by Declarant pursuant to this Article XII. In addition, the Board of Directors of Association or Declarant, without the consent or approval of other Owners, shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Properties or to qualify the Properties 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 Properties, 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, shall be sufficient evidence of the approval of such amendment of VA, HUD and/or such corporation or agency and permit the Association to amend in accord with such letter.

2. Annexation of the Additional Property. Notwithstanding anything contained in this Declaration to the contrary and provided the Annexation Requirements (as hereinafter defined) have been fulfilled by Declarant, at any time following the date which is eighteen (18) months following the recording of this Declaration, Declarant shall have the right (but shall not be obligated) to amend this Declaration to add the Additional Property to the Property as Common Area, without the consent or approval of any Owners, by recording an instrument in the Horry County Public Registry to such effect (the "Annexation Supplement"). Prior to recording the Annexation Supplement, Declarant shall be required to perform the following obligations at its

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sole cost and expense (collectively, the "Sun Colony Blvd. Annexation Requirements"): install the final lift of asphalt on Sun Colony Blvd. as required by applicable governmental authorities. Upon the recording of the Annexation Supplement, the Stormwater Pond shall be deemed a part of the Common Area and Sun Colony Blvd. shall be deemed a part of the Common Area. Simultaneously with the recording of the Annexation Supplement, Declarant shall convey Sun Colony Blvd. and the Stormwater Pond to the Association.

No amendment made pursuant to this Section shall be effective until duly recorded in the Horry County Public Registry.

ARTICLE XIII **Financing Provisions**

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, 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.
- (c) Impose any restriction upon Owner's right to sell his Lot.

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. Any holder of a first mortgage shall be entitled, upon written request, to a copy of the Association's financial statement for the previous year.

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 XIV **Rules and Regulations**

1. Compliance by Owners with The Association's Rules and Regulations. Every Owner shall comply with the Covenants and Restrictions set forth herein and any and all rules and regulations, which from time-to-time may be adopted and/or amended by the Board of Directors

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of the Association, pursuant to the By-laws providing the Board of Directors with the power to adopt same.

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

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 regulations, provided the following procedure is 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 may 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 penalty(ies) should not be imposed. A written decision of the Board of Directors shall be submitted to the Owner no later than twenty-one (21) days after the Board of Directors' 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 of not less than One Hundred and No/100 (\$100.00) Dollars, nor in excess of Five Hundred and No/100 Dollars (\$500.00).

(2) Second non-compliance or violation or a failure to rectify a first non-compliance or violation according to Subsection 3(c)(1) of this Article XV within one (1) month of the imposition of a fine under that subsection: a fine of not less than Three Hundred and No/100 (\$300.00) Dollars, nor in excess of Eight Hundred and No/100 Dollars (\$800.00).

(3) Third and subsequent non-compliance or violation, or violations that are of a continuing nature, or a failure to rectify a second non-compliance or violation according to Subsection 3(c)(2) of this Article XV within one month of the imposition of a fine under that subsection: a fine of not less than Five Hundred (\$500.00) Dollars, nor in excess of One Thousand Five Hundred and No/100 (\$1,500.00).

(d) **Payment of Penalties:** Fines shall be paid no later than thirty (30) days after notice of the imposition or assessment of the penalties. Payment of a fine does not limit a subsequent fine from being considered as a second (or subsequent) non-compliance for a recurring or temporarily cured violation.

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(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 V.

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

(g) *Nonexclusive 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 XV **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 the 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 Horry County Public Registry. Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the property set forth in Exhibit "B" or any manner whatsoever.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as the 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 homes, 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. In addition, Declarant may designate any person or entity as an "Approved Builder" in a written instrument signed by the Declarant and recorded in the Horry County Public Registry. Any such Approved Builder may be granted such rights as Declarant may have hereunder and as Declarant may specify in such written and recorded instrument; including, but not limited to (i) the right to maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of such Approved Builder, may be reasonably required, convenient, or incidental to the sale of such Lots, including, but not limited to business offices, signs, model homes, and sales offices; (ii) the right, for as long as an Approved Builder is the owner of a Lot in the Properties, to an exemption from the payment of assessments and capital contributions against any such Lot owned by such Approved Builder and until the earlier of: (a) the date such Lot is conveyed to a third-party homebuyer for use as a residence; and (b) the date which is two (2) years following such Approved Builder's acquisition of a Lot or Lots; and (iii) the right to be exempt from the approval of the Architectural Review Board for improvements originally constructed on a Lot owned by an Approved Builder (or to otherwise grant such approval).

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Sun Colony Estates Homeowners' Association, Inc. executes this Declaration for the purposes of acknowledging and agreeing to the terms and conditions hereof.

WITNESSES:

Sun Colony Estates Homeowners' Association, Inc.

[Two handwritten witness signatures]

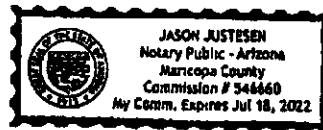
By: *Kevin Wolfe* (Seal)
Name: Kevin Wolfe
Its: President

ARIZONA
~~STATE OF SOUTH CAROLINA~~)
COUNTY OF Horry)
MARICOPA)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 1st day of NOV 2018 by Kevin Wolfe, the President of the Sun Colony Estates Homeowner' Association, Inc.

SWORN to before me this 1st
day of NOV, 2018
[Signature] (L.S.)
Notary Public for Arizona
My Commission Expires: 7/18/22



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EXHIBIT "A"

The Property Initially Submitted

ALL AND SINGULAR all of those certain tracts, parcels or lots of land, together with improvements thereon, situate, lying and being in Horry County, South Carolina and being described as Lots 1 through 46 (inclusive) and "Borgata Loop (50' Private R/W)," as shown on plat entitled "FINAL BOUNDARY SURVEY - SUN COLONY PHASE 2B, PARCELS A AND B AND PRIVATE ROAD - COLONIAL CHARTERS LENDER, LLC - LITTLE RIVER TOWNSHIP, HORRY COUNTY, SOUTH CAROLINA" recorded in Plat Book 283, at Page 264 of the Horry County Register of Deeds.

DERIVATION: Being a portion of the same property conveyed to Grantor by Master-In-Equity's Deed and Bill of Sale dated December 28, 2016 and recorded on January 3, 2017 in Deed Book 3976, at Page 3086 of the Horry County Register of Deeds.

BEING A PORTION OF TMS#: 117-00-02-438

LOT#	PIN#	LOT#	PIN#
1	30411020008	24	30412010053
2	30411020009	25	30412010054
3	30411020010	26	30412010055
4	30411020011	27	30412010056
5	30411020012	28	30412010057
6	30411020013	29	30412010058
7	30411020014	30	30412010059
8	30411020015	31	30411020028
9	30411020016	32	30411020029
10	30411020017	33	30411020030
11	30411020018	34	30411020031
12	30411020019	35	30411020032
13	30411020020	36	30411020033
14	30411020021	37	30411020034
15	30411020022	38	30411020035
16	30411020023	39	30411020036
17	30411020024	40	30411020037
18	30411020025	41	30411020038
19	30411020026	42	30411020039
20	30411020027	43	30411020040
21	30412010050	44	30411020041
22	30412010051	45	30411020042
23	30412010052	46	30411020043
		50' PRVT RW	30411020045

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EXHIBIT "B"

The Additional Property (Subject to Annexation)

ALL AND SINGULAR, all those certain pieces, parcels or lots of land situate lying and being in Horry County, South Carolina being shown and described as "Sun Colony Blvd. - 66' Private R.O.W - 158896.5 SQ.FT., 3.65 AC." and shown and described as "Parcel 'B' - 65060.6 SQ.FT., 1.49 AC" on a map entitled "Final Boundary Survey - Sun Colony Phase 2B, Parcels A and B and Private Road," prepared for Colonial Charters Lender, LLC by Rowe Professional Services Company, last revised 03/02/18, and recorded in Plat Book 280 at Page 98 public records of Horry County, South Carolina, which is by reference incorporated herein and made a part of this description.

DERIVATION: Being a portion of the same property conveyed to Colonial Charters Lender, LLC by Master-In-Equity's Deed and Bill of Sale, dated December 28, 2016, and recorded January 3, 2017, in the Office of the Register of Deeds for Horry County, South Carolina in Deed Book 3976 at Page 3086.

PIN NUMBERS 30411020045 and 30412010001

Exhibit "C"
SUN COLONY ESTATES
PROPERTY OWNERS ASSOCIATION, INC.

BY-LAWS

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**BY-LAWS
OF
SUN COLONY ESTATES PROPERTY OWNERS ASSOCIATION, INC.**

ARTICLE I

Name, Principal Office and Definitions

Section 1 - Name. The name of the Association shall be Sun Colony Estates Property Owners' Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2 - Principal Office. The principal office of the Association shall be in the State of South Carolina and shall be located in the County of Horry. The Association may have such other offices, either within or without the State of South Carolina, as the Board of Directors may determine or as the affairs of the Association may require.

Section 3 - Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Restrictions and Protective Covenants for Sun Colony Estates Property Owners Association, Inc. (said Declaration, as amended, renewed and/or extended from time to time, as hereinafter sometimes referred to as the "Declaration"), unless the context shall so prohibit.

Section 4. Purpose. The purpose of the Association is to manage the affairs of Sun Colony Estates, a Subdivision established pursuant to the terms of the Declaration therefor, filed or to be filed in the Office of the Register of Deeds for Horry County, South Carolina.

The Association is not organized for profit and no part of net earnings, if any, shall inure to the benefit of any member or individual person, firm or corporation.

The Association shall have all of the common law and statutory powers of a nonprofit corporation. The Association shall also have all of the powers necessary to implement the purposes of the Association and to provide for the general health and welfare of its membership.

ARTICLE II

Association: Membership, Meeting, Quorum, Voting, Proxies

Section 1 - Membership. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot which is subject by the Declaration to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security to the performance of an obligation shall not be a member.

Section 2 - Voting Rights. The Association shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated by reference. The classes of membership shall be as follows:

(a) Class A Members. Class A Members shall be all Owners, except Class B Members as the same is hereinafter defined. Each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one person owns an interest (other than 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 A Member.

(b) Class B Members. The sole Class B Member shall be Declarant. The Declarant shall be entitled to nine

(9) votes for each Lot owned or intended to be owned by it, including any Lots in a new phase on any real property which may be in the future submitted to the Association by Declarant and for which Declarant has delivered a conceptual master plan to the Board of Directors of the Association. The Class B Membership shall cease to exist and shall be converted to Class A Membership upon the happening of the earlier of the following:

(1) When all the property in Exhibit "B" of the Declaration has been submitted to the Association and when ninety (90%) percent of the Lots have been conveyed to Class A Owners by Declarant, and the Common Area has been Conveyed to the Owners Association; or

(2) On May 31, 2038.

Section 3 - Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Voting Members as may be designated by the Board of Directors either within the Properties or as conveniently thereto as is reasonably possible and practical.

Section 4 - Annual Meetings. The annual meeting of the members shall be held on the third Saturday in July each year at the time selected by the Board of Directors, beginning with the year following the year in which the Articles of Incorporation are filed, for the purpose of electing Directors and transacting such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for the annual meeting of the members, or at an adjournment thereof, the Board of Directors ("Board") shall cause the election to be held at a special meeting of the members to be convened as soon thereafter as may be convenient.

Section 5 - Special Meetings. The President of the Board of Directors may call special meetings. In addition, it shall be the duty of the President of the Board of Directors to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members representing at least ten (10%) percent of the total votes of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 6 - Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Voting Members shall be delivered either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than (50) days before the date of such meeting, by or at the direction of the President of the Board of Directors or the Secretary of the Board of Directors or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 7 - Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Attendance at a meeting by a Voting Member or alternate shall be deemed waived by such Voting Member having notice of the time, date and place thereof, unless such Voting Member specifically objects to a lack of proper notice at or before the time the meeting is called to order. Attendance at a special meeting shall also be deemed to be a waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business of the meeting is put to a vote.

Section 8 - Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, the members and proxy holders representing at least

twenty-five (25%) percent of the total votes of the Association constitute a quorum, any business which might have been transacted at the meeting originally called may be transacted. A time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that Voting Members or their alternates representing at least twenty-five (25%) percent of the total votes of the Association remain present, and provided further that any action so-taken is approved by at least a majority of the Voting Members required to constitute a quorum at the commencement of the meeting.

Section 9 - Voting. Except as modified herein, the voting rights of the Voting Members shall be as set forth in the Declaration, and as set forth herein, and such voting rights provisions are specifically incorporated herein.

Section 10 - Proxies. Voting Members may vote in person or by proxy.

Section 11 - Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners or other group as the context may indicate, totaling more than fifty (50%) percent of the total number.

Section 12 - Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by alternate of the Voting Members representing fifty-one (51%) percent of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough members to leave less than a quorum in attendance.

Section 13 - Conduct of Meetings. The President of the Board of Directors shall preside over all meetings of the Association, and the Secretary of the Board of Directors shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 14 - Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without such a meeting provided that there exists a consent in writing setting forth the action to be so taken shall be signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, by telephonic conferencing, properly recorded by the Secretary of the Board of Directors, or by Internet voting properly tabulated by the Secretary of the Board of Directors, and such consent, telephonic voting, and/or Internet voting shall have the same force and effect as any other vote of the Voting Members.

ARTICLE III

Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

Section 1 - Governing Body Composition. The affairs of the Association shall be governed by a Board of Directors each of whom shall have one (1) vote. Except as provided in Section 2 of this Article, the Directors shall be Voting Members or spouses of Voting Members; provided, however, that no person and his or her spouse may serve on the Board of Directors at the same time. In the case of an Owner which is a corporation or partnership, the person designated in writing to the Secretary of the Board of Directors of the Association as the representative of such corporation or partnership shall be eligible to serve as a Director. The initial Board of Directors shall consist of three (3) persons. The names of the first Board of Directors, who shall hold office until the first annual meeting of the members and until qualified successors are duly elected and have taken office, shall be as follows:

Section 2 - Number of Directors and Election of Directors. The number of Directors on the Board of Directors of the Association shall be not less than three nor more than twelve, as provided below. The Directors shall be elected from and shall represent the entire Membership of the Association.

Section 3 - Directors During Class "B" Control. The Directors who shall serve on the Board of Directors of the Association shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first annual meeting of the membership following termination of Class B control at which time the Board of Directors shall be increased to five (5) Members.

Within one hundred twenty (120) days thereafter, the Class "B" member shall call a meeting, as provided in Article II Section 5 of these By-Laws for special meetings, to advise the membership of the termination of the Class "B" member's control or, in the alternative, shall notify each member by U.S. Mail that the Class B membership has terminated.

The Directors selected by the Class "B" member pursuant to this Section need not be Members as provide in Section 1 of this Article.

So long as Class "B" membership exists, the Class "B" member shall have a veto power over all actions of the Board and any committee, as more fully provided in this Section. This veto power shall be exercisable only by the Class "B" member, its successors, and assigns who specifically take this power by recorded instrument. The veto power shall be as follows:

- (a) The Class "B" members shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee by certified mail, return receipt requested, or by personal delivery to the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meeting with Article III, Sections 10 and 11, of these By-Laws as to regular and special meeting of the Directors sand which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" members shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of the meeting relative to any action, policy, or program to be implemented by the Board, any committee, or the Association. The Class "B" member and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board. The Class "B" member shall have and is hereby granted a veto power over any such action, policy, or program authorized by any committee or Board of the Association or any individual member of the Association, if Board, committee, or Association approval is necessary for said action. This veto may be exercised by Class "B" member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto shall not extend to the requiring of any action or counteraction on behalf of any committee, or the Board or the Association. Nominations for the election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall be appointed by the Board of Directors and shall consist of a Chairperson, who shall be a member of the Board of Directors, and four (4) other Voting Members of the Association. One of the other four (4) members may be a member of the Board of Directors. The names of the members of the Nominating Committee shall be published in the Association's newsletter and on the Association's website no less than one hundred twenty (120) days prior to the Annual Meeting.

The Nominating Committee shall actively recruit candidates and develop a slate of nominees for election to the Board of Directors. The Nominating Committee will endeavor to have at least two (2) candidates for each vacancy, but not be limited to two (2). In addition to candidates recruited by the Committee, Voting Members of the Association may nominate themselves. All candidates for election shall submit a Board of Directors Nomination Application ("Application"). The Board of Directors shall announce in an Association newsletter mailed at least one hundred and twenty (120) days prior to the Annual Meeting the number of vacancies to be filled, and shall encourage Members to nominate themselves. An Application shall be mailed with that newsletter, and a copy shall also be placed on the Association's website. Any Voting Member may complete the Application and forward it to the Nominating Committee at least ninety (90) days prior to the Annual Meeting.

Section 4 - Number of Directors. The number of Directors in the Association shall not be less than three (3) nor more than five (5), as provided below.

Section 5 - Nomination of Directors. Except with respect to Directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Voting Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and solicit votes.

Section 6 - Election and Term of Office. Notwithstanding any other provision contained herein:

At the first annual meeting after termination of Class "B" control, five (5) Directors shall be elected. Two (2) Directors, elected pursuant to this Section, shall be elected to serve for a term of three (3) years. Two (2) of the remaining Directors shall be elected to serve for a term of two (2) years, with the final Director elected to serve for a one (1) year term. Members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association. Directors may be elected to serve any number of consecutive terms. Each member elected thereafter shall be elected for a two (2) year term.

Section 7 - Removal of Directors and Vacancies. Any Director of the Association may be removed, with or without cause, by a majority of votes of the Voting Members. Any Director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon removal of a Director, a successor shall then and there be elected to fill the vacancy by the Voting Members responsible for such removal.

Any Director who has three (3) consecutive unexcused absences from Board of Directors meetings or who is delinquent in the payment of Association dues and/or any assessment for more than thirty (30) days may be removed by a majority of the Directors present at a regular or special meeting of the Board of Directors where a

quorum is present, and a successor may be appointed by the Board of Directors, which successor shall then be entitled to serve the remainder of the term of the removed Director.

In the event of the death, disability or resignation of a Director, a vacancy may be declared by the Board of Directors and it may appoint a successor. Any Director appointed by the Board of Directors shall serve for the remainder of the term such successor was appointed to fill.

Section 8 - Voting Procedure for Directors. At any election of the Directors to the Board of Directors, each Voting Member may cast, in respect to each vacancy, as many votes as he or she is entitled to exercise under the Declaration. The candidates receiving the largest number of votes shall be elected.

B. Meetings.

Section 9 - Organizational Meeting. The first meeting of the Board of Directors following each Annual Meeting of the Membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board of Directors.

Section 10 - Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) such meeting per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting. However, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to the holding of the meeting.

Section 11 - Special Meetings. Special meetings of the Board of Directors may be held when called by written notice signed by the President of the Board of Directors or by a majority of Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first-class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; (d) by Internet/email communication to an email address provided by the Director to the Board of Directors; or (e) by telegram, charges prepaid. All such notices which are given by use of the Director's telephone number, email address, or by first-class mail shall be sent to the Director's telephone number, email address or postal address as shown in the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, email, telephone or telegraph shall be delivered, telephoned or given to the telegraph company at least seventy-two (72) hours before the time set for the special meeting.

Section 12 - Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present; and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice of consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13 - Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, provided that any action then taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the Directors who are present at such meeting may adjourn the meeting until such time and place as they may determine. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A Director shall be considered present at any meeting established by a conference telephone communication.

Section 14 - Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by Members holding a majority of the total vote of the Association at a regular or special meeting of the Association; provided, however, that any Director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other Directors.

Section 15 - Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors, and all transactions and proceedings occurring at such meetings.

Section 16 - Open Meetings. Upon a vote of a majority of the Directors, any meetings of the Board may be open to all Voting Members, but Voting Members other than Directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a Director. In such case, the President may limit the time during which any Voting Member may speak.

Section 17 - Action Without a Formal Meeting. Any action to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18 - Powers. The Board of Directors shall be responsible for conducting the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not prohibited by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

The Board of Directors may delegate to one of its Members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

(b) setting annual dues and/or making special assessments to defray the Common Expenses, establishing the means and methods of collecting such annual dues and/or special assessments and establishing the period of the installment payments of the annual dues and/or special assessment; provided, unless otherwise determined by the Board of Directors, the annual dues for each Lot's proportionate share of the Common Expenses shall be payable in equal monthly installments, or as otherwise determined by the Board of Directors;

(c) providing for the operation, care, upkeep and maintenance of all of the Common Areas;

(d) designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) collecting the annual dues and/or special assessments, depositing the proceeds thereof in one or more bank depository(ies) in Federally insured accounts, which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the Board of Directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the maintenance, making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the other provisions of the Declaration and these By-Laws after normal wear, damage or destruction by fire, or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws and any of the rules and regulations adopted by the Board of Directors and the bringing of any proceedings which the Board of Directors deem need to be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to one or more Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, or their duly authorized agents, accountants or attorneys, during normal business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with generally accepted accounting principles;

(m) make available to any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot, and all other books, records and financial statements of the Association; and

(n) permitting utility suppliers to use such portions of the Common Areas as are reasonably necessary to the ongoing development or operation of the properties.

Section 19 - Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g) and (i) of Section 18 of this Article. The Declarant, or an affiliate of Declarant, may be employed by the Association as managing agent or manager.

(b) Any management contract shall have a term of not less than one (1) year nor more than three (3) years, and must permit termination by either party without cause and without termination fee or penalty on not more than ninety (90) days written notice to the other party.

Section 20 - Accounts and Reports. The following management standards of performance will be followed unless the Board of Directors, by resolution, specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed with regard to the annual audit, while the regular monthly accounting shall be on a cash basis;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commission, finders' fees, service fees,

prizes, gifts or otherwise unless it benefits the Association;

(e) any financial or other interest which the managing agent, including any employee thereof, may have in any entity providing goods and/or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the first month in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a variance report reflecting the status of all Association ledger accounts in an "actual" versus "approved" budget format;

(iii) a balance sheet as of the last day of the preceding period; and

(iv) a delinquency report listing all Owners who are delinquent in paying the annual dues and/or special assessments at the time of the report and describing the status of any action that has been taken or which is then contemplated to collect such installments which remain delinquent, together with interest and penalties which are appropriate; and

(g) an annual report as of the end of the fiscal year consisting of at least the following shall be made available to all Voting Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited basis, by an independent certified public accountant for each fiscal year.

Section 21 - Borrowing. The Board of Directors shall have the power to borrow money for the purposes of repair or restoration of the Common Areas, for the purpose of funding budgetary shortfalls, and making capital improvements subject to the Declaration of Restrictions and Protective Covenants without the approval of the Membership.

Section 22 - Rights of the Association. With respect to the Common Areas, and in accordance with the Articles of Incorporation and the By-Laws of the Association, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other Owners or residents' associations, both within and without the Properties. Such agreements shall require the consent of a majority of all Directors of the Association.

Section 23 - Enforcement.

(a) The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit an Owner's ingress and egress to or from a Lot.

(b) In the event that any occupant of a Lot, other than the Owner, violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association.

(c) The failure of the Board of Directors to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

(d) *Notice.* Prior to imposition of any sanction hereunder, except the suspension of voting rights for

nonpayment of assessments, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation; (ii) the proposed sanction to be imposed; (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(e) *Hearing.* If a hearing is requested in a timely manner, the hearing shall be held in executive session by the Board of Directors, affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(f) *Appeal.* Following a hearing before the Board of Directors, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(g) *Additional Enforcement Rights.* Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any Provision of the Declaration, these By-Laws, or the rules and regulations of the Association, by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations, and the entry upon any Lot for the purposes of causing that Lot's appearance to be upgraded so as to comply with the minimal standards therefore established by the Association, including, but not limited to those set forth in the Declaration) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE IV

Officers

Section 1 - Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the Members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 2 - Election. Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the membership, as herein set forth in Article III. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term. The names and addresses of the first officers of the Association, who shall hold office until the first annual meeting of directors and until successors are duly elected and have taken office, shall be as follows:

Office	Name	Address
President	_____	
Vice President	_____	
Secretary/Treasurer	_____	

Section 3 - Removal. Any officer may be removed by the Board of Directors whenever in its judgment the

best interests of the Association will be served thereby.

Section 4 - Power and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred on or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration.

Section 5 - Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 - Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) authorized officers or by such other person or persons as may be designated by resolution of the Board of Directors. Provided however, agreements, contracts and checks may be executed by the Management Agent.

ARTICLE V

Committees

Section 1 - General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2 - Covenants Committee. In addition to any other committees which may be established by the Board of Directors pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of not more than seven (7) Voting Members, any or all of which may be Members of the Board of Directors.

Section 3 - Architectural Review Board. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint an Architectural Review Board consisting of not more than seven (7) Voting Members, at least one of which shall be a Member of the Board of Directors.

Section 4 - Security and Safety Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Security and Safety Committee consisting of not more than seven (7) Voting Members, at least one of which shall be a Member of the Board of Directors.

Section 5 - Communications Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Communications Committee consisting of not more than seven (7) Voting Members, at least one of which shall be a Member of the Board of Directors.

ARTICLE VI

Miscellaneous

Section 1 - Fiscal Year. The fiscal year of the Association shall be set by Resolution of the Board of Directors.

Section 2 - Parliamentary Rules. Except as may be modified by Resolution of the Board of Directors, *Roberts' Rules of Order* (current edition) shall govern the conduct of all Association proceedings when not in conflict with South Carolina law, the Articles of Incorporation, the Declaration or these By-Laws.

Section 3 - Conflicts. If there are conflicts or inconsistencies between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation, and these By-Laws (in that order) shall prevail.

Section 4 - Books and Records.

(a) *Inspection by Members and Mortgagees.* The Declaration and the By-Laws, membership register, books of account and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time during normal business hours, and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board of Directors shall prescribe.

(b) *Rules for Inspection.* The Board of Directors shall establish reasonable rules with respect to:

- (i) the notice to be given to the custodian of the records;
- (ii) the hours and days of the week when such an inspection may be made; and
- (iii) the payment of the cost of reproducing copies of documents requested.

(c) *Inspection by Directors.* Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5 - Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Voting Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the Principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6 - Amendment. Prior to the conveyance of the first Lot, Declarant may unilaterally amend these By-Laws. Thereafter and otherwise, but subject to the provisions hereinafter provided, these By-Laws may be amended by the affirmative vote of fifty-one (51%) percent of the Class A Members and the written consent of the Class B Members, provided that the Class B Members have voting rights. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Further, no amendment of any provision reserving a right specifically in favor of Declarant may be amended without the Declarant's express consent. No amendment shall be effective until recorded in the public records of Horry County, South Carolina.

ARTICLE VII

Indemnification

The Association shall indemnify any person who is made a party or is threatened to be made a party to any claim, suit, proceeding or liability by reason of the fact that he is or was a director, officer, employee, agent, or representative of the Association to the fullest extent permitted by law, and the Association, may advance expenses to any such person to the fullest extent permitted by law. The Association shall also have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, agent, or representative of the Association against any liability asserted against him in any such capacity.