

STATE OF SOUTH CAROLINA
COUNTY OF HORRY
FILED
HORRY COUNTY S.C.
EASEMENT AND RESTRICTIVE COVENANT
90 MAR 10 PM 3:18
R.M.C.

THIS EASEMENT GRANT AND RESTRICTIVE COVENANT (this "Easement") is made this 27th day of January, 1999 by Long Bay Development Corporation, a South Carolina corporation (the "Grantor") to Myrtle Beach National Golf Club, Inc., a South Carolina corporation (the "Grantee").

RECITALS:

The following recitals of fact are a material part of this instrument:

A. Grantor is the owner of a tract of land described as follows and hereafter referred to as "Parcel 1":

ALL AND SINGULAR, all those certain pieces, parcels, or lots of land conveyed to Grantor herein by deed of the Grantee dated January 31, 1994, recorded February 1, 1994 in deed book 1689 at page 389, office of the Horry County Register of Deeds.

LESS AND EXCEPTING such residential development parcels and lots as have been conveyed since the aforementioned deed.

B. Grantee is the owner of a tract of land described as follows and hereafter referred to as the "Golf Course":

ALL AND SINGULAR, all those certain pieces, parcels, or lots of land situate, lying, and being in the State of South Carolina, County of Horry, Simpson Creek Township and being shown as Tract B, Tract C-1, Tract C-2, Tract E-1, Tract F, Tract F-1, Tract H, Tract M, Tract Q-1, Tract R-1, Tract S-1, Tract T-1, Tract U, Tract X, Tract X-1, and Tract Y-1 on a survey plotted on six separate sheets and entitled "Plat of Long Bay Club and Long Bay Residential Subdivision, 397.57 +/- Acres of Land located in Simpson Creek township, Horry County, South Carolina," prepared for Myrtle Beach National Golf Club, Inc. and Long Bay Development Corporation by Atlantic Land Surveying Co., Inc.,

with a last revision date of August 16, 1993 and recorded in plat book 126 at page 207, office of the Horry County Register of Deeds.

This being a portion of the premises conveyed to the Grantee herein by deed of Golf Fore, Inc. recorded February 26, 1991 in Deed Book 1453 at page 255, office of the Horry County Register of Deeds.

C. Grantor wishes to grant and the Grantee wishes to receive an easement over, under and across that part of Parcel 1 described as follows and hereafter referred to as the "Easement Premises":

ALL AND SINGULAR, all that certain piece, parcel, or lot of land containing 3.05 +/- acres of land situate, lying, and being in the State of South Carolina, County of Horry, Simpson Creek Township and being shown as 3.05 +/- acres of land on a survey entitled "Plat of Old Bay Drive, 3/05 +/- Acres of Land, which is part of a 397.57 Acre Tract in Simpson Creek Township, Horry County, South Carolina," prepared for Myrtle Beach National Golf Club, Inc. by Atlantic Land Surveying Co., Inc. Dated October 29, 1998, recorded January 7, 1999 in Plat Book 160 at page 19, office of the Horry County Register of Deeds.

D. Grantor wishes to establish a restrictive covenant in favor of Grantee over, under and across Easement Premises, which covenant will prohibit use of the Easement Premise as means of ingress and egress to Property outside of the Long Bay Residential Subdivision without the prior written consent of the Grantee.

E. The Easement Premises is currently improved with a small guard house, an entrance fence, flower beds, and other grassed and landscaping features that constitute the entrance to the Long Bay Club and the Long Bay Residential Subdivision.

EASEMENT AND RESTRICTIVE COVENANT

NOW, THEREFORE, in consideration of the payment of Fifty and No/100 (\$50.00) Dollars, and other valuable consideration, the receipt and sufficient of which are hereby acknowledged, the following grants, agreements, covenants and restrictions are made:

1. Grant of Easement. The Grantor hereby grants to the Grantee, its successors and assigns, as an easement appurtenant to the Golf Course, a perpetual easement: (1) for ingress and egress over, under and across the Easement Premises to the Golf Course, (2) for maintenance, improvement, paving, and other upkeep of the entrance roadway that is currently located within the Easement Premises, (3) for landscaping, planting, and general upkeep of the flower beds, trees, grassed areas, and other landscaping features that form a part of the Easement Premises, and (4) for installation maintenance, and replacement of utilities, drainage, irrigation lines, and other subsurface uses that do not interfere with the Grantor's use of the Easement Premises.

2. Use of Easement Premises. Exclusive use of the easement premises is not hereby granted. The non-exclusive, divisible right to use the easement premises, likewise for ingress and egress, is expressly reserved by the Grantor for the benefit of Parcel 1. In addition, the Grantor reserves the right to make the following uses of the Easement Premises:

a. for maintenance, improvement, paving, and other upkeep of the entrance roadway that is currently located within the Easement Premises;

b. For any subsurface use that does not unreasonably interfere with Grantee's use of the Easement Premises;

c. for landscaping, planting, and general upkeep of the flower beds, trees, grassed areas, and other landscaping features that form a part of the Easement Premises;

d. for installation maintenance, and replacement of utilities, drainage, irrigation lines, and other subsurface uses that do not interfere with the Grantor's use of the Easement Premises; and

e. to submit the Easement Premises to the Declaration of Covenants and Restrictions for Long Bay II ("Long Bay POA II") and to convey the Easement Premises to Long Bay POA II.

3. Restrictive Covenant. As a restrictive covenant running with title to the Golf Course, Grantor does hereby prohibit use of the Easement Premise as means of ingress and egress to Property

outside of the Long Bay Residential Subdivision without the prior written consent of the Grantee. As used herein, "Long Bay Residential Subdivision" shall mean that certain piece, parcel or lot of land containing 397.57 +/- acres and being more fully shown as the Long Bay Club and the Long Bay Subdivision on a survey entitled "Plat of Long Bay Club and Long Bay Residential Subdivision, 397.57 +/- Acres of Land located in Simpson Creek township, Horry County, South Carolina," prepared for Myrtle Beach National Golf Club, Inc. and Long Bay Development Corporation by Atlantic Land Surveying Co., Inc., with a last revision date of August 16, 1993 and recorded in plat book 126 at page 207, office of the Horry County Register of Deeds.

4. Additions to Dominant Tenement. The easement hereby granted is also appurtenant to any land that may hereafter come into common ownership with the Golf Course aforesaid and that is contiguous to the Golf Course.

5. Division of Dominant Tenement. If the Golf Course is hereafter divided into two parts by separation of ownership or by lease both parts shall enjoy the benefit of the easement hereby created. Division of the dominant tenement into more than two parts shall be deemed an unlawful increase of burden and use of the easement may be enjoined.

6. Parking. Both parties covenant that vehicles shall not be parked on the easement premises.

7. Running of Benefits and Burdens. All provisions of this instrument, including the benefits and burdens, run with the land and are binding upon and inure to the heirs, assigns, successors, tenants and personal representatives of the parties hereto.

8. Termination of Covenant, Liability. Whenever a transfer of ownership of either parcel takes place, liability of the transferor for breach of covenant occurring thereafter automatically terminates.

9. Attorney's Fees. Either party may enforce this instrument by appropriate action and should he prevail in such litigation, he shall recover as a part of his costs a reasonable attorney's fee.

10. Construction. The rule of strict construction does not apply to this grant. This grant shall be given a reasonable construction so that the intention of the parties to confer a commercially usable right of enjoyment on the Grantee is carried

out.

11. Notice. Grantor's address is P. O. Box 1936, Myrtle Beach SC 29578-1936 and Grantee's address is P. O. Box 1936, Myrtle Beach SC 29578-1936 and Grantee's address is . Either party may lodge written notice of change of address with the other. All notices shall be sent by U.S. mail to the addresses provided for in this paragraph and shall be deemed given when placed in the mail. The affidavit of the person depositing the notice in the U. S. Post Office receptacle shall be evidence of such mailing.

12. Release of Easement. The Grantee herein may terminate this instrument by recording a release in recordable form with directions for delivery of same to Grantor at its last address given pursuant hereto whereupon all rights, duties and liabilities hereby created shall terminate. For convenience, such instrument may run to "the owner or owners and parties interested" in Parcel 1.

IN WITNESS WHEREOF, the Grantor and the Grantee have hereunto caused this Easement to be executed the day and year first above written.

LONG BAY DEVELOPMENT CORPORATION, a
South Carolina corporation

By: W. Thomas Hale
W. Thomas Hale, President

WITNESSES:

Jessie L. Loomer
Chas. Butler

MYRTLE BEACH NATIONAL GOLF CLUB,
INC., a South Carolina corporation

By: W. Thomas Hale
W. Thomas Hale, President

WITNESSES:

Jessie L. Loomer
Chas. Butler

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF HORRY

PERSONALLY appeared before me Jerrie L. Loomis and made oath that (s)he saw the within named Long Bay Development Corporation by W. Thomas Hale, its President, sign, seal and as the corporate act and deed deliver the within written Easement; and that (s)he with Clay D. Brittain, III witnessed the execution thereof.

Jerrie L. Loomis

Sworn to before me this 27th day of January, 1999.

Clay D. Brittain (L.S.)
Notary Public for South Carolina

My Commission Expires: 5/3/2000

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF HORRY

PERSONALLY appeared before me Jerrie L. Loomis and made oath that (s)he saw the within named Myrtle Beach National Golf Club, Inc. by W. Thomas Hale, its President, sign, seal and as the corporate act and deed deliver the within written Easement; and that (s)he with Clay D. Brittain, III witnessed the execution thereof.

Jerrie L. Loomis

Sworn to before me this 27th day of January, 1999.

Clay D. Brittain (L.S.)
Notary Public for South Carolina

My Commission Expires: 5/3/2000

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

HORRY COUNTY
FOURTH SUPPLEMENTARY DECLARATION
OF COVENANTS AND RESTRICTIONS
FOR LONG BAY II

99 MAR 10 PM 3:18
R.M.C.

THIS FOURTH SUPPLEMENT TO THE DECLARATION OF COVENANTS AND RESTRICTIONS FOR LONG BAY II is made this 21st day of January, 1999, by Long Bay Development Corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of Parcel I and Parcel II described below; and

WHEREAS, Declarant has heretofore imposed a Declaration of Covenants and Restrictions upon a portion of the residential development known as Long Bay II, which subdivision appears of record in Plat Book 129 at Page 2 in the Office of the Register of Deeds for Horry County, South Carolina, which Declaration was recorded April 25, 1994 in Deed Book 1719 at Page 558 in the Office of the Register of Deeds for Horry County, South Carolina; and

WHEREAS, the aforesaid Declaration of Covenants and Restrictions provide therein in Article II that the Declarant has the right to subject to the provisions of the aforesaid Declaration all or any portion of the property described in Exhibit B attached to and recorded with said Declaration by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property; and

WHEREAS, the Declaration was supplemented by instrument dated December 17, 1994, recorded February 2, 1995 in Deed Book 1783 at Page 493 and by instrument dated January 27, 1994, recorded January 31, 1997 in Deed Book 1918 at Page 412; and by instrument dated September 21, 1998, recorded September 23, in Deed Book 2073 at page 225; and

WHEREAS, Declarant now desires to subject Parcel I and Parcel II, described below, to the Declaration of Covenants and Restrictions recorded in Deed Book 1719 at Page 558 in the Office of the Register of Deeds for Horry County, South Carolina.

NOW, THEREFORE, pursuant to the provisions of the aforesaid Declaration of Covenants and Restrictions, Declarant does hereby annex Parcel I and Parcel II described below into the Long Bay II Subdivision such as to subject the property to the Declaration of Covenants and Restrictions for Long Bay II Subdivision, recorded in Deed Book 1719 at Page 558 in the Office of the Register of Deeds for Horry County, South Carolina, to the end that the aforesaid parcels shall be held and owned within the scheme of the Declaration and within the jurisdiction of the Association identified in the Declaration and to the further end that all present and future owners of the lots hereby incorporated, which are shown on the Map, shall be subject to the terms and conditions of the aforesaid Declaration and shall have the rights and privileges therein set out.

2125-225

PARCEL I:

ALL AND SINGULAR, all those certain pieces, parcels, or lots of land situate, lying and being in Simpson Creek Township, Horry County, South Carolina containing 7.85 acres more or less and being more fully shown as six (6) separate parcels of land on that certain survey entitled "Plat of Property Owner Association II 7.85 +/- Acres of Land Located in Simpson Creek Township - Horry County, South Carolina" prepared by Atlantic Land Surveying Co., Inc. for Long Bay Golf Club P.O.A. II, dated October 28, 1998, recorded January 7, 1999 in Plat Book 160 at page 18, office of the Horry County Register of Deeds. The six parcels in question are the parcels identified on the plat by a dot pattern as to one of the parcels and a pattern of small circles as to the other five parcels.

PARCEL II:

ALL AND SINGULAR, all that certain piece, parcel, or lot of land situate, lying and being in Simpson Creek Township, Horry County, South Carolina containing 3.05 acres more or less and being more fully shown as a 3.05 acre parcel of land on that certain survey entitled "Plat of Old Bay Drive 3.05 +/- Acres of Land, which is Part of a 397.57 Acre Tract in Simpson Creek Township - Horry County, South Carolina" prepared by Atlantic Land Surveying Co., Inc. for Long Bay Golf Club, P.O.A. II, dated October 29, 1998, recorded January 7, 1999 in Plat Book 160 at page 19, office of the Horry County Register of Deeds. The parcel in question is identified on the plat by a pattern of small circles as to the other five parcels.

IN WITNESS WHEREOF, the undersigned, Long Bay Development Corporation, has caused this instrument to be executed as of the day and year first written above.

LONG BAY DEVELOPMENT CORPORATION

By:

W. Thomas Hale
W. Thomas Hale, its President

WITNESSES:

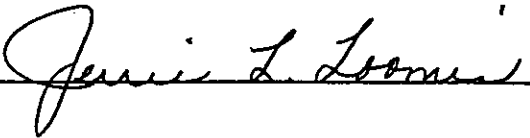
Jerry L. Loomis
Cliff Sutto

STATE OF SOUTH CAROLINA


PROBATE

COUNTY OF HORRY

PERSONALLY appeared before me the undersigned witness who made oath that (s)he saw the within named Long Bay Development Corporation, by W. Thomas Hale, its President, sign, seal and as its act and deed deliver the within written Supplementary Declaration of Covenants and Restrictions for Long Bay II and that (s)he with the other witness whose signature appears above witnessed the execution thereof.



Sworn to before me this
27 day of January, 1999



Notary Public for South Carolina (L.S.)
My Commission Expires: 5/3/2000

FILED
HORRY-COUNTY, S.C.

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)
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2000 DEC 14 PM 4:34
AMENDMENT TO THE
BY-LAWS OF LONG BAY II
REGISTER OF DEEDS
PROPERTY HOMEOWNER'S
ASSOCIATION, INC. AS EXHIBIT C FOR
DECLARATION OF COVENANTS AND
RESTRICTIONS FOR LONG BAY II

WHEREAS, the Bylaws of Long Bay II Property Homeowner's Association, Inc. as Exhibit C for Declaration of Covenants and Restrictions for Long Bay II was executed on April 25, 1994, and recorded in the Office of the Register of Deeds for Horry County, South Carolina; and *BOOK #1719, PAGE 599*

WHEREAS, said Bylaws contain provisions for amending the Bylaws under certain procedures; and

WHEREAS, pursuant to Article XVIII. AMENDMENT. Two (2) amendments were proposed and, as a result, said proposed amendments were presented to the members at a special meeting held on October 21, 2000, wherein a quorum of 75% of all owners were present by presence or proxy to vote on matters pertaining to the Association, including the proposed amendment; and

WHEREAS, the proposed amendments were as follows; that the following language of the By-Laws, Article IV, Section 4, which reads as follows, BE DELETED:

Annual Meeting. The annual meeting shall be held at 10:00 a.m. Eastern Standard Time on the 1st Saturday of January each year for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members; provided, however that if that day is a legal holiday, the meeting shall be held at same hour on the next secular day following. At the annual meeting, the Members shall elect new members of the Board of Directors by plurality vote and in accordance with ARTICLE V of this By-Laws and shall transact such other business as may properly be brought before the meeting.

AND BE REPLACED WITH:

Annual Meeting. The annual meeting shall be held on the last Saturday in January of each year for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members; provided, however that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting, the Members shall elect new members of the Board of Directors by plurality vote and in accordance with ARTICLE V of these By-Laws and shall transact such other business as may properly be brought before the meeting.

AND THAT,

The current language of the By-Laws, Article V, Section 5(b), which reads as follows be DELETED

(b) The initial terms of Directors shall be until the next annual meeting of the Board. At the expiration of the initial term of office of each respective member of the Board of Directors, successor shall be elected or selected to serve until the next annual meeting. The members of the Board Directors shall hold office until their respective successors shall have been elected by the Association.

AND BE REPLACED WITH:

(b) The term of Directors will be two years with four Directors elected in even numbered years and three Directors elected in odd numbered years.

WHEREAS, the proposed amendment was approved by ninety-seven point seven percent (97.7%) of the quorum vote thereby passing and amending the Bylaws of Long Bay II Property Homeowner's Association, Inc. as Exhibit C for Declaration of Covenants and Restrictions for Long Bay II; and

All sections of the Bylaws not in conflict herewith shall be deemed to continue in full force and effect and shall not be altered, revised, or revoked in any manner. Any provisions in conflict herewith shall be deemed modified to such extent necessary to remove any such conflict.

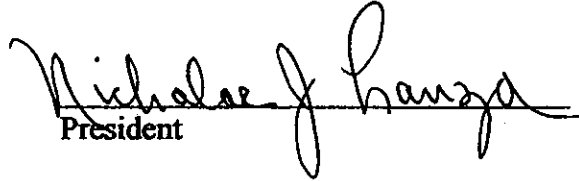
IN WITNESS WHEREOF, the undersigned President for the Association has duly
executed this Amendment 12 day of DECEMBER, 2000.

WITNESS:

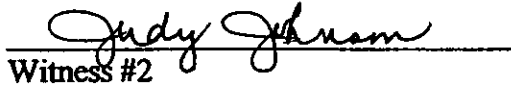


Witness #1

Long Bay II Property Owners
Association, Inc.



President



Witness #2

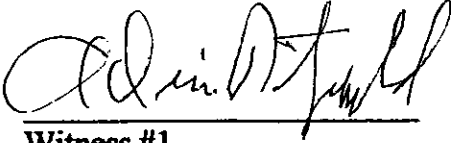
STATE OF SOUTH CAROLINA)

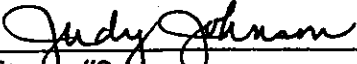
COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned witness who being duly sworn says that (s)he saw the within-named President as his/her act and deed, sign, seal and deliver the within Deed; and that (s)he with the other witness whose signature appears above witnessed the execution thereof.

SWORN to before me this 12th day of December, 2000

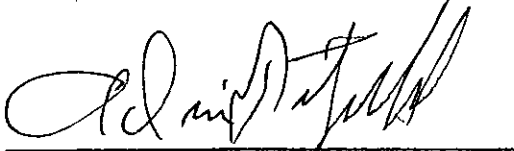

Witness #1


Witness #2
Notary Public for the State of South Carolina

My Commission Expires: October 10, 2001

IN WITNESS WHEREOF, the undersigned Secretary for the Association has duly
executed this Amendment to the Master Deed this 12th day of December, 2000

WITNESS:




Witness #1

Long Bay II Property Owners
Association, Inc.



Secretary



Witness #2

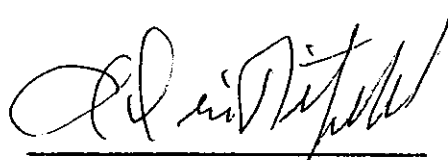
STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

PROBATE

PERSONALLY appeared before me the undersigned witness who being duly sworn says that (s)he saw the within-named Secretary as his/her act and deed, sign, seal and deliver the within Deed; and that (s)he with the other witness whose signature appears above witnessed the execution thereof.

SWORN to before me this 12th day of
December, 2000



Witness #1

Judy Johnson
Witness #2

Notary Public for the State of South Carolina.

My Commission Expires: October 10, 2001

309191

FILED
HORRY COUNTY, S.C.
99 MAR 10 PM 3:19
R.M.C.

RETURN TO:
The Thompson Law Firm, P.A.
P. O. Box 1290
Myrtle Beach, SC - 29577-1290

STATE OF SOUTH CAROLINA
COUNTY OF HORRY

LIMITED WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that Long Bay Development Corporation, a South Carolina Corporation, in the State aforesaid, in consideration of the sum of Ten and 00/100 (\$10.00) Dollars to it paid by Long Bay II Property Owners' Association, Inc., a Not-For-Profit Corporation organized and existing under the laws of the State of South Carolina, of P. O. Box 329, Myrtle Beach, S. C. 29572 (receipt whereof is hereby acknowledged) has granted, bargained, sold and released, and by these presents does grant bargain, sell and release unto the said Long Bay II Property Owners' Association, Inc., its successors and assigns, the following described property, to-wit:

HORRY COUNTY ASSESSOR
PARCEL I: 089-00-01-089; 089-21-01-033; 089-22-01-057, 068 & 088
Map Blk Parcel & street

ALL AND SINGULAR, all those certain pieces, parcels, or lots of land situate, lying and being in Simpson Creek Township, Horry County, South Carolina containing 7.85 acres more or less and being more fully shown as six (6) separate parcels of land on that certain survey entitled "Plat of Property Owner Association II 7.85 +/- Acres of Land Located in Simpson Creek Township - Horry County, South Carolina" prepared by Atlantic Land Surveying Co., Inc. for Long Bay Golf Club P.O.A. II, dated October 28, 1998, recorded January 7, 1999 in Plat Book 160 at page 18, office of the Horry County Register of Deeds. The six parcels in question are the parcels identified on the plat by a dot pattern as to one of the parcels and a pattern of small circles as to the other five parcels.

HORRY COUNTY ASSESSOR
PARCEL II: Map # 089 - Street
Map Blk Parcel

ALL AND SINGULAR, all that certain piece, parcel, or lot of land situate, lying and being in Simpson Creek Township, Horry County, South Carolina containing 3.05 acres more or less and being more fully shown as a 3.05 acre parcel of land on that certain survey entitled "Plat of Old Bay Drive 3.05 +/- Acres of Land, which is Part of a 397.57 Acre Tract in Simpson Creek Township - Horry County, South Carolina" prepared by Atlantic Land Surveying Co., Inc. for Long Bay Golf Club, P.O.A. II, dated October 29, 1998, recorded January 7, 1999 in Plat Book 160 at page 19, office of the Horry County Register of Deeds. The parcel in question is identified on the plat by a pattern of small circles as to the other five parcels.

EXEMPT
BOOK 2125 PAGE 228

228

SUBJECT TO, that certain Easement and Restrictive Covenant granted to Myrtle Beach National Golf Club, Inc. by instrument dated January 21, 1999, recorded January 10, 1999 in Deed Book 2125 at page 219, office of the Horry County Register of Deeds.

SUBJECT TO, the easements and other matters reserved to Myrtle Beach National Golf Club, Inc. in that certain deed to grantor recorded February 1, 1994 in Deed Book 1699 at page 389, office of the Register of Deeds for Horry County, South Carolina.

SUBJECT TO, all of the cart paths, irrigation, drainage and other easements for the benefit of the golf course shown on those certain six plats entitled "Plat of Long Bay Golf Club and Long Bay Residential Subdivision" prepared by Atlantic Land Surveying Company and recorded in Plat Book 126 at page 207, office of the Horry County Register of Deeds.

RESERVING THEREFROM, unto the grantor, its successors and assigns, as a perpetual nonexclusive, divisible, commercially usable easement appurtenant to the remaining property owned by grantor in the 357.97 acre subdivision shown as Long Bay Residential Subdivision on the plats referred to in the above legal description (the "Subdivision"), an easement for ingress and egress and for construction, maintenance, and repair of water, sewer, electricity cable, and other utilities, over the entire parcels hereby conveyed for the purpose of ingress and egress and for construction, maintenance, and repair of water, sewer, electricity, cable, and other utilities, to any property in or hereafter acquired that is contiguous to any of Subdivision owned by Grantor, its successors and assigns, between Highway 90 to each and every residential lot, condominium, townhouse, patio home, and other residential form of real estate now existing or hereafter created in the Subdivision

RESERVING THEREFROM, unto grantor, its successors and assigns, as a perpetual nonexclusive, divisible, commercially usable appurtenant to grantor's lands in the Subdivision, an easement for ingress and egress over the entire parcels hereby conveyed for the purpose of ingress and egress to any property in or hereafter acquired that is contiguous to any of Subdivision owned by grantor, its successors and assigns..

This is a portion of the property conveyed to grantor herein by deed of Golf Fore, Inc. dated February 22, 1991, recorded February 26, 1991 in Deed Book 1453 at page 255, records of the Horry County Register of Deeds.

The property herein is conveyed subject to all easements and restrictions of record.

TOGETHER with all and singular, the rights, members, hereditaments and appurtenances to the said premises belonging or in anywise incident or appertaining.

TO HAVE AND TO HOLD all and singular the premises before mentioned unto the said Long Bay II Property Owners' Association, Inc., its successors and assigns.

AND the Grantor herein hereby binds itself, its heirs, executors or administrators to warrant

and forever defend all and singular the said premises unto the said Long Bay II Property Owners' Association, Inc., its successors and assigns, against itself and its heirs, successors and assigns, and all persons whomsoever lawfully claiming, or to claim the same through it, but as to no others, or any part thereof.

WITNESS the execution hereof by Grantor this 27th day of January, in the year of our Lord One Thousand Nine Hundred and Ninety-Nine and in the two hundred and twenty-third year of the Sovereignty and Independence of the United States of America.

LONG BAY DEVELOPMENT CORPORATION, a South Carolina Corporation

By: W. Thomas Hale
W. Thomas Hale
Its: President

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

Jessie L. Loomis
1st witness/sign
Clay B. Sutton
2nd witness or notary sign

STATE OF SOUTH CAROLINA

PROBATE

COUNTY OF HORRY

PERSONALLY appeared before me the undersigned witness who made oath that (s)he saw the within named Long Bay Development Corporation by W. Thomas Hale, its President, sign, seal and as its act and deed deliver the within written Deed and that (s)he with the other witness whose signature appears above witnessed the execution thereof.

Jessie L. Loomis
1st witness/sign

Sworn to before me this 27th day of January, 1999.

Clay B. Sutton (L.S.)

Notary Public for South Carolina
My Commission Expires: 5/3/2000

STATE OF SOUTH CAROLINA

AFFIDAVIT

COUNTY OF HORRY

PERSONALLY appeared before me the undersigned, who being by me duly sworn, deposes and says:

Property located at Long Bay Club, Longs, South Carolina, bearing Horry County Tax Map Number 089-00-01-__ and 089-00-01-050, was transferred by Long Bay Development Corporation, a South Carolina Corporation to Long Bay II Property Owners' Association, Inc., a Not-for-Profit Corporation on January 27th, 1999.

The transaction is an arm's length real property transaction and the sales price paid or to be paid in money or money's worth is \$10.00.

As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as President of the Grantor.

I further understand that a person required to furnish this Affidavit who wilfully furnishes a false or fraudulent Affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than One Thousand Dollars or imprisoned not more than one year, or both.

LONG BAY DEVELOPMENT CORPORATION

By: W. Thomas Hale
W. Thomas Hale

Its: President

SWORN to before me this 27th day
of January, 1999
[Signature]
Notary Public for South Carolina

My Commission Expires: 5/3/2000

*The fee is based on the real property value. Value means the realty's fair market value. In arm's length real property transactions, this value is the sales price to be paid in money or money's worth (e.g. stocks, personal property, other realty, forgiveness of debt, or mortgages assumed or placed on the realty as a result of the transaction). However, a deduction is allowed from this value for the amount of any lien or encumbrance existing on land, tenement, or realty before the transfer and remaining on it after the transfer.

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
LONG BAY II

This Declaration of Covenants and Restrictions is made and executed this 25th day of April, 1994, by Long Bay Development Corporation, A South Carolina Corporation, authorized to do business in South Carolina, its successors and assigns (hereinafter referred to as "Declarant"):

W I T N E S S E T H :

WHEREAS Declarant, as the owner of the real property (hereinafter referred to as the "Property"), described on Exhibit A attached hereto and incorporated herein by reference, desires to create thereon a community known as Long Bay II with certain facilities, amenities and services for the use and benefit of all Property Owners within such community; and

WHEREAS, Declarant desires to provide for the preservation of the values and amenities and for the maintenance of common facilities, services and properties; and to this end, the Declarant does hereby subject the Property described in Exhibit A together with such additions as may be hereinafter made, as provided in Article II, to the covenants, restrictions, easements, affirmative obligations, charges and liens hereinafter set forth, hereinafter referred to as the "Covenants" or the "Declaration", each and all of which is hereby declared to be for the benefit of said Property and each and every Owner of any and all parts thereof; and

WHEREAS, Declarant deems it desirable for the efficient preservation of the values and amenities in said community to create an agent to which can be delegated and assigned the power and authority of maintaining and administering the Common Property and services, administering and enforcing the Covenants and Restrictions governing the same and collecting and disbursing all assessments and charges necessary for such maintenance, administration and enforcement; and

WHEREAS, Declarant has caused to be incorporated under the laws of the State of South Carolina, a Not-For-Profit Corporation, Long Bay II Property Owners' Association, Inc., (hereinafter sometimes referred to as "Association") for the purpose of exercising the functions aforesaid, which functions are hereinafter more fully set forth; and

WHEREAS, this Declaration will be referred to as the "Long Bay II Covenants of 1994" and will be recorded in the office of the Clerk of Court for Horry County, South Carolina, and may be incorporated by reference in deeds to property issued by the Declarant, by reference to the book and page of recording in the real estate records in said office.

NOW, THEREFORE, the Declarant declares that the real estate property described in Exhibit A, and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations and liens hereinafter set forth. These Covenants, the benefits of these Covenants, and the affirmative and negative burdens of these covenants shall touch and concern and run with the land herein referred to as the "Property". The Declarant reserves the right to add additional Covenants in respect to the Property owned now or hereafter by the Declarant at the time of the adoption of additional Covenants, but not to Property previously conveyed to others. All rights and easements reserved by the Declarant under these Covenants shall also be reserved to the assignees and successors in interest of the Declarant.

ARTICLE I

DEFINITIONS

Section 1. The following words and terms when used in this Declaration or any supplemental Declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

(a) "Additional Land" shall mean and refer to additional real property subject to Declarant's unilateral right of annexation as provided in Article II, which property is more particularly described in Exhibit B, attached hereto and incorporated throughout this Declaration by reference.

(b) "Approval by the Declarant" shall mean written approval issued by the Declarant, signed by the authorized officers of the Corporation.

(c) "Association" shall mean and refer to Long Bay II Property Owners' Association, Inc., a South Carolina Non-Profit Corporation, its successors and assigns.

(d) "By-Laws of the Association" or "By-Laws" shall mean and refer to the By-Laws of Long Bay II Property Owners' Association, Inc., the initial text of which is set forth in Exhibit "C" attached hereto and made a part hereof.

(e) "Clerk of Court" shall mean and refer to the Clerk of Court for Horry County, South Carolina, and the successors of that office.

(f) "Common Properties" shall mean and refer to those certain tracts of land with any improvements thereon which are deeded or leased to the Association and designated in said deed or

lease as "Common Properties". The term "Common Properties" shall also include any personal property acquired by the Association if said property is designated as "Common Property". All Common Properties are to be devoted to and intended for the common use and enjoyment of the Owners and persons occupying dwelling places or accommodations of Owners on a guest or tenant basis; provided, however, that any lands which are leased to the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such lease.

(g) "Declarant" shall mean Long Bay Development Corporation, A South Carolina Corporation, its successors and assigns.

(h) Design Review Board "D.R.B." shall mean and refer to that Board formed and operated in the manner described in Article VI hereof.

(i) "Covenants" or "Declaration" shall mean and refer to the "Declaration of Covenants and Restrictions for Long Bay II", including all covenants, conditions, restrictions and obligations set forth in this Declaration.

(j) "Dwelling Unit" shall mean and refer to any improved property intended for use as a single-family dwelling, including any single-family detached dwelling, patio home or town house located within the Property.

(k) "Member" shall mean and refer to a person or entity entitled to membership in the Association, as provided in this Declaration.

(l) "Offensive or Noxious" activity or behavior shall include, but not be limited to, a public nuisance or nuisance per se and shall also include any behavior or activity which is inconsistent with both the reasonable pleasurable use of the Property area by a substantial number of the residents and overnight guests and their reasonable expectations of vacationing, studying, meeting, working, recreating, or enjoying sports, music, food, natural surroundings and entertainment, free of excessively noisy behavior grossly disrespecting the rights of others, flashing or excessively bright lights, racing vehicles, offensive displays of public sexuality, significantly loud radio, hi-fi, electronic music distractions, or other similar unreasonable behavior curtailing the reasonable pleasure and use of the facilities within the Property. Public musical or other entertainment, parades, concerts, festivals, carnivals, competitions or shows conducted under permit from the Declarant or the Association shall not constitute offensive or noxious activity or behavior unless such permit is withdrawn by the Declarant or Association, or its terms and conditions violated.

(m) "Owner" shall mean and refer to the record Owner, whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot, Dwelling Unit or Unsubdivided Land situated upon the Property, but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner. Owner shall include the Declarant, so long as Declarant is the record Owner of fee simple title to any Residential Lot, Dwelling Unit or Unsubdivided Land upon the Property.

(n) The "Property" and "Long Bay II" shall mean and refer to the real Property described in Exhibit A and such additional real property as may be subjected to this Declaration or any supplemental declaration under the provisions of Article II, Section 2 hereof.

(o) "Residential Lot" or "Lot" shall mean and refer to any unimproved parcel of land located within the Property which is intended for use as a site for a single-family detached dwelling, a patio dwelling or town house as shown upon any recorded final subdivision map of any part of the Property. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to assessment as improved properties.

(p) "Subsequent Amendment" shall mean an Amendment to this Declaration which adds additional property to that covered by this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Amendment to the provisions of this Declaration.

(q) "Use or Used for Residential Purposes" shall mean to be used as one's residence or normal and customary place of abode as hereinafter more fully set forth in Article VII, Section 2, and shall not include any use for business purposes except as expressly permitted in Article VII, Section 2, hereof. All individual Lots which are platted and recorded shall be deemed to be Residential Lots to be used for residential purposes unless some other use or intention is indicated on the plat or some related recorded document.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS THERETO

Section 1. Property. The real property (Property) which is, and shall be held, transferred, sold, conveyed, leased

and occupied subject to this Declaration, irrespective of whether there may be additions thereto as hereinafter provided, is described as follows:

All that tract or parcel of land, situate, lying and being in Horry County, South Carolina, which is more particularly described in Exhibit A attached hereto and by specific reference made a part hereof.

This Property shall be herein referred to as "Existing Property."

Section 2. Additions to Property. Additional lands may become subject to, but not limited to, this Declaration in the following manner:

(a) The Declarant, its successors and assigns, shall have the right, without further consent of the Association or its members, to bring within the plan and operation of this Declaration and within the jurisdiction of the Association any property contiguous to the subdivision and to bring in additional properties in future stages of the development within the area described in the description attached hereto as Exhibit B and incorporated herein by reference; provided that said annexations, if any, must occur within fifteen (15) years after the date of this instrument.

(b) The Declarant, its successors and assigns, shall have the right to bring within the plan and operation of this Declaration and within the jurisdiction of the Association additional properties in future stages of the development beyond those described in Exhibit B provided prior approval is given by two-thirds (2/3) of the Class I members at a duly called meeting of the Association.

(c) The Association may participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes as the Association, thereby adding to the Association the properties, rights and obligations of the non-profit corporation with which it merges or consolidates. Any such merger or consolidation shall have the assent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class I lots and at least two-thirds (2/3) of the votes appurtenant to all Class II lots if any, as hereinafter defined in Article III, Section 2; however, no such merger or consolidation shall revoke, change or add to the provisions of this Declaration except as herein provided.

(d) The additions authorized under subsections (a), (b) and (c) shall be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and

Restrictions of this Declaration to such additional property after which it shall fall within the definition of Property as herein set forth. The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the added properties and as are not inconsistent with this Declaration, but such modifications shall have no effect on the Property as described in Article II, Section 1 above.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner shall be a Member of the Association. In the case of multiple ownership of any Residential Lot or Dwelling Unit, however, there shall be a maximum of one (1) membership per lot or unit owned. In the event of such multiple ownership of any kind, the name of the Owner designated as Member shall be submitted to the Declarant and/or the Association each year, no later than the 1st day of January of each year.

Section 2. Voting Rights. The Association shall have two (2) types of regular Voting Memberships, Class "I" and Class "II" as follows:

(a) Class "I" - Each membership per Residential Lot or Dwelling Unit, except Class "II" Owners as the same are hereinafter defined, and subject to the provisions of Section 1 of this Article, shall be entitled to one (1) vote.

(b) Class "II" - Class "II" Member shall be the Declarant and any successor of Declarant who takes title for the purpose of development and sale and who is designated as such in a recorded instrument executed by Declarant. The Class II Member shall originally be entitled to Eighty-Eight (88) votes; this number shall be decreased by one (1) vote for each Class "I" member existing at any one time; this number shall be increased by one (1) vote for each Residential Lot or Dwelling Unit brought into the Subdivision through the annexation procedure set forth in Article II, Section 2 of this Declaration.

The Class "II" membership shall terminate and become converted to Class "I" membership upon the happening of the earlier of the following:

(1) When the total outstanding Class "I" votes equal or exceed eighty-five (85%) percent of the votes held by Class "II" membership;

(2) December 31, 2010; or

(3) when, in its discretion, the Declarant so determines.

From and after the happening of these events, whichever occurs earlier, the Class "II" Members shall be deemed to be a Class "I" Member entitled to one (1) vote for each Lot and Residential Unit in which it holds the interest required for membership under this Section. At such time, the Declarant shall call a meeting, as provided in By-Laws of the Association for special meetings, to advise the membership of the termination of Class "II" status.

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Owners' Easement of Enjoyment in Common Properties. Each Owner shall have a right and easement of enjoyment in and to the Common Property established initially and in all future stages of the development, subject to the provisions of this Declarant, the rules and regulations of the Association, any fees or charges established by the Association and to any restrictions or limitations contained in any Deed or Amendment to this Declaration conveying to the Association or subjecting to this Declaration such property. Such right and easement shall be appurtenant to and shall pass with the title of every Residential Lot and Dwelling Unit subject to the provisions set forth below.

Section 2. Public Easements. Fire, police, health and sanitation, and other public service personnel and vehicles shall have a permanent and perpetual non-exclusive easement for ingress and egress over and across the Common Areas.

Section 3. Declarant's Easement. Declarant reserves unto itself and its affiliates, successors and assigns an alienable, non-exclusive, divisible right of ingress and egress over all roads and streets within the Properties whether existing or constructed in the future for access to any areas which adjoin or are a part of the Properties, for purposes of its own use and, including, but not limited to, for 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 successors and assigns, may be entitled. This section may not be amended without the written consent of Declarant.

Section 4. Extent of Members' Easement. The rights and easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Association, in accordance with its By-Laws, to borrow money from the Declarant or any other lender for the purpose of improving and/or maintaining the Common Properties

and providing services authorized herein and in aid thereof to mortgage said properties;

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described Properties against foreclosures;

(c) The right of the Association, as provided in its By-Laws, to suspend the rights and easements of enjoyment of any Member, or any tenant or guest of any Member, for any period during which the payment of any assessment against property owned by such Member remains delinquent and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the assessment;

(d) The right of the Association to charge persons or entities other than Declarant, its successors or assigns, reasonable admission and other fees for the use of the Common Properties and any facilities included therein and to limit the use of said facilities to Owners who occupy a residence on the Properties, and to their families, tenants and guests as provided in Section 2 of Article VII;

(e) The right of the Declarant or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility easements on any part of the Common Properties;

(f) The rights of reversion of the Lessor of any Common Properties leased by the Association upon expiration of the lease.

Section 5. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Horry County, South Carolina.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner as to tenants who occupy a residence within the Properties as their principal residence in Horry County, South Carolina, pursuant to a lease in compliance with Article VII, Section 2, of this Declaration.

(c) Guests. Recreational facilities located on common areas situated upon the Properties may be utilized by guests of Owners or tenants subject to such rules and regulations governing said use of the Association as may be established by the Board of

Directors.

ARTICLE V

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. Each Owner of any Residential Lot and Dwelling Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association as set forth herein:

(a) Annual assessments or charges; and

(b) Special assessments or charges for the purposes set forth in this Article V, such assessments to be fixed, established and collected from time to time as hereinafter provided.

The annual and special assessments together with such interest thereon and costs of collection therefor, including reasonable attorney fees, as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person or entity which was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Residential Lot or Dwelling Unit all such co-owners shall be jointly and severally liable for the entire amount of the assessment.

Section 2. Purpose of Assessments. The annual assessments levied by the Association shall be used for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties and to provide services which the Association is required or authorized to provide. In carrying out these duties, the Association may make payment of taxes and insurance thereon, make improvements on Common Properties, pay the cost of labor, equipment, materials, management, supervision, accounting and Member information services, maintain offices and equipment, repay any loans made to the Association, employ attorneys to represent the Association when necessary and take such other action as is necessary to carry out its required or authorized functions.

Section 3. General Assessments and Basis and Collection of General Assessments. General assessments shall be determined annually by the Board of Directors for the purpose of maintenance and management of the Association, the Association Property, the Common Properties and all other Property under the control and responsibility of the Association, and such assessments

shall be collected for the purpose of promoting the safety and welfare of the Owners. Without limiting the foregoing, general assessments shall be used for the payment of: operation, maintenance and management of the Association, the Common Property and the Association Property; Property taxes and assessments against and insurance coverage for the Common Property and the Association Property; legal and accounting fees; security costs; management fees; normal repairs and replacements; charges for utilities used upon the Common Property and the Association Property; cleaning services; expenses and liabilities incurred by the Association in the enforcement of its rights and duties against Members, Owners or others; maintenance of vacant Property; the creation of reasonable reserves; and all other expenses deemed by the Board of the Directors of the Association to be necessary and proper for the management, maintenance, repair, operation and enforcement of the Association.

The Board of Directors shall annually estimate the common expenses it expects the Association to incur and the period of time involved therein and may assess the Association Members sufficient monies to meet this estimate. All Residential Lots and Dwelling Units shall be assessed at a uniform rate to be determined by the Board of Directors; provided, however, that as additional property is subjected to this Declaration, the Declarant shall have the right to determine, in its sole discretion, the basis for assessment of such additional Property. If the Board of Directors at any time determines that the assessments made are not sufficient to pay the expenses or in the event of emergency, the Board of Directors shall have authority to levy and collect additional general assessments to meet such needs. General assessments shall be collectible in advance monthly, quarterly, semi-annually or annually, as the Board of Directors shall determine.

Anything to the contrary notwithstanding, the following shall apply relative to the levying and collecting of assessments:

(a) Property shall not be classified for purposes of these covenants and these annual assessments as a Residential Lot or Dwelling Unit, whether conveyed to the purchaser by the Declarant or held by the Declarant in its own inventory, until the following all have occurred and been accomplished:

(1) Recording of a plat which has been approved by the Horry county Planning Department in the Office of the Clerk of Court for Horry County, South Carolina, showing such Residential Lot or Dwelling Unit;

(2) The completion of the installation of water, paving, drainage and sewage facilities which benefit the Residential Lot sought to be assessed;

(b) In lieu of the payment of any assessments, the

Declarant shall be responsible only for the payment of that portion of the Common Expenses which exceeds the amount paid by the Association Members pursuant to the budget of the Association. In no event shall the Declarant be required to pay in excess of the budgeted amount. This provision (b) shall cease upon the sale of eighty-five (85%) percent of the Residential Lots and Patio Homes or on January 1, 2010, whichever first occurs.

Section 4. Initial Assessment. At the time of the first sale of each Lot or Dwelling Unit from Declarant to an Owner, there shall be assessed by the Association and collected from each said Owner an initial assessment of \$100.00 for such Lot or Dwelling Unit to establish and maintain a working capital fund for the use and benefit of the Association. The purpose of such working capital fund is to insure that the Association will have funds available to meet unforeseen expenditures, or to acquire equipment or services deemed necessary by the Association. Such initial assessments shall not be considered as advance payment of regular assessments.

Section 5. Special Assessments for Improvements and Additions. In addition to the general assessments authorized by Section 3 hereinabove, the Association may levy special assessments for the purpose of construction or reconstruction, repair or replacement of capital improvements upon the Common Properties, including the necessary fixtures and personal property related thereto, or for additions to the Common Properties, or to provide for the necessary facilities and equipment to offer the services authorized herein, and repay any loan made to the Association to enable it to perform the duties and functions authorized herein, provided that such assessment shall have the vote or written assent of fifty-one (51%) percent of each Class of Members; provided, however, after the conversion of the Class II membership, any such assessment shall have the vote or written assent of (a) fifty-one (51%) percent of the total votes of the Association, and (b) fifty-one (51%) percent of the total votes of the Association members other than the Declarant.

The Association shall have the power and authority to levy and collect an individual assessment against a particular Lot or Dwelling Unit for the cost of maintenance, repairs or replacements within or without the Lot or Dwelling, as the case may be, which the Owner thereof has failed or refused to perform, and which failure or refusal has, in the opinion of the Association, endangered or impaired the use or value of other portions of the Property. The Association shall have the right of entry into each Lot or residential Unit to perform necessary maintenance, repairs and replacements, including the right to abate or eliminate any nuisance. The individual assessment may include an administrative fee charged by the Association in an amount to be determined by the Board of Directors in its discretion from time to time. All individual assessments shall be collectible in such manner as the

Association shall determine.

The Association may also levy a Special Assessment against any member to reimburse the Association for costs incurred in bringing a member and his Lot or Residential Unit into compliance with the provisions of the Declaration, the Amendments thereto, the Articles, the By-Laws, and the Association Rules and Regulations, which special Assessment may be levied upon the vote of the Board after notice to the member and an opportunity for a hearing.

Section 6. Reserve Fund. The Association shall establish a reserve fund from its regular annual assessments to be held in reserve in an interest drawing account or investments as a reserve for:

(a) Major rehabilitation or major repair or replacements or improvements;

(b) For emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss.

Section 7. Quorum For Any Action Authorized Under This Article. The quorum required for any action authorized to be taken by the Association Members under this Article V shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Article V, the presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the Membership of the Association. If a quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no requirement of a quorum.

Section 8. Proration of Annual Assessments Due Date. The first annual assessment shall be made for the calendar year and shall become due and payable thirty (30) days after the day fixed for the commencement. The Board of Directors of the Association shall have the power to change the date upon which annual assessments become due and payable and also to determine the method of payment of annual assessments, i.e., lump sum, monthly installments, quarterly, etc.; provided, however, that the annual assessment shall be due and payable at least annually.

Section 9. Duties of the Board of Directors. The

Board of Directors of the Association shall fix the amount of the assessment against each Residential Lot and Dwelling Unit. Written notice of assessments shall thereupon be sent to every Owner subject thereto.

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

Section 10. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; The Lien; Remedies of Association. If the assessment is not paid on or before the past-due date specified in Section 8 hereof, then such assessment shall become delinquent and shall, together with a late charge thereon at the rate of one and one-half (1.5%) percent per month from the due date and cost of collection thereof as hereinafter provided, thereupon become a charge and continuing lien on the land and all improvements thereon, against which each such assessment is made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the Owner at the time when the assessment first became due and payable to pay such assessment, however, shall remain his personal obligation and shall not pass as a personal obligation to his successors-in-title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the past-due date, the Association may bring an action at law against the Owner personally and there shall be added to the amount of such assessment the late charges hereinabove specified in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment at the rate of eighteen (18%) percent per annum or the maximum lawful rate on such judgments and a reasonable attorney's fee to be fixed by the court, together with the costs of the action.

In addition to the rights of action set forth above, the Board of the Association may suspend the Membership rights of any Member during the period when the assessment remains unpaid. Upon payment of such assessment and late charges, etc., the Owner's rights and privileges shall be automatically restored.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such Property pursuant to a decree of foreclosure, or any other proceeding or deed in lieu of foreclosure and, provided,

further, that any delinquent assessments which are extinguished pursuant to the foregoing provision may be reallocated and assessed to all Members as an expense of the Association. Such sale or transfer shall not relieve such property from liability for any assessments accruing after conveyance to a mortgagee or to a subsequent Owner.

Section 12. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association; provided, however, that this requirement shall be construed to apply only to creditors of more than One Thousand and No/100 (\$1,000.00) Dollars. Such officer shall furnish to each Member of the Association and any holder of a first mortgage on any Dwelling Unit who may make request therefor in writing a copy of such statement within thirty (30) days after receipt of such request. Such copy may be furnished to the Member or mortgage holder either in person or by mail.

ARTICLE VI

ARCHITECTURAL AND DESIGN REVIEW RESTRICTIONS AND CONTROL

Section 1. Architectural and Design Review. The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the Design Review Board established in Section 2 of this Article. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

(a) Purpose. In order to preserve the natural beauty of Long Bay II and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence, wall, sign, swimming pool, tennis court, roof, exterior or other structure shall be erected, placed, added to, or altered until the proposed building plans, specifications (including height, color and composition of roof, siding, or other exterior materials and finish), plot plan (showing the proposed location of such building or structure, drives and parking areas), landscape plan and construction schedule shall have been submitted and approved in writing as hereinafter provided.

(b) Objectives: Architectural and design review shall be directed towards attaining the following objectives for Long Bay

II:

(1) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural land forms.

(2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Residential Lots and Dwelling Units and with surrounding Residential Lots, Dwelling Units and structures and do not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape.

(3) Ensuring that the architectural design and structures and their materials and colors are visually harmonious with Long Bay II's overall appearance, with surrounding development and with natural land forms and native vegetations.

(4) Ensuring the plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots, and blend harmoniously with the natural landscape.

(5) Ensuring that any development, structure, building or landscaping complies with the provisions of these Covenants.

(6) Promoting building design and construction techniques that respond to energy consumption and environmental quality consideration such as heat loss, air emissions and run-off water quality.

Section 2. Design Review Board. The Declarant shall establish a Design Review Board (D.R.B.) which shall consist of five (5) members. The D.R.B. shall have exclusive jurisdiction over all original construction on any portion of the Properties. The D.R.B. shall prepare and, on behalf of the Board of Directors, shall promulgate Design and Development Guidelines ("Guidelines") and Application and Review Procedures ("Procedures"). The Guidelines and Procedures shall be those of the Association, and the D.R.B. shall have sole and full authority to prepare and to amend the Guidelines and Procedures, consistent with this Declaration. It shall make both available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and who shall conduct their operations strictly in accordance therewith. The five (5) members shall be appointed by the Declarant until such time as the functions of the D.R.B. are transferred by Declarant as

set forth in Section 4 of this Article VI. Any member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice. The D.R.B. shall also have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Residential Units or structure containing Residential Units and the open space, if any, appurtenant thereto.

The D.R.B. shall promulgate detailed standards and procedures governing its area of responsibility and practice. In addition thereto, the following shall apply. Plans and specifications showing the nature, kind, shape, color, size, materials, and locations of such modifications, additions, or alterations, shall be submitted to the D.R.B. for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an owner to remodel the interior of his residence, or to paint the interior of his residence any color desired. In the event the D.R.B. fails to approve or to disapprove such plans or to request additional information reasonably required within sixty (60) days after submission, the plans shall be deemed approved.

Section 3. Transfer of D.R.B. Upon the conveyance of all of the sites for the permitted Dwelling Units within the existing Property, the Declarant may, by filing a Supplementary Declaration of Covenants and Conditions, with the Clerk of Court, transfer the above-described architectural review authority to a permanent Review Board which, subject to the Covenants and Conditions stated within the aforesaid Supplemental Declaration, shall be under the control of the Association. This Section does not obligate the Declarant to make such transfer at any particular time.

Section 4. Approval Not a Guarantee or Representation of Proper Design or Good Workmanship: No approval of plans, location or specifications, and no publication or architectural standards bulletins shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good and workmanlike manner. Neither the Declarant nor the D.R.B. shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under these Covenants nor for any defects in construction pursuant to such plans and specifications. The Owner shall have sole responsibility for compliance with approved plans and does hereby, by acceptance

of title to property subject to these Covenants, agree to hold the D.R.B. and the Declarant harmless for any failure thereof caused by the Owner's architect or builder. The Declarant reserves the right to prohibit the Owner's builder and/or general contractor from going to or upon the site in the event it is determined that failure to comply with approved plans is intentional or due to gross negligence under the above mentioned circumstances. The Owner hereby agrees that the exercise of these rights shall not constitute a denial of Owner's property rights and shall not give rise to a cause of action for damages by the Owner.

Section 5. Minimum Requirements. The D.R.B. shall require that each Single-Family Residence and Patio Home, have a minimum floor area as follows: Patio Home - Thirteen Hundred (1,300) square feet; Custom Single-Family Residence - Seventeen Hundred Fifty (1,750) square feet; Estate Single-Family Residence - Nineteen Hundred Fifty (1,950) square feet; and shall further require that a two (2) or three (3) story Single-Family Residence shall have an appropriate distribution of living area among the two (2) or three (3) stories, the appropriateness to be entirely in the discretion of the D.R.B. The calculation of square footage shall not include: garages, covered walks, open and/or screened porches, patios and pool areas. Square footage measurements shall be taken from the center of the exterior walls of the Single-Family Residences.

Section 6. Minimum Setback Requirements. Unless extraordinary circumstances exist, the D.R.B. shall require the following setbacks for each Single-Family Residence and Patio Home:

<u>Lot Type</u>	<u>Setback Location</u>	<u>1-Story Wall</u>	<u>Multi-Story Wall</u>
Patio Home	Front Yard	20 feet	20 feet
	Side Yard	6 feet	6 feet
	Rear Yard	10 feet	10 feet
	Side Street	10 feet	10 feet
	Golf Course	10 feet	10 feet
Custom Single-Family Residence	Front Yard	25 feet	30 feet
	Side Yard	10 feet	10 feet
	Rear Yard	20 feet	25 feet
	Side Street	20 feet	20 feet
	Golf Course	25 feet	25 feet
Estate Single-Family Residence	Front Yard	30 feet	35 feet
	Side Yard	12.5 feet	20 feet
	Rear Yard	25 feet	30 feet
	Side Street	25 feet	30 feet
	Golf Course	35 feet	30 feet

The Declarant shall have the right to waive minor

violations of the setback requirements contained herein if said violation does not exceed fifteen (15%) percent of the required setback. After the Declarant has turned over control to the Association, then the Association shall have the right to waive minor setback requirements as are given to Declarant herein.

Section 7. Fences, Walls and Hedges. The composition, location and height of any fence, wall or hedge to be constructed on any Lot shall be approved in advance by the D.R.B., shall require the composition of any fence, wall or hedge to be consistent with the material used in the surrounding Single-Family Residences and other fences, if any. Chain link fencing shall not be used. Fencing design must accompany the final working drawings submitted to the D.R.B. for the proposed Single-Family Residence. No fence or wall shall be constructed on any Lot containing a Patio Home. The composition, location and height of any hedge to be constructed on any Lot containing a Patio Home shall be approved in advance by the D.R.B.

Section 8. Swimming Pools. Any swimming pool to be constructed on any Lots shall be subject to the requirements of the D.R.B.

Section 9. Siting. To assure that buildings and other structures will be located so that the maximum view, privacy and breeze will be available to each building or structure, and that structures will be located with regard to the topography of each property taking into consideration the location of large trees, structures previously built or approved pursuant to this Article for adjacent parcels of land, and other aesthetic and environmental considerations, the D.R.B. and the Declarant reserves unto itself, its successors and assigns, the right to control and to decide solely (so long as: (a) its decisions are not arbitrary and capricious, and (b) subject to the provisions of the pertinent land use regulations of public authorities having jurisdiction) the precise site and location of any building or structures on any Property in Long Bay II, notwithstanding any set-backs or other matters shown on any recorded plats.

The location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site. Provided, however, that in the event an agreed location is stipulated in writing in the contract of purchase and approved by the Declarant, and such location complies with the Horry County Subdivision Regulations, if applicable, the D.R.B. shall automatically approve such location for a residence or group of residential units.

Section 10. Building Height. No structure shall be constructed which has a height exceeding three (3) stories or thirty-five (35) feet above the minimum first floor height or elevation established by applicable flood zone regulations of the

United States or such lesser height as may be mandated by the local governmental regulations applicable to the Property. For purposes of this Section, the first parking level or deck underneath a building built at the above grade shall not be considered a story.

Section 11. Wells. No wells of any kind shall be permitted except such wells as may be allowed by the Design and Review Board and approved in advance in writing for irrigation of landscaping. Under no circumstances shall any well be permitted that pumps water from any lake contiguous to or within the Property.

Section 12. Time-Share or Similar Ownership Prohibited. No Residential Lot or Dwelling Unit may be sold under or utilized for or pursuant to any time-sharing, time interval or similar right-to-use, lease or license programs as those terms are currently generally utilized in the real estate industry or as those or similar terms are expressed, used or defined in the Vacation Time Share Plan Act, Section 27-32-10 et seq., Code of Laws of South Carolina, 1976, as amended, or any similar successor or supplementary laws or regulations.

ARTICLE VII

USE RESTRICTIONS

Section 1. Purposes. The primary purpose of these Covenants and the foremost consideration in the origin of same has been the creation of a residential community which is aesthetically pleasing, which is functionally convenient, which is capable of maintaining itself while retaining private control, and which provides for the ultimate ownership, operation and maintenance, through the Declarant or the Association, of the Common Properties. The establishment of objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of property and of technological advances and environmental values. For this reason, such standards are not established hereby, but may be suggested by the Declarant in discussions with and in materials submitted to Owners. To implement these Covenants, the Declarant shall, through the D.R.B., establish and amend from time to time objective standards and guidelines.

Section 2. Residential Use. All Lots, Dwelling Units or parcels of land in Long Bay II shall be Single-Family Residential Lots and Dwelling Units subject to the Restrictions contained in this Declaration, and each lot and Dwelling Unit shall be used for residential purposes exclusively. No structure or structures shall be erected, altered, placed or permitted to remain on any residential parcel other than as provided in these Covenants and Restrictions, or except as provided for in each deed of conveyance.

"Residential", referring to a mode of occupancy, is used in contradistinction to "business" or "commerce" or "mercantile" activity, and, except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant land as well as to buildings constructed thereon. No Lot or Dwelling Unit restricted to "residential" purposes may be used as a means of service to business establishments on adjacent Lots, including, but not limited to, supplementary facilities or an intentional passageway or entrance into a business. Use for single household residential purposes shall mean and refer to use as a place of long-term dwelling or residence. The restriction to use for "residential" purposes is subject to the following qualifications:

(a) The use of a Dwelling Unit as a model or for sales or operational purposes shall be limited to those granted written temporary permission for such use by the Declarant in its sole discretion, and may be deemed a use for residential purposes for such period of time as determined by Declarant. The Declarant shall at all times be permitted to maintain an office on the Property for the purposes of sales, resales, rental and general management of Long Bay II property.

(b) The lease of a Dwelling Unit may be deemed a use for residential purposes if the lease is for the purposes set forth above and for a minimum period of three (3) consecutive months.

Section 3. Road Right-of-Ways. Each individual Lot Owner shall maintain all road right-of-ways abutting his Lot and located between said Lot and a street within Long Bay II.

Section 4. Driveways. All driveways and parking areas shall be hard, impervious, dustless surfaces such as asphalt, concrete, brick or stone, or as otherwise approved by the D.R.B. Driveways may connect to streets at only two (2) points and such connections shall provide continuity of the drainage swale and shall blend into the street pavement. No curbside parking areas may be created by extending any portions of the street pavement. All driveways and their construction, siting and connections shall be approved in advance by the D.R.B.

Section 5. Lot Filling. No Lot may be filled for any reason until the D.R.B. has reviewed and approved the preliminary application for construction of the building. The site plan, along with the tree survey and other documents required by the D.R.B., must clearly delineate the extent of filling.

Section 6. Lots Bordering Wetlands. Lots bordering on wetlands shall be required to leave the wetlands undisturbed. Such undisturbed areas shall be noted on the landscape plan for each lot as being undisturbed.

Section 7. Parking. Garage doors shall be kept in a closed position when the garage is not being used.

Section 8. Completion of Construction. The exterior of all dwellings and other structures must be completed within twelve (12) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. Houses and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the Owner shall require the contractor to maintain the Residential Lot or building site in a reasonably clean and uncluttered condition. Upon completion of construction, the Owner shall cause the contractor to immediately remove all equipment, tools and construction material from the Lot. Any damage to roads, Common Properties, or property owned by others caused by the Owner's contractor or other parties providing labor or services to the Owner shall be repaired by the Owner or by the Declarant at Owner's expense. The landscaping plan for all Dwelling Units and other structures must be completed before issuance of a Certificate of Occupancy by the appropriate authority. In the event the landscape plan is not completed as required, then the D.R.B. may complete the landscape plan and charge the Owner for all costs associated therewith, and such charge shall be a lien upon the Lot on which the landscaping plan was completed by the D.R.B. Such lien shall be filed and collected in like manner as assessments. The D.R.B. shall approve all landscape plans. In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the construction site as specified herein, and such failure continues for at least seven (7) days following delivery of written notice thereof from the Association, the Association shall have the right, exercisable in its sole discretion, to remove any rubbish, refuse or unsightly debris and/or growths from the Lot. In the event the Association, after such notice, causes the subject work to be done, then, and in that event, the costs of such work, together with interest thereon at the rate of fourteen (14%) percent, per annum, or at such other rate as might be established by the Association, shall be charged to the Owner as an assessment, and shall become a lien on the subject Lot, which lien shall be effective, have priority and be enforceable pursuant to the procedures set forth in Article V of this Declaration.

Section 9. Service Yards. Each Owner, excluding Patio Home Owners, shall provide a visually screened area to serve as a service yard and an area in which garbage receptacles, fuel tanks or similar storage receptacles, air-conditioning equipment, clothes lines, and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent properties. No visible fuel tanks or similar storage receptacles

shall be permitted in the patio home section.

Plans for such visually screened area delineating the size, design, texture, appearance and location must be approved by the D.R.B. prior to construction. Garbage receptacles and household fuel tanks may be located outside of such screened areas only if located underground.

Section 10. Automotive Fuel Tanks. No automotive fuel tanks of any type whatsoever shall be permitted on Lots or other residential parcels or tracts. Moreover, no automotive fuel tanks shall be permitted on any other portions of the Property without the written consent of the Declarant. The granting of such consent by the Declarant shall not render the Declarant liable for any loss or injury caused by the existence of such tank in such location.

Section 11. Signs. No signs or ornaments shall be erected or maintained on the Property by anyone including, but not limited to, the Owner, a realtor, a contractor or subcontractor, or except with the written permission of the D.R.B. or except as may be required by legal proceedings. If such permission is granted, the D.R.B. reserves the right to restrict size, color and content of such signs. In addition, the size and design of all mailboxes and the numbering of any units shall be approved by the D.R.B. and shall display continuity and conformity throughout Long Bay II. No sign whatsoever shall be nailed or attached to any tree. The D.R.B. shall have the right to adopt reasonable rules regarding signs to be used during construction and sales, such as owner identification, name of contractor or architect, etc.

Section 12. Other Buildings and Vehicles. No mobile home, trailer, tent, barn, metal storage units or other similar out-building, vehicle, or structure shall be placed on any Residential Lot, Dwelling Unit Tract or Common Tract at any time, either temporarily or permanently, without prior written approval from the D.R.B. and such approval shall normally be limited to temporary use of such structures reasonably essential to economical, orderly and efficient construction during the construction process only. No home trailers or residence trailers may be permitted on the Lot or Tract, and no boats, boat trailers, campers, recreational vehicles (campers), commercial vehicles, or utility trailers may be maintained on the Property without prior written approval of the D.R.B. The term "commercial vehicle" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles or hauling quantities of cargo and which are used in a trade or business because of its commercial capabilities and not merely as a means of transportation. This is not intended to include such dual purpose vehicles as station wagons, standard "pick-up" trucks, jeeps, "scouts" or "wagoneer" type vehicles or similar, attractive vehicles driven and maintained primarily as a means of transportation.

Section 13. Unsightly Contusions. It shall be the responsibility of each Owner and tenant thereof to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkempt condition of buildings or grounds on his property either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the community as a whole or the specific area.

Section 14. Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the D.R.B. Neither these nor any other illumination devices, including, but not limited to, Christmas ornaments, located anywhere on the structures or grounds of any Residential Lot or Dwelling Unit or other residential structure within the Property shall be located, directed, or of such intensity to affect adversely the night-time environment of any adjacent property.

Section 15. Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept or pastured within the residential areas of the Property, except that no more than three (3) common household pets such as dogs and cats may be kept in any one Dwelling Unit. No pets may be kept, bred, or maintained for any commercial purpose. In order to preserve the aesthetic qualities of the Common Properties and to maintain sanitary conditions on the Property, no animals, livestock, poultry or pets of any kind shall be allowed on the Common Properties or roadways of the Subdivision. The Owner of a pet will not allow the pet to roam unattended on the Property, it being the responsibility of each pet Owner to either leash their pets or retain voice control while the pets are out of doors. The pet Owner shall muzzle any pet which consistently barks or makes noises which might be reasonably expected to disturb other Owners. The Declarant reserves the right and the Association may adopt reasonable rules pertaining to the construction of dog pens. The breach of any of these restrictions, conditions, obligations and duties shall be a noxious and offensive activity constituting a nuisance.

Section 16. Water and Sewage. No private water wells, except for irrigation wells approved in advance in writing by the Design and Review Board and which do not pump water from any lake in or contiguous to the Property, may be drilled or maintained in or on the Property of any Owners other than the Declarant. No septic tanks may be installed in the Property. No sewage shall be disposed of except as provided in this Section 14.

Section 17. Lakes. Except for the Declarant, no Owner shall pump water from any lake in or contiguous to the Property.

Section 18. Offensive Activity. No noxious or offensive activity, as herein defined, shall be carried on upon any Residential Lot, Dwelling Unit, or any place within Long Bay II,

nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the community.

Section 19. Antennas. No television antenna, dish, radio receiver or sender or other similar device shall be attached to or installed on the exterior portion of any dwelling or other structure or property within Long Bay II, nor radio or television signals, nor any other form of electromagnetic radiation shall be permitted to originate from any Dwelling Unit or Residential Lot, which may unreasonably interfere with the reception of television or radio signals upon any other of such properties, except as follows:

(a) The provisions of this Section shall not prohibit the Declarant from installing equipment necessary for a master antenna system, security system, cable television and mobile radio systems or other similar systems within Long Bay II; and

(b) Should cable television services be unavailable and good television reception not be otherwise available, an Owner may make written application to the D.R.B. for permission to install a television antenna, and such permission shall not be unreasonably withheld.

Section 20. Sound Devices. No exterior speaker, horn, whistle, bell or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used or placed upon lands within Long Bay II. The playing of loud music within a Dwelling Unit or other structure or from the balcony thereof shall be noxious and offensive behavior constituting a nuisance.

Section 21. Laundry. In order to preserve the aesthetic features of the architecture and landscaping, each Owner, his or her family, his or her guests, or his or her tenants, shall not hang laundry from any area within or outside a Dwelling Unit if such laundry is within the public view, nor hang laundry in full public view to dry, such as on a balcony and terrace railings. This provision may, however, be temporarily waived by the Declarant during periods of severe energy shortages or other conditions where enforcement of this Section would create a hardship.

Section 22. Duty to Rebuild or Clear and Landscape Upon Casualty or Destruction. In order to preserve the aesthetic value and economic value of all individual properties within the Property, each Owner and the Declarant (with respect to improved property owned by the Declarant) shall have the affirmative duty to rebuild, replace, repair, or clear and landscape, within a reasonable period of time, any building structure, improvement or significant vegetation which shall be damaged or destroyed by an Act of God, fire, or other casualty other than war. Variations and waivers of this provision may be made only upon the D.R.B.

establishing that the overall purpose of these Covenants will be best effected by allowing such a variation. Variations to this Section are to be strictly construed and the allowance of a variance by the Declarant shall not be deemed to be a waiver of the binding effect of this Section on all other Owners.

Section 23. Trespass. Whenever the Association or the Declarant is permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on any Property or on the easement areas adjacent thereto, entering the Property and taking such action shall not be deemed a trespass.

ARTICLE VIII

EASEMENTS

Section 1. Certain Easements. The Declarant reserves unto itself, its heirs, successors and assigns, a perpetual, alienable and releasable easement and right on, across, over and under the ground of the Common Property for ingress and egress and to erect, maintain and use electric, cable television, master television antenna systems, security and similar systems, and telephone poles, wires, cables, conduits, drainage ways, sewers, wells, pumping stations, tanks, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes. This reserved easement may be assigned by Declarant by written instrument to the Association, and the Association shall accept the assignment upon such terms and conditions as are acceptable to Declarant. If this reserved easement is assigned to the Association, the Board of Directors shall, upon written request, grant such easements as may be reasonable necessary for the development of any Properties described in Exhibit "A" or that may be annexed in accordance with Article II of this Declaration.

The Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the ground to erect, maintain and use poles, wires, cables, conduits, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, C.A.T.V., security cable equipment, telephone equipment, gas, water, sewer and other private or public convenience or utilities on, in or over fifteen (15) feet of the street side of each Lot and Dwelling Unit and ten (10) feet on the rear of each Lot and Dwelling Unit, and 7.5 feet along each side of each Lot and Dwelling Unit excluding patio dwelling units, and such other areas as are shown on the applicable plats. Provided, however, that on all patio dwelling unit lots the side lot line easement shall be five (5) feet and shall be located on the side of the lot not occupied by a dwelling. Moreover, the Declarant may cut, at its

own expense, drainways for surface water wherever and whenever such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety and appearance and an easement for such purpose seven and one-half (7.5) feet in width along each side Lot line and fifteen (15) feet along each front Lot line and Dwelling Unit and such other areas as are shown on the applicable plats, is reserved unto the Declarant.

The Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the ground to use, erect and maintain temporary part-time facilities for tournament and tournament-related activities associated with The Long Bay Club golf course.

These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. Any material disturbance to the grounds of any Owner caused by such utility installation shall be repaired and said grounds returned to their prior condition by the Declarant or prompt and reasonable remuneration for such repair shall be made to such Owner by the Declarant.

In addition, the Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the Property to dispense pesticides and take other action which in the opinion of the Declarant is necessary or desirable to control insects and vermin, to cut fire breaks and other activities which in the opinion of the Declarant are necessary or desirable to control fires on the Property, or any improvements thereon.

The Declarant further reserves to itself, its successors and assigns, a maintenance easement ten (10) feet in width around all lakes.

ARTICLE IX

SPECIAL RESTRICTIONS AFFECTING GOLF FAIRWAY RESIDENTIAL AREAS

Section 1. Golf Fairway Defined. "Golf Fairway Residential Areas" is defined as all those Residential Lots, Dwelling Units or tracts or blocks of land intended for residential development located in Long Bay II adjacent to any golf course.

Section 2. Golf Course Maintenance Easement. There is reserved to the Declarant and its successors and assigns, a "Golf Course Maintenance Easement Area" on certain designated Lots or tracts adjacent to golf course fairways located in The Long Bay

Golf Club. These easements are shown or will be shown on plats recorded prior to conveyance of any affected Lot or Patio Home. Additionally, there is reserved to the Declarant a "Golf Course Maintenance Easement Area" ten (10) feet in width bordering and above the water levels of all lakes. These reserved easements shall permit the Declarant at its election to go onto any Golf Course Maintenance Easement Area for purposes including the landscaping or maintaining said area. Such maintenance and landscaping may include regular removal of underbrush, trees less than three (3) inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer and mowing the Easement Area.

Section 3. Distracting Activity Prohibited. Owners of Golf Fairway Lots or Dwelling Units adjacent to golf fairways shall be obligated to refrain from any actions which would detract from the playing qualities of the golf course or the development of an attractive overall landscaping plan for the entire golf course area. Such prohibited actions shall include, but are not limited to, such activities as burning trash on a Lot or Residential Tract adjacent to the golf course when the smoke would cross onto the fairway, and the maintenance of unfenced dogs or other pets on the Lot or Residential Tract adjacent to the golf course under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.

Section 4. Golf Balls. Each Residential Lot, Dwelling Unit and the Common Area are burdened with an easement permitting golf balls unintentionally to come upon the Common Area and Residential Lot and Dwelling Unit tract and for golfers at reasonable times and in a reasonable manner to come upon said area to retrieve errant golf balls. Declarant, its successors and assigns, and the Association are not and shall not be held liable for damages or injury of any nature resulting from a golf ball's entry on to any Common Area Residential Lot or Dwelling Unit.

Section 4. Amendment. This Article IX may not be amended without the written consent of Declarant.

ARTICLE X

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. Common Area and Rights-of-Way. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and all improvements thereon (including furnishings and equipment related thereto, including without

limitation, the private drainage facilities and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof.

Section 2. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. The board, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Properties conveyed to it by the Declarant.

Section 3. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines and suspension of the right to vote and the right to use the recreational facilities. The Board shall, in addition, have the power to seek relief in any court for violations or to abate nuisances. Imposition of sanctions shall be as provided in the By-Laws of the Association. In addition, the Association, through the Board, may, by contract or other agreement, enforce county ordinances or permit the County of Horry to enforce ordinances on the Properties for the benefit of the Association and its members.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE XI

INSURANCE AND CASUALTY LOSSES

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance for all insurable improvements on the Common Area against loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

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. The public liability policy shall have

at least a Five Hundred Thousand (\$500,000.00) Dollar single per limit as respects bodily injury and property damage, a One Million (\$1,000,000.00) Dollar limit per occurrence, and a Two Hundred Fifty Thousand (\$250,000.00) Dollar minimum property damage limit.

Premiums for all insurance on the Common Area shall be common expenses of the Association. The 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 General Assessment, as defined in Article V, Section 3.

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

(a) All policies shall be written with a company licensed to do business in South Carolina and holding a rating of XI or better in the Financial Category 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 the Residential Unit 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 mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

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

(e) 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, agents, and guests;
- (ii) a waiver by the insurer of its rights to repair, and reconstruct, instead of paying cash;
- (iii) that no policy may be canceled, invalidated or suspended on account of any one or more individual Owners;
- (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 no policy may be canceled or substantially modified without at 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, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association.

Section 2. Individual Insurance. By virtue of taking title to a Residential Unit subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each individual Owner shall carry

blanket all-risk casualty insurance on the Residential Units and structures constructed thereon as provided for in Section 1 of this Article XI. Each individual Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the individual unit 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 individual Owner determines not to rebuild or to reconstruct, the individual Owner shall clear the Residential Unit of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

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

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

(b) If it is determined, as provided for in Section 3 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 as provided for excess proceeds in Section 3(a) of this Article XI.

Section 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 Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Properties. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Properties to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless at least seventy-five (75%) percent of the total vote of the Association shall decide within

sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

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

Section 5. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners as permitted in Article V, Section 5. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE XII

DURATION

The Covenants and Restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited with this Declaration being automatically renewed and extended upon the expiration of each ten (10) year period, provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial twenty-five (25) year period, or during the last year of any subsequent ten (10) year renewal period three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will

be considered, shall be given each Member at least thirty (30) days in advance of said meeting. In the event that the Association votes to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the resolution of termination adopted by the Association, the total number of votes necessary to adopt a resolution terminating the Declaration, the total number of votes cast in favor of such resolution, and the total number of votes cast against such resolution. Said certificate shall be recorded in Official Real Estate Records for Horry County, South Carolina, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

ARTICLE XIII

AMENDMENTS

Section 1. Procedure for Amendments. The procedure for further amendment of this Declaration shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if three-fourths (3/4) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes necessary to adopt the amendment, and the total number of votes cast against the amendment. Such Addendum shall be recorded in the Official Real Estate Records of Horry County, South Carolina.

Section 2. Quorum Required for Amendment by Members. The quorum required for any action authorized to be taken by the Association under this Article II shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this Article II, the presence at the meeting of the Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice, and the required quorum at such subsequent

meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the Association.

Section 3. Limited Right of Amendment by Declarant.
The Declarant reserves in each instance the right to add additional restrictive covenants in respect to lands conveyed in the future in Long Bay II, or to limit therein the application of these Covenants, provided that no limitations shall be made applicable to the property described in Exhibit A, with any limitations to this Declaration of Covenants to be applicable only as to land Annexed pursuant to the provisions of Article II.

ARTICLE XIV

INDEMNIFICATION

The Association shall indemnify every officer and director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

ARTICLE XV

NOTICES

Section 1. How Notice Given. Any notice required to be sent to any Member or Owner under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as Owner in the public records of Horry County, South Carolina, on the first day of the calendar month in which said notice is mailed.

Section 2. Notice to Co-Owners. Notice to one (1) of two (2) or more co-owners of a Residential Lot or Dwelling Unit shall constitute notice to all co-owners.

Section 3. Notice Where Address or Ownership Changed. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title.

ARTICLE XVI

ENFORCEMENT, SEVERABILITY AND INTERPRETATION

The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provision of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction contained herein shall in no event be deemed a waiver of the right to do so thereafter.

Section 1. Who May Enforce Generally. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Owner or Member or agent of such Owner or Member, the Declarant or any other Owners or Members, or any of them jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

Section 2. Enforcement by the Declarant. In addition to the foregoing, the Declarant shall have the right, but shall not be obligated, to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. Violators shall be obligated to reimburse the Declarant in full for its direct and indirect costs, including, but not limited to, legal fees incurred by the Declarant in maintaining compliance with these Covenants in the event the Declarant prevails in such proceedings.

Section 3. Severability. Should any Covenants and Restrictions herein contained, or any Part, Article, Section, Paragraph, Sentence, Clause, Phrase or Term in this Declaration be declared to be void, invalid, illegal, or unenforceable for any reason by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no wise affect the other provisions hereto which are hereby declared to be severable and 25 which shall remain in full force and effect.

Section 4. Interpretation. In all cases, the provisions of this Declaration shall be given that interpretation of construction which will best tend toward the consummation of the general plans of development of the Property. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning or similar ordinance which allows a less restricted use of the Property.

Section 5. Trespass. Whenever the Association, and/or the Declarant are permitted by these Covenants to correct, repair, clean, preserve, clear out or do any action on any property or on the easement areas adjacent thereto, entering the property and taking such action shall not be deemed a trespass.

ARTICLE XVII

ASSIGNMENT

The Declarant reserves the right to assign to the Association its rights reserved in these Covenants to approve (or disapprove) improvements proposed in Long Bay II and nearby areas, including, but not limited to, the right to approve (or disapprove) architectural or other plans or drawings, specifications, color, finish, plat or site plan and construction schedules, and any other rights or prerogatives reserved unto the Declarant

IN WITNESS WHEREOF, LONG BAY DEVELOPMENT CORPORATION, A SOUTH CAROLINA CORPORATION has caused this instrument to be executed the day and year first above written pursuant to a resolution duly and unanimously adopted by its Board of Directors.

WITNESS

Emma Ruth Brittain
Carolyn Craig

LONG BAY DEVELOPMENT CORPORATION

W. Thomas Hall
By:

Its: President

STATE OF SOUTH CAROLINA)
) PROBATE
COUNTY OF HORRY)

PERSONALLY appeared before me Emma Ruth Brittain and made oath that he/she saw the within named Long Bay Development Corporation, A South Carolina Corporation, by W. Thomas Hale, its President, sign, seal and as their act and deed deliver the within written Declaration of Covenants and Restrictions and that he/she with Carolyn Craig witnessed the execution thereof.

Emma Ruth Brittain

SWORN to before me this 25th day of April, 1994.

Carolyn Craig (L.S.)
Notary Public for South Carolina

My Commission Expires: 7/21/96

**EXHIBIT A for
Declaration of Covenants
and Restrictions for
Long Bay II**

ALL AND SINGULAR that certain piece, parcel or tract of land situate, lying and being in Simpson Creek Township, Horry County, South Carolina, as shown on a plat of Long Bay Golf Club and Long Bay Residential Subdivision prepared for Myrtle Beach National Golf Club, Inc. and Long Bay Development Corporation by Atlantic Land Surveying Company, Inc. dated December 21, 1990, having the last revision date of April 1, 1994, recorded on April 7, 1994 in Plat Book 129 at page 2, having the following metes and bounds to wit:

Beginning at a point where the Western edge of the right of way of S.C. Highway No. 9 intersects with the Northern edge of the right of way of Old Bay Drive, 100 ft. R/W; thence running North 85° 59' 55" West for a distance of 532.35 feet to a point being the POINT OF BEGINNING; thence running North 85° 59' 55" West for a distance of 40.00 feet to a point; thence running along the arc (chord = North 69° 23' 02" West) of a curve being the northern edge of the right of way of Old Bay Drive for a distance of 156.59 feet to a point; thence running North 16° 57' 52" East for a distance of 273.95 feet to a point; thence running along the arc (chord = North 48° 56' 42" West) of a curve for a distance of 153.02 feet to a point; thence North 78° 15' 55" West for a distance of 156.03 feet to a point; thence turning and running South 32° 14' 32" West for a distance of 127.38 feet to a point; thence running South 51° 00' 06" West for a distance of 219.14 feet to a point; thence running South 60° 27' 50" West for a distance of 91.24 feet to a point; thence running South 51° 00' 05" West for a distance of 90.00 feet to a point; thence running South 41° 32' 21" West for a distance of 91.24 feet to a point; thence running South 51° 00' 05" West for a distance of 90.00 feet to a point; thence turning and running North 38° 59' 55" West for a distance of 249.78 feet to a point; thence turning and running South 50° 50' 50" West for a distance of 66.51 feet to a point; thence turning and running North 35° 43' 57" West for a distance of 70.43 feet to a point; thence running North 56° 38' 48" West for a distance of 60.91 feet to a point; thence running North 44° 12' 24" West for a distance of 39.05 feet to a point; thence running North 56° 01' 52" West for a distance of 50.70 feet to a point; thence running North 46° 55' 51" West for a distance of 41.58 feet to a point; thence running North 36° 24' 21" West for a distance of 32.60 feet to a point; thence running North 12° 16' 39" West for a distance of 43.92 feet to a point; thence running North 10° 42' 28" West for a distance of 37.51 feet to a point; thence running North 06° 31' 47" East for a distance of 245.73 feet to a point; thence turning and running South 71° 36' 37" East for a distance of 152.49 feet to a point; thence running along the arc (chord = North 21° 46' 32" East) of a curve for a distance of 45.60 feet to a point; thence turning and running North 27° 00' 25" East for a distance of 244.30 feet to a point; thence running along the arc (chord = North 09° 00' 16" West) of a curve for a distance of 282.69 feet to a point; thence running North 45° 00' 04" West for

a distance of 267.70 feet to a point; thence turning and running South 44° 59' 56" West for a distance of 170.00 feet to a point; thence turning and running North 54° 27' 48" West for a distance of 182.48 feet to a point; thence running North 45° 00' 04" West for a distance of 450.00 feet to a point; thence running North 44° 59' 56" East for a distance of 250.00 feet to a point; thence running North 45° 00' 04" West for a distance of 31.76 feet to a point; thence running North 44° 59' 56" East for a distance of 164.95 feet to a point; thence turning and running South 60° 47' 23" East for a distance of 68.76 feet to a point; thence running South 45° 31' 06" East for a distance of 68.66 feet to a point; thence running South 40° 25' 22" East for a distance of 116.50 feet to a point; thence running South 55° 43' 53" East for a distance 171.44 feet to a point; thence running South 51° 05' 18" East for a distance of 50.69 feet to a point; thence running South 24° 01' 19" East for a distance of 114.04 feet to a point; thence running South 44° 38' 22" East for a distance of 86.70 feet to a point; thence running South 51° 24' 04" East for a distance of 59.91 feet to a point; thence running South 57° 56' 15" East for a distance of 44.82 feet to a point; thence running South 34° 48' 53" East for a distance of 97.77 feet to a point; thence running South 32° 01' 36" East for a distance of 31.27 feet to a point; thence running South 67° 00' 00" East, 125.98 feet to a point; thence running South 16° 29' 44" East for a distance of 115.28 feet to a point; thence running South 04° 08' 32" West for a distance of 209.87 feet to a point; thence running South 29° 58' 20" West for a distance 312.59 feet to a point; thence running North 62° 59' 55" West for a distance of 96.04 feet to a point; thence turning and running South 27° 00' 05" West for a distance of 74.73 feet to a point; thence running South 53° 14' 38" East for a distance of 107.66 feet to a point; thence running along the arc (chord = South 73° 48' 07" East) of a curve for a distance of 174.21 feet to a point; thence turning and running North 61° 57' 50" East for a distance of 94.49 feet to a point; thence running North 45° 05' 57" East for a distance of 364.84 to a point; thence running North 19° 21' 46" East for a distance of 328.35 feet to a point; thence running North 33° 13' 54" West for a distance of 833.60 feet to a point; thence running North 68° 04' 25" East for a distance of 241.65 feet to a point; thence running along the arc (chord = South 24° 43' 52" East) of a curve for a distance of 34.59 feet to a point; thence turning and running South 29° 41' 07" East for a distance of 686.08 feet to a point; thence turning and running South 26° 52' 26" East for a distance of 53.95 feet to a point; thence turning and running North 77° 26' 58" East for a distance of 2.31 feet to a point; thence running along the arc (chord = North 73° 25' 05" East) of a curve for a distance of 39.07 feet to a point; thence running North 01° 42' 45" East for a distance of 147.52 feet to a point; thence running North 45° 35' 54" East for a distance of 44.01 feet to a point; thence turning and running South 65° 21' 13" East for a distance of 55.19 feet to a point; thence running South 68° 19' 35" East for a distance of 54.59 feet to a point; thence running South 85° 18' 15" East for a distance of 90.14 feet to a point; thence turning and running North 82° 23' 30" East for a distance of 43.37 feet to a point; thence turning and running South 85° 36' 43" East

for a distance of 149.64 feet to a point; thence running South 01° 56' 38" East for a distance of 675.00 feet to a point; thence running South 26° 05' 27" West for a distance of 523.69 feet to a point; thence along the arc (chord = South 07° 37' 04" West) of a curve for a distance of 96.77 feet to a point; thence running South 04° 00' 05" West for a distance of 124.51 feet to a point; said point being THE POINT OF BEGINNING, be all measurements a little more or a little less.

**EXHIBIT B for
Declaration of Covenants
and Restrictions for
Long Bay II**

ANY AND ALL property within a two (2) mile radius of the Long Bay Club clubhouse except that said radius shall not extend beyond Pine Needle Road or Highway 9.

EXHIBIT C FOR
DECLARATION OF COVENANTS AND
RESTRICTIONS FOR LONG BAY II

BY-LAWS
OF
LONG BAY II PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I

IDENTITY

Section 1. Name. The name of the Corporation is Long Bay II Property Owners' Association, Inc., (hereinafter referred to as the "Association"), which was created and exists as a non-profit Corporation under the laws of the State of South Carolina.

Section 2. Office of Association. The office of the Association shall be at the offices of Long Bay Development Corporation, a South Carolina Corporation (hereinafter referred to as the "Declarant"), or at such other place as may be subsequently designated by the Board of Directors of the Association.

Section 3. Seal. The Seal of the Association shall bear the name of the Association, the words "South Carolina", the words "Non-Profit Declarant" and the year of incorporation.

ARTICLE II

DEFINITIONS

Section 1. General. all terms used herein and not otherwise defined shall be deemed to have the same meaning as defined in that certain DECLARATION OF COVENANTS AND RESTRICTIONS FOR LONG BAY II dated April, 25, 1994, and recorded in the Office of the Clerk of Court for Horry County, South Carolina, certain provisions of which Declaration may be repeated in full or in part and may be renumbered as they appear herein.

ARTICLE III

MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership. Every Owner shall be a Member of the Association. The Association shall have two (2) classes of membership, Class "I" and "II" as more fully set forth in that Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Quorum Required For Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice, and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the Membership of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called subject to the giving of proper notice and there shall be no quorum required for such third meeting. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this ARTICLE III, Section 2, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. This provision shall not apply when the proposed action is the amendment of the Declaration, and the quorum requirement established by ARTICLE XIII, Section 2 of the Declaration shall govern in that instance.

Section 3. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing.

ARTICLE IV

MEETING OF MEMBERSHIP

Section 1. Place. All meetings of the Association Membership shall be held at the office of the Association or at such other place and at such time as shall be designated by the Board of Directors of the Association and stated in the Notice of Meeting and shall be open to all Owners.

Section 2. Membership List. At least ten (10) days, but not more than forty (40) days before every meeting of the Association or election of Directors, a complete list of Members of the Association shall be prepared by the Secretary. Such list shall be maintained in the office of the Association for at least ten (10) days prior to any meeting or election and ten (10) days after any meeting or elections.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized or qualified to call the meeting, by mailing a copy of such notice, with proper postage affixed, at least fourteen (14) days (but not more than thirty (30) days before such meeting to each Member entitled to vote thereat,

to the last known address of the person or entity who appears as Owner in the Real Estate Records of Horry County, South Carolina, on the first day of the calendar month in which said notice is mailed. Notice to one (1) of two (2) or more Co-Owners of a Residential Lot or Dwelling Unit shall constitute notice to all Co-Owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change in address. Any person who becomes an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessors-in-title. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Evidence of such notice having been given may consist of an Affidavit of Meeting evidencing that the requisite notice was posted at least fourteen (14) days prior to such meeting.

Section 4. Annual Meeting. The annual meeting shall be held at 10:00 a.m. eastern standard time on the 1st Saturday of January each year for the purpose of electing Directors and transacting any other business authorized to be transacted by the Members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the next secular day following. At the annual meeting, the Members shall elect new members of the Board of Directors by plurality vote and in accordance with ARTICLE V of these By-Laws and shall transact such other business as may properly be brought before the meeting.

Section 5. Special Meeting. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, may be called at any time by anyone of the following: (a) the President of the Association; (b) the Chairman of the Board of Directors or (c) a majority of the Board of Directors. A special meeting shall be called by the President or Secretary of the Association at the request, in writing, of Members owning at least ten (10%) percent or more of the total votes of the Association, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the subjects stated in the Notice thereof.

Section 6. Waiver and Consent. Whenever the vote of Members at a meeting is required or permitted by any provision of these By-Laws to be taken in connection with any action of the Association, the meeting and vote of Members may be waived if a majority of Members who would have been entitled to vote on the action if such meeting were held, shall consent in writing to such action being taken; however, notice of such action shall be given to all Members unless all Members participated in the approval of such action.

Section 7. Adjourned Meeting. If any meeting of the Members cannot be organized or convened because a quorum does not

exist, then the Members entitled to vote thereat or the person initially calling the meeting shall have power to adjourn the meeting and to call a second meeting subject to the giving of proper notice, and the required quorum at such second meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%) percent of the total vote of the membership of the Association. In the event the required quorum is not forthcoming at the second meeting, a third meeting may be called in the same manner as the second meeting subject to the giving of proper notice, and there shall be no quorum requirement for such third meeting. This provision shall not apply when the proposed action is the amendment of the Declaration, and the quorum requirement established by ARTICLE XIII, Section 2, of said Declaration shall govern in that instance.

The Members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

ARTICLE V

DIRECTORS

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. Directors During Declarant Control. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant so long as the Class "II" membership exists, as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The Directors selected by the Declarant need not be Owners or residents in the Project. After the period of Declarant appointment, all Directors must be Members of the Association and shall be elected and subject to removal as set forth in Article V, Sections 4, 5, 6 and 7.

Section 3. Number of Directors. The number of Directors in the Association shall be not less than three (3) nor more than seven (7), as the Board of Directors may from time to time determine by resolution. The initial Board shall consist of five (5) members and are identified in the minutes of the first meeting of the Board.

Section 4. Nomination of Directors. Except with respect to Directors selected by the Declarant, 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 two (2) or 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 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. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 5. Election and Term of Office: Directors elected by the Members of the Association as provided in Section 2 of this Article shall serve as follows:

(a) At the first annual meeting of the membership after the termination of the Class "II" membership and at each annual meeting of the membership thereafter, Directors shall be elected. The candidate receiving a majority vote shall be elected. In the event no candidate receives a majority vote at the first balloting, a run-off shall be held between the top two (2) candidates.

(b) The initial terms of the Directors shall be until the next annual meeting of the Board. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected or selected to serve until the next annual meeting. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

Section 6. Removal of Directors and Vacancies. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors elected under Section 5 of this Article may be removed, with or without cause, by a majority vote of the Owners and a successor may then and there be elected to fill the vacancy thus created. The notice of meeting shall provide that the purpose, or one of the purposes, of the meeting is removal of the Director.

In the event of death or resignation of a Director, his or her successor shall be selected by a majority of the remaining members of the Board and shall serve until the next annual meeting of the Board.

Section 7. Voting Procedure for Directors. The first election of the Board shall be conducted at the first meeting of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are

entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Organization Meetings. The first meeting of the members 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.

Section 2. 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. Notice of the time and place of such meeting shall be given to each Director at least three (3) days prior to the date of such meeting.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Members of the Board of Directors, after not less than three (3) days notice, in writing, to all members of the Board of Directors of the time, place and purpose of such meeting.

Section 4. Place of Meetings. Meetings of the Board of Directors shall be held at Long Bay II, South Carolina, whenever practical, or at such other place as may be determined by the Board of Directors.

Section 5. Directors' Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 6. Quorum. At all meetings of the Board of Directors, a majority of the Members of the Board of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Members of the Board of Directors present at such meetings at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such readjoined meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the Minutes thereof shall constitute the presence of such Director for the purpose of

determining a quorum.

Section 7. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 8. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Association shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Declaration, this Association's Articles of Incorporation, or these By-Laws, directed to be exercised and done by Owners. These powers and duties shall specifically include, but shall not be limited to, the matters hereinafter set forth.

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 be responsible for, but shall not be limited to, the following:

(a) To adopt, publish and amend rules and regulations governing the use of the Common Properties and facilities located thereon, and the personal conduct of the Members and their guests thereon; and to establish penalties for the infraction thereof;

(b) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(c) To employ a manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties;

(d) To secure Officers and Directors Liability Insurance covering the Officers and Directors of the Association at the expense of the Association.

(e) To supervise all officers, agents and employees of this Association and to see that their duties are properly performed;

(f) As more fully provided in the Declaration, to:

(i) Fix the amount of the annual assessment against each Owner at least thirty (30) days in advance of each annual assessment period;

(ii) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(g) To issue, or to cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(h) To procure and maintain adequate liability and hazard insurance on property owned by the Association in the form and amount required by the Declaration;

(i) To cause all Officers or employees of the Association having fiscal responsibilities to be bonded, with fidelity bonds in the form and amount required by the Association, and the premium on such bonds shall be paid by the Association;

(j) To cause the Common Properties to be adequately maintained;

(k) To review and amend, if appropriate, the proposed annual budget as prepared by the Treasurer in accordance with ARTICLE X, Section 8 hereunder.

ARTICLE IX

LIABILITY OF THE DIRECTORS

The Members of the Board of Directors shall not be liable to the Owners or the Association for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Members of the Board of Directors against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the Members of the Board of Directors shall have no personal

liability with respect to any contract made by them on behalf of the Association. It is understood and permissible and shall not be deemed to be self-dealing for the Association to contract with the Declarant or other entities owned, controlled or affiliated with the Declarant. It is also intended that the liability of any Member arising out of any contract made by the Board of Directors or out of the aforesaid indemnity in favor of the Members of the Board of Directors shall be limited to such proportion of the total liability thereunder of all Members in the Common Properties bears to the interests of all Members in the Common Properties. Every agreement made by the Board of Directors, or by any managing agent, or by any management firm, as the case may be, is made in the capacity only as an agent for the Members and shall have no personal liability thereunder (except as Members). Moreover, each Member's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Properties.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The Officers of this Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other Officers as the Board may from time to time by resolution create, all of whom shall be Members of the Board of Directors.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The Officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year and until their successors are chosen and assume office in their stead, unless he shall sooner resign, or shall be removed or otherwise be disqualified to serve.

Section 4. Appointive Officers. The Board of Directors may appoint Assistant Secretaries and Assistant Treasurers and such other Officer as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board of Directors may, from time to time, determine.

Section 5. Resignation and Removal. Any Officer may be removed from office without cause by the Board of Directors. Any Officer may resign at any time giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance or acknowledgment of acceptance

of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he replaces.

Section 7. Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of appointive offices created pursuant to Section 4 of this ARTICLE.

Section 8. Duties. The duties of the Officers are as follows:

(a) President. The President shall be the chief executive Officer of the Association. He shall preside at all meetings of the Owners and of the Board of Directors; shall see that orders and resolutions of the Board are carried out. He shall have executive powers and general supervision over the affairs of the Association and other Officers. The President shall sign all leases, mortgages, deeds, contracts and other written instruments and shall co-sign all checks and promissory notes. He shall perform all of the duties incident to his office or which may be delegated to him from time to time by the Board of Directors.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, and perform other duties as may be required of him from time to time by the Board of Directors.

(c) Secretary. The Secretary shall issue notices of all Board of Directors' meetings and all meetings of the Members and shall attend and keep the Minutes of same. The Secretary shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

(d) Treasurer. The Treasurer shall:

(i) have custody of the Association's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies and other valuable effects in the name of and to the credit of the Association, in such depositories as may be designated from time to time by the Board of Directors;

(ii) disburse the funds of the Association as may be ordered by the Board of Directors in accordance with these By-Laws, making proper vouchers for such disbursements, and shall render to the President and Board of Directors at the regular

meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as the Treasurer and of the financial condition of the Association.

(iii) collect the assessments and maintenance fees and shall promptly report the status of collection and of all delinquencies to the Board of Directors.

(IV) give status reports to potential transferees on which reports the transferees may rely.

(v) cause an annual audit of the Association to be completed in a timely fashion by a certified public accountant selected by the Board of Directors.

(vi) in conjunction with the Association's accountant and such other persons as the Board of Directors may designate, prepare an annual budget for consideration, modification, if appropriate, and ultimate approval by the Board of Directors.

(vii) the duties of the Treasurer may be fulfilled by a management firm employed by the Association, in which event such management firm shall have custody of the books of the Association as it determines is necessary for the performance of such treasurer duties, and the foregoing may include any books required to be kept by the Secretary of the Association.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable costs.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall be subject to a late charge of one and one-half (1 1/2%) percent of the delinquent payment amount per month from the due date until paid or such other amount as set by the Board of Directors from

time to time, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs of collection and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Properties or abandonment of this property by which he is entitled to Membership. Provided, however, the Declarant shall only be liable for payment of the assessments as set forth in the Declaration.

ARTICLE XIII

COMMITTEES

The Board of Directors shall appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall designate one or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management and affairs and business of the Association. Such committee shall consist of at least three (3) Members. The committee or committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular Minutes of their proceedings and report the same to the Board of Directors, as required.

ARTICLE XIV

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE XV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Long Bay II or an appropriate abbreviation thereof.

ARTICLE XVI

INDEMNIFICATION

The Association and Owners shall indemnify every Director and every Officer, his heirs, executors and administrators, against all losses, costs and expenses reasonably incurred by him in

connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or Officer of the Association, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XVIII

AMENDMENTS

Section 1. These By-Laws may be amended at a regular or special meeting of the Members by three-fourths (3/4) of the vote at a duly called meeting and provided that any matter stated herein to be or which is in fact governed by the Declaration may not be amended except as provided in the Declaration.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the organizing Members and Directors of Long Bay II Property Owners' Association, Inc., have hereunto set our hands this 25th day of April, 1994.

WITNESS:

Emma Ruth Brittain

Carolyn Craig

LONG BAY DEVELOPMENT CORPORATION

W. Thomas Hall (L.S.)
By:

Its: President

Attest: J. Raymont (L.S.)
By:
Its: Secretary