

RETURN TO *Wme*  
BELLAMY, RUTENBERG, COPELAND  
EPPS, GRAVELY & BOWERS, P.A.  
POST OFFICE BOX 357  
MYRTLE BEACH, SC 29578  
843-448-2400

COPY

Instrument#: 2012000029240, DEED BK:  
3572 PG: 3325 DOCTYPE: 082 03/13/2012  
at 03:26:54 PM, 1 OF 44 BALLERY V.  
SKIPPER, HORRY COUNTY, SC  
REGISTRAR OF DEEDS

**DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
PALM LAKES PLANTATION**

***THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration")***, made on the 9<sup>th</sup> day of March, 2012, by REDUS SC COASTAL, LLC., a Delaware limited liability company ("Declarant"),

**WITNESSETH:**

***WHEREAS***, Declarant is the owner of all of the real estate, located in Horry County, South Carolina, which is more particularly described in Exhibit "A" (hereinafter referred to as the "Real Estate") attached hereto and by this reference, made a part hereof, upon which Declarant intends to develop a residential subdivision;

***WHEREAS***, the real estate more completely described in what is attached hereto and incorporated herein by reference as Exhibit "B" shall hereinafter be referred to as the "Additional Real Estate";

***WHEREAS***, Declarant is the owner of the Real Estate and Additional Real Estate pursuant a foreclosure action against the prior owner of the Real Estate and Additional Real Estate. As of the date hereof, Declarant has not performed any development activities on or to the Real Estate and Additional Real Estate; and, therefore, hereby disclaims any warranty, expressed or implied, as to any such development activities or work;

***WHEREAS***, Declarant (or a designee of Declarant) desires to subdivide and develop the Real Estate and may in the future desire to subdivide and develop such portions (or all) of the Additional Real Estate as may be made subject to the terms of this Declaration, as hereinafter provided; and

***WHEREAS***, the term "Property" shall hereinafter mean and refer to the Real Estate together with such portions of the Additional Real Estate as have from time to time been specifically subjected to and at anytime subject to this Declaration.

***NOW, THEREFORE***, Declarant, hereby declares that all of the Property, including, without limitation, the Lots (as defined in Article II below) in the Property, as they are held and shall be held, conveyed, hypothecated, or encumbered, leased, rented, used, occupied, and improved, are subject to the following restrictions, all of which are declared to be in furtherance of a plan of the improvement and sale of the Property and each Lot situated therein, and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property as a whole and each of the Lots situated therein. The restrictions shall run with the Property and shall be binding upon the Declarant, its successors and assigns, and upon the parties having or acquiring any interest in the Property or any part or parts thereof subject to these restrictions. The restrictions shall inure to the benefit of the Declarant and its respective successors and assigns as well as the Owners and the Association.

As of the date of execution hereof, the Property consists solely of the Real Estate. The Owner of any Lots subject to these restrictions, by (i) acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent Owner of such Lot or (ii) the active occupancy of any Lot, shall accept such deed, execute such contract and/or actively occupy such Lot subject to each restriction and agreement herein contained. By acceptance of such deed, execution of such contract, and/or actively occupying such Lot, each Owner acknowledges the rights and

powers of Declarant and of the Association with respect to these restrictions and also for itself, its heirs, personal representatives, successors, and assigns, covenants and agrees and consents to and with Declarant, the Association, and the Owners of each of the Lots hereby affected to keep, observe, and comply with the terms and conditions hereof.

Declarant shall have, and hereby reserves the right, at any time, and from time to time, at any time prior to the expiration of the Development Period, to add to the Property and subject to this Declaration all or any part of the Additional Real Estate. Any portion of the Additional Real Estate shall be added to the Property, and therefore and thereby becomes a part of the Property and subject in all respects to this Declaration and all rights, obligations, and privileges herein, when Declarant places of record with the County in which the Property is located, an instrument so declaring the same to be part of the Property, which supplementary declaration (hereafter "Supplementary Declaration") may be as part of a subdivision plat for any portion of the Additional Real Estate, or by an amendment or supplement to this Declaration. Such Supplementary Declaration may contain modifications hereto and additional terms, conditions, restrictions, maintenance obligations, and assessments as may be necessary to reflect the different type or character, if any, of the added Dwelling Units or Additional Real Estate. In that regard, Declarant specifically reserves unto itself, its successors and assigns, the right to modify the size of the Lots and the size, type and character of any added Dwelling Units or Additional Real Estate, in its sole and absolute discretion.

Upon recording of any such instrument on or before the expiration of the Development Period, the real estate described therein shall, for all purposes, thereafter be deemed a part of the Property and the Owners of any Lots within such real estate shall be deemed for all purposes, to have and be subject to all of the rights, duties, privileges, and obligations of Owners of Lots within the Property. No single exercise of Declarant's right and option to add and expand the Property as to any part or parts of the Additional Real Estate shall preclude Declarant from thereafter from time to time further expanding and adding to the Property to include other portions of the Additional Real Estate, and such right and option of expansion may be exercised by Declarant from time to time as to all or any portions of the Additional Real Estate so long as such expansion is accomplished on or before the expiration of the Development Period. Such expansion of the Property is entirely at the discretion of the Declarant and nothing contained in this Declaration or otherwise shall require Declarant to expand the Property beyond the Real Estate, or to any portions of the Additional Real Estate which Declarant may voluntarily and in its sole discretion from time to time subject to this Declaration.

## ARTICLE I

### *Name*

The subdivision of the Property created by this Declaration shall be known and designated as Palm Lakes Plantation (hereafter "Subdivision").

## ARTICLE II

### *Definitions*

The following terms, when used throughout this Declaration, shall have the following meanings and definitions:

Section 2.1 "Articles" means the Articles of Incorporation of the Association (as hereinafter defined) filed, or to be filed, with the Office of the Secretary of State of South Carolina, as the same are or hereafter may be amended from time to time.

**Section 2.2** "Association" means the ***PALM LAKES PLANTATION OF MYRTLE BEACH PROPERTY OWNERS' ASSOCIATION, INC.***, a non-profit corporation, its successors and assigns.

**Section 2.3** "Board of Directors" means the Board of Directors of the Association.

**Section 2.4** "Builder" or "Designated Builder" means a person or entity engaged in and responsible for the original construction of a residence on a Lot and designated by Declarant as a Builder or Designated Builder. For so long as Citizen Homes Inc. owns any Lot, it shall be a Builder hereunder. The terms "Builder" and "Designated Builder" shall have the same meanings.

**Section 2.5** "Common Area" means: (1) those portions of the Property, including improvements thereto, facilities and personal property owned, to-be-owned, leased or to-be-leased by the Association from time to time for the common use, benefit and enjoyment of the Owners (as hereinafter defined), (2) Lake Area, as defined below, and (3) items (if any) deemed Common Area for maintenance purposes only. Unless expressly stated to the contrary, the term Common Area as used herein (whether or not so expressed) shall include all portions of the Property designated on the Plat (as hereafter defined) as a "Common Area", "Common Open Space", or such like designation.

**Section 2.6** "Common Expenses" shall mean and refer to expenses of administration of the Association, and expenses for the upkeep, maintenance, repair and replacement of all Common Area, and all sums lawfully assessed against the Owners by the Association, and all sums, costs and expenses declared by this Declaration to be Common Expenses.

**Section 2.7** Intentionally Deleted

**Section 2.8** "Declarant" means ***REDUS SC COASTAL, LLC, a Delaware limited liability company*** and its successors and assigns in the development of the subdivision as to which Declarant expressly assigns in a recorded instrument the rights of Declarant hereunder.

**Section 2.9** "Designated Builder" shall mean Citizens Homes Inc., or such other builder or builders as designated by Declarant.

**Section 2.10** "Development Period" means the period of time commencing with on the date this Declaration is recorded in the Register of Deeds of Horry County, South Carolina, and ending when Declarant has completed the development and sale of, and no longer owns, any Lot or any other portion of the Additional Real Estate.

**Section 2.11** "Dwelling Unit" means any single-family residence situated upon a Lot (as hereafter defined).

**Section 2.12** "Lake Area(s)" means any Common Area on which a lake now exists or is later constructed by Declarant and "Lake" means a body of water which now exists or is later constructed by Declarant in a Lake Area.

**Section 2.13** "Lake Maintenance Easement" means those areas identified on the recorded plat(s) of the Property as "Lake Maintenance Easement" or similar designation which shall be reserved to the Association or its assigns for the purpose of performing maintenance of the Lakes in accordance with the terms and provisions of this Declaration.

**Section 2.14** "Lot" or "Lots" means, as the context requires, any parcel or parcels of land designated as such (e.g., 1 or 55) upon the Plat (as hereinafter defined) or, after construction, that parcel

of land upon which there is constructed a Dwelling Unit that is conveyed to an Owner (as hereinafter defined) by the Declarant or a Builder. Subject to any necessary approval of the appropriate governmental authority, a "Lot" may contain portions of real estate greater or less than its originally platted dimensions should the Declarant deem it advisable in order to accommodate the construction of a Dwelling Unit.

Section 2.15 "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but otherwise excluding those having such interest merely as security for the performance of an obligation. Unless specifically indicated to the contrary, the term "Owner" shall include the Declarant.

Section 2.16 "Plat" means the subdivision plats of the Property, which are recorded with the Register of Deeds of the county in which the Property is located, as the same may be hereafter amended or supplemented pursuant to this Declaration.

### ARTICLE III

#### *Property Rights, Easements, and Encroachments*

Section 3.1 Owners' Easements of Enjoyment of Common Area. Every Owner shall have a nonexclusive right and easement of enjoyment, in common with all Owners, in and to any Common Area, which nonexclusive right and easement or enjoyment shall be appurtenant to and shall pass with title to every Lot (in the form of a right to membership in the Association), subject to the following provisions:

(a) The right of the Association to suspend the voting rights and right to use of any recreational facilities, if any, by any Owner (i) for any period during which any assessment remains unpaid and (ii) for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(b) The right of the Association to promulgate reasonable rules and regulations governing the use of the Common Area owned by the Association including, without limitation, parking, swimming, boating, fishing, (including the denial thereof of any such activities); and to promulgate reasonable rules and regulations regarding the improvements, additions or alterations to the Lots and the Common Area owned by the Association;

(c) The rights of Declarant as provided in this Declaration, as the same may be amended from time to time;

(d) The right of the Association to mortgage any or all of the Common Area owned by the Association, upon the approval of two-thirds ( $\frac{2}{3}$ ) of the membership of each class of members of the Association and upon consent of the Declarant during the Development Period;

(e) The easements reserved elsewhere in this Declaration and the right of the Association to grant further reasonable utility easements across and through the Common Area owned by the Association for the benefit of its members (subject to consent of the Declarant during the Development Period);

(f) The right of the Association to dedicate or transfer all or any part of the Common Area owned by the Association to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members or otherwise allowed pursuant to this Declaration, as amended (subject to consent of the Declarant during the Development Period);

(g) If ingress or egress to any Lot is through the Common Area, any conveyance or encumbrance of such Common Area is subject to such Lot Owner's easement for ingress and egress;

(h) The right of the Declarant and Designated Builder (subject to consent of the Declarant during the Development Period) to erect any signs (i) advertising the sale of the Property or any Lot and/or (ii) identifying the Subdivision;

(i) The right of the Declarant and its assigns to install, or cause to be installed, Technology Infrastructure in Common Areas; and

(j) All other rights, obligations and duties as set forth in this Declaration, as the same may be from time to time amended or supplemented.

**Section 3.2 Intentionally Omitted**

**Section 3.3 Certain Obligations and Access Rights to the Common Area.**

(a) Except as otherwise set forth in this Declaration, the Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the management and control, for the exclusive benefit of the Owners as provided herein, of the Common Area and for the maintenance of the same in good, clean, attractive, safe and sanitary condition, order and repair.

(b) The Association shall have and is hereby granted a general right of access and easement to all of the Common Area and across the Lots, at reasonable times and at any time in case of emergency, as reasonably required by its officers, directors, employees and their agents and independent contractors, to the full extent necessary or appropriate to perform its obligations and duties as set forth in this Declaration. The easements and rights specified herein also are reserved for the benefit of Declarant so long as Declarant owns any portion of the Property or the Additional Property and for so long as Declarant may be liable under any builder's warranty.

**Section 3.4 General Drainage, Utility, Sewer and Other Development Easement** - The following rights and easements reserved in this Section 3.4 shall not be exercised with respect to a Lot, after the conveyance of such Lot, in a manner that (i) unreasonably and adversely affects any Dwelling Unit or portion thereof located upon such Lot or the Owner's use or enjoyment thereof, or (ii) unreasonably restricts the rights of ingress and egress to such Lot. The following rights and easements reserved by Declarant in this Section 3.4 shall run with the land, and Declarant's right to further alter or grant easements shall automatically terminate and pass to the Association one (1) year after Declarant shall have conveyed the last Lot within the Property and no longer owns any portion of the Additional Property.

(a) Declarant hereby reserves unto itself, and unto any public or private utility, a general easement ("General Drainage, Utility, and Sewer Easement") for drainage, utility and sewer purposes in, on and over all of the Common Area and any Lot, so as to permit Declarant to properly install and allow to be installed and maintained all electrical, telephone, water, gas, and sanitary and storm sewer, to serve any Dwelling Unit constructed on the Property. This General Drainage, Utility, and Sewer Easement shall include all areas of the Property outside any Dwelling Units, with the exception of any areas covered by chimneys, or patios. Improvements or permanent structures installed within the Common Area are subject to the rights (including the right to remove where reasonably necessary without duty of replacement or reimbursement) of the Declarant and any public or private utility to construct, maintain, repair or remove any necessary facilities. By virtue hereof, Declarant reserves the right to install a lake(s) or pond(s) on any Common Area. The rights hereunder and easements hereby reserved survive the

conveyance, by the Declarant to the Association, of any Common Area. This easement shall be in addition to any easement identified or designated upon a Plat as a drainage, sewer, utility, cable, landscape, sign, transmission, flowage or similar type easement.

(b) Declarant reserves unto itself during the Development Period, and thereafter unto the Association, an easement ("Lake Easement") and right-of-way in and to any Lake Area (s) or areas now or hereafter shown on the Plat as a "Common Area", or "Lake" or any other Common Area within the Property used as a water retention or detention area, or on which a Lake now exists or is later constructed, for the purpose of fulfilling any maintenance obligations set forth in this Declaration and/or establishing and maintaining proper surface water drainage throughout the Property, and an easement of ingress and egress through so much of the remainder of the Property as is reasonably necessary or appropriate, to perform such actions as Declarant or the Association deem necessary or appropriate, for the purpose of establishing and maintaining proper surface water drainage throughout the Property, which such actions shall include the construction, repair and maintenance of retention and detention ponds or lakes in accordance with the requirements of applicable law and of all governmental agencies having jurisdiction (without undertaking any obligation or duty to exceed such requirements).

(c) Declarant reserves unto itself during the Development Period, and thereafter unto the Association, the right and an undefined sign and facilities easement ("Sign and Facilities Easement") to install, erect, construct and maintain an entryway sign or signs, directional signs, advertising signs advertising the Property or the Lots therein, lighting, walkways, pathways, fences, walls and any other landscaping, architectural and recreational features or facilities considered necessary, appropriate, useful or convenient, anywhere upon the Property (except upon any Lot that has been conveyed to a third party). Any such signs shall comply with any applicable zoning requirements and all such facilities shall be maintained by the Association as a part of its Common Area maintenance obligations.

(d) Subject to the limitations set forth above with regard to this Section 3.4, Declarant reserves unto itself during the Development Period, and thereafter unto the Association, the full right, title and authority to:

(i) Relocate, alter or otherwise change the location of any General Drainage, Utility, and Sewer Easement, Lake Easement, Sign and Facilities Easement, or any facility at any time located therein or thereon;

(ii) Grant such further easements, licenses and rights-of-way, temporary or permanent, exclusive or non-exclusive, surface or otherwise, as Declarant may deem necessary or appropriate, for ingress and egress, utility and similar purposes on or within any portion of the Property, for the benefit of the Property or any portion thereof, or the Additional Property, or any adjoining property, whether or not such Additional Property or adjoining property is subject to this Declaration or made a part of the Subdivision; and,

(iii) Describe more specifically or to change the description of any General Drainage, Utility, and Sewer Easement, Lake Easement, Sign and Facilities Easement or any other easement, license or right-of-way now or hereafter existing on the Property, by written instrument, amended Plat or amendment to the Plat recorded in the Office of the Register of Deeds of the County in which the Property is located.

(e) The title of the Association (as to the Common Area owned by the Association during the Development Period) and of any Owner of any Lot shall be subject to the rights and easements reserved herein.

**Section 3.5 Easement for Emergency Purposes.** An easement is hereby dedicated and granted for use in the case of an emergency by emergency vehicles such as fire trucks, police cars and ambulances and emergency personnel, public and private, over and upon the Common Area.

**Section 3.6 Fee Title to Lot.** The fee title to any Lot described as bounded by any street, lane, walkway, park, pond, lake, or any other common property which has not been dedicated or accepted by the public and the fee title to any Lot shown on any Plat as abutting upon any such common property shall not extend upon such common property and the fee title to such common property is reserved to the grantor to be conveyed to the Association for the common enjoyment of all residents in the Subdivision.

**Section 3.7 Designated Drainage, Utility, and Sewer Easements.** There are strips of ground designated on the Plat as drainage easements, utility easements, sewer easements, sanitary sewer easements and storm sewer easements, or any combination thereof (hereafter collectively "DU&E Easements"), which are hereby reserved to the appropriate governmental entities, public utilities, private utilities and provider(s) for the installation and maintenance of swales, ditches, pipes, drains, sanitary sewers, manholes, detention and retention areas or other drainage facilities. Purchasers of Lots in this Subdivision shall take title subject to such easements hereby created and subject at all times to the rights of proper authorities to service and maintain such drainage facilities and easements, and no permanent structure of any kind and no part thereof except fences which do not retard or impede the flow of drainage water and which are approved pursuant to Section 6.2 below, shall be built, erected or maintained on said drainage easements, except by the Declarant or its assigns. It shall be the responsibility of the Association and the Owners of the areas enclosed within such easements to maintain such areas in such conditions that the flow of storm drainage waters on, across and from said areas shall not be impeded, diverted or accelerated. Such use for storm water movement or retention or detention is hereby declared to be an easement and servitude upon said land for the benefit of the Owners of other land included within the Plat, upstream or downstream, affected by such use and for any proper governmental agency or department or any private or public utility. All proper governmental agencies or departments and public and private utilities are hereby given the right to obtain access to such areas to perform maintenance and to perform such maintenance as may be necessary to protect that easement and servitude rights. It shall be the responsibility of the Association and the Owner of any Lot or parcel of land within the Plat to comply at all times with the provisions of the drainage plan as approved for the applicable Plat by the appropriate governmental agency or department and the requirements of all drainage permits for such Plat issued by those agencies. Failure to so comply shall operate as a waiver and release of the Declarant, the developer, or their engineers and agents from all liability as to damage caused by storm waters or storm drainage.

Further, there are easements and servitudes upon the land within the Plat in favor of surface water runoff along natural valleys and drainage channels running to Owners of other land contained within the Plat, upstream and downstream. It shall be the responsibility of the Association and the Owners of these natural valleys and channels to use their land and maintain said natural valleys and channels in such manner and condition that the flow of storm drainage waters on, across, from and to such areas shall not be impeded, diverted or accelerated.

**Section 3.8 Designated Easements for Landscaping, Mounding, Screening and Signage.** Within any strips of ground shown or designated on a Plat as a landscape easement, landscape maintenance easement, landscape maintenance access easement, landscape berm, or by any similar language indicating a landscaping purpose, Declarant hereby reserves unto itself and Designated Builder during the Development Period and thereafter unto the Association, the exclusive and sole right to (i) erect signs which advertise the Property or availability of Lots, and/or identify the Subdivision and (ii) install landscaping, mounding, walls, and screening. Notwithstanding anything in this Declaration to the contrary, no planting shall be done, and no hedges, walls, signs, fences or other improvements shall be

erected or maintained in the area of such easements, except by the Declarant during the Development Period and thereafter by the Association. Furthermore, notwithstanding anything in this Declaration to the contrary, no planting shall be done, and no hedges, walls, fences, structures, signs, or other improvements shall be erected between (i) the area of any such easements and (ii) any perimeter roadway, public highway or right-of-way along the perimeter or boundary of the Property, except by the Declarant during the Development Period and thereafter by Association.

**Section 3.9 Street Dedication.** All streets now or hereafter located upon the Property are hereby dedicated to the public.

**Section 3.10 Easement Work.** Notwithstanding any architectural approval under Section 6.2 below, during the course of any maintenance, service, repair or work upon any easement, the Declarant, the Association, any private utility, any public utility, and/or any governmental entity shall have the right and the authority, without any obligation or liability whatsoever planted, to any owner, to remove, damage, or destroy any fence or other structure or landscaping built, erected, maintained or planted in any easement described in Section 3.4, Section 3.7 and Section 3.8 above.

**Section 3.11 No Access.** There may be strips of ground designated on the Plat as “no access strips”, “no access”, “no access easement”, “no access esmt”, or by other similar language. Vehicular ingress, egress, and traveling and/or the construction of improvements for such ingress, egress and/or traveling, is prohibited on, over, or across any such strips or areas. Furthermore, vehicular access to any Lot shall only be from the adjoining public street and shall not cross any Common Area(s).

**Section 3.12 Reservation of Right to Grant Easement.** The Declarant hereby reserves the right, in its discretion, to (i) grant easements upon, under, over and across the Property for the benefit of land which is adjacent to the Property, whether or not such land is ever subjected to this Declaration or made a part of the Subdivision, and/or (ii) to obtain, for the benefit of the Property, easements upon, under, over and across the real estate which is adjacent to the Property.

## ARTICLE IV

### ***Association Membership, Voting Rights, Board of Directors, and Professional Management***

**Section 4.1 Membership.** Initially, the person(s) who serve as incorporator(s) of the Association shall be the member(s) (the "Initial Member(s)"). The Initial Member(s) shall remain member(s) of the Association until the Association Articles of Incorporation are accepted by the South Carolina Secretary of State, at which time the Initial Member(s) shall cease to be member(s) unless they also qualify as Class A or Class B members. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Apart from the Initial Member(s), a membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot. Additionally, Declarant shall be a member of the Association for so long as it owns any Lot or any portion of the Additional Real Estate.

**Section 4.2 Classes of Membership and Voting Rights.** The Association shall have the following two classes of voting membership:

**Class A.** Class A Members shall be all Owners excepting the Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Section 4.1 above. When more than one person holds such interest or interests in any Lot, the vote attributable to such Lot shall be exercised as such persons mutually determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.

*Class B.* The sole Class B Member shall be the Declarant. The Class B Member shall be entitled to total votes in an amount equal to twice the number of the Class A votes plus one. The Class B membership shall cease and become converted to Class A membership upon the conveyance to Lot Owners of all Lots subject to this Declaration (including any Lots created by supplementing to this Declaration all or any portion of the Additional Real Estate), or December 31, 2025, whichever first occurs. In addition, Declarant may terminate the Class B membership upon written notice to Association.

When a purchaser of an individual Lot or Lots takes title thereto from the Declarant, he automatically becomes a Class A Member. When (if ever) Declarant terminates its Class B membership, it automatically becomes a Class A Member entitled to vote on the same basis as other Owners.

*Section 4.3 Board of Directors.* The Owners shall elect a Board of Directors of the Association as prescribed by the Association's Articles and By-Laws. The Board of Directors shall manage the affairs of the Association. Directors need not be members of the Association.

*Section 4.4 Professional Management.* No contract or agreement for professional management of the Association, nor any other contract between Declarant and the Association, shall be for a term in excess of three (3) years. Any such agreement or contract shall provide for termination by either party with or without cause and without payment of any termination fee upon written notice of thirty (30) days or less.

## ARTICLE V

### *Covenant for Maintenance Assessments*

*Section 5.1 Creation of the Lien and Personal Obligation of Assessments.* Subject to the provisions of Section 5.5 herein, Declarant, for each Lot now or hereafter owned by it within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(a) Regular Yearly Assessments (for maintenance, repairs and ordinary operating expenses, including Common Expenses); and

(b) Special Assessments for capital improvements and operating deficits and for special maintenance or repairs as provided in this Declaration.

Such assessments shall be established, shall commence upon such dates and shall be collected as hereinafter provided. All such assessments, together with prejudgment interest at twelve percent (12%) per annum, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys fees, shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them.

*Section 5.2 Purpose of Regular Yearly Assessments.* The Regular Yearly Assessments levied by the Association shall be used exclusively, in the reasonable discretion of the Board of Directors of the Association, for the promotion of the recreation, health, safety and welfare of the residents in the

Property, for the improvement, maintenance and repair of the Common Area, for the performance of the obligations and duties of the Association and for other purposes only as specifically provided herein. As and if necessary, a portion of the Regular Yearly Assessments shall be set aside or otherwise allocated in a reserve fund for the purpose of providing repair and replacement of the Common Area, and other capital improvements which the Association is required to maintain, as determined by the Board of Directors of the Association.

Section 5.3 Special Assessments for Capital Improvements and Operating Deficits. In addition to the Regular Yearly Assessments authorized above, the Association may levy a Special Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement which the Association is required to maintain, or to recover any operating deficits which the Association may from time to time incur, provided that any such assessment shall have the approval of a majority of the votes entitled to be cast by those members who cast votes in person or by proxy at a meeting duly called for this purpose. No Special Assessment may be levied against the Declarant for so long as it is the Class B Member without Declarant consent.

Section 5.4 Quorum. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty percent (50%) of the total number of votes entitled to be cast (Class A and Class B votes combined) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.5 Uniform Rate of Assessment. Regular Yearly Assessments and Special Assessments for capital improvements and to recover operating deficits must be fixed at a uniform rate for all Lots. In lieu of paying Assessments on the Lots owned by Declarant, Declarant may pay to Association a contribution equal to the operating deficit of the Association for that year. Any Designated Builder shall be exempt from the payment of any Assessments for the earlier of: (i) a period of one year from the date of the purchase of the Lot or Lots from Declarant; or (ii) such time as the Lot or Lots is conveyed to a third party purchaser.

Section 5.6 Date of Commencement of Yearly Assessments; Due Dates. The Regular Yearly Assessment provided for herein shall commence as to each Lot within the Real Estate as of the date hereof on the first day of the first month following the recording of this Declaration. The Regular Yearly Assessment provided for herein shall commence as to each Lot subjected to the Declaration after the date hereof on the first day of the month following the recording of the Supplementary Declaration subjecting the Lot to this Declaration. The Board of Directors shall determine the amount of the yearly assessments at least thirty (30) days in advance of the effective date of assessment. Written notice of any increase in the Regular Yearly Assessment, and written notice of any Special Assessment and such other assessment notices as the Board of Directors shall deem appropriate, shall be sent to every Owner subject thereto. The due dates for all assessments, and the assessment and collection period (i.e., annual, monthly, lump-sum or otherwise) for any Special Assessments, shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate in recordable form signed by an Officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate from the Association regarding the status of assessments for any Lot shall be binding upon the Association as of the date of its issuance.

Section 5.7 Effect of Nonpayment of Assessments: Remedies of the Association. If any assessment (or periodic installment of such assessment, if applicable) is not paid on the due date established therefor pursuant to this Declaration, then the entire unpaid assessment (together with interest thereon, costs and attorneys' fees as provided in this Declaration) shall become delinquent and shall constitute a continuing lien on the Lot to which such assessment relates, binding upon the then Owner, his heirs, devisees, successors and assigns. The personal obligation of the then Owner to pay such assessments, however, shall not pass to such Owner's successors in title unless expressly assumed by them. If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, 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, or both. In such event, there shall be added to the amount of such assessment the costs and attorney's fees of preparing and filing the complaint in such action; and in the event a judgment is obtained such judgment shall include interest on the assessment as above provided, costs of the action and reasonable attorneys' fees to be fixed by the court. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area owned by the Association or abandonment of his Lot.

Section 5.8 Subordination of the Lien to Mortgages; Sale or Transfer. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. The sale or transfer of any Lot pursuant to the foreclosure of any first mortgage on such Lot (without the necessity of joining the Association in any such foreclosure action) or any proceedings or deed in lieu thereof shall extinguish the lien of all assessments becoming due prior to the date of such sale or transfer. No sale or transfer of any Lot (whether voluntary or pursuant to foreclosure or otherwise) shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof; and, except as hereinabove provided, the sale or transfer of any Lot shall not affect the lien of assessments becoming due prior to the date of such sale or transfer except to the extent that a purchaser may be protected against the lien for prior assessments by a binding certificate from the Association, issued pursuant to this Declaration, as to whether or not such assessments have been paid.

Section 5.9 Initial Contribution. Upon the closing of the initial sale of each lot by the Declarant or a Designated Builder (or any successors and assigns of same) to an Owner, the Owner of each Lot shall pay an initial contribution to the Association of Two Hundred and No/100 Dollars (\$200.00) to provide general operating funds for the Association. A Designated Builder shall be exempt from paying this initial contribution upon conveyance from the Declarant. Such payment shall not in any way be considered a prepayment of any regular or Special Assessment. Such funds may be used by the Association in such manner as the Board of Directors thereof shall direct.

## ARTICLE VI

### *Use, Restrictions, and Architectural Control*

Section 6.1 Lot Use and Conveyance. Subject to the provisions hereinafter contained, all Lots shall be used exclusively for single family detached residential purposes, except that Declarant reserves unto itself, its successors and assigns, the right to develop the Additional Real Estate as single family detached residences, duplexes or such other form as Declarant may, in its sole and absolute discretion, determine. Declarant may, in its sole and absolute discretion, submit all or any such portions of the Additional Real Estate to the terms of this Declaration, and may include such additional covenants, conditions and restrictions affecting such Additional Real Estate as Declarant may deem necessary. Declarant may elect not to submit all or any portion of the Additional Real Estate to the terms of this Declaration and Declarant specifically reserves such right. Furthermore, Declarant, during the Development Period, reserves (a) the rights provided in this Declaration respecting the Property

generally, and (b) the right to subdivide, dedicate or otherwise convey or designate all or any portion of any one or more Lots which it may own from time to time for recreational or other common uses and benefit of all Owners and other members of the Association. Any Lot or portion thereof so designated for common use shall become part of the Common Area owned by the Association, and reasonable rules and regulations shall be promulgated and enforced with respect thereto so that the use and enjoyment of adjacent Lots by the Owners thereof shall not be unreasonably disturbed. Except as provided in the Declaration, no Lot shall be subdivided to form units of less area. Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the covenants, conditions and restrictions contained herein.

However, Declarant and the Designated Builder may maintain sales offices, models and construction offices upon one or more Lots until all Lots located or to be located within the Property and Additional Real Estate have been sold to third parties or Declarant no longer has the right to incorporate additional property under the terms of this Declaration. Designated Builder signs must be approved by Declarant. Easements are hereby reserved through the Common Area, including, without limitation, the easements shown on the plat(s) of the Property for use by Developer, for its use and the use of its agents, employees, licensees and invitees, for all purposes in connection with the use, development and sales of the Property and Additional Real Estate, including, without limitation, for the erection and maintenance of signage.

*Section 6.2 Architectural Control.* After the expiration of the Development Period, the Declarant shall establish an Architectural Review Committee that shall consist of three (3) or more voting members. The Architectural Review Committee shall have the right to approve or disapprove all architectural and landscaping plans and the location of any proposed improvements. The Architectural Review Committee may, in its sole discretion, impose standards for construction and development which may be greater or more stringent than standards prescribed in applicable building, zoning or other governmental codes. The Architectural Review Committee shall be a permanent committee of the Association and shall administer and perform architectural and landscape review and control functions of the Association.

No building (including storage buildings or outbuildings), mailbox, fence, satellite dish, wall or other structure, except original construction of Dwelling Units by the Declarant, shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein, other than by the Declarant, be made until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Declarant, until the end of the Development Period, and thereafter by the Architectural Review Committee. Notwithstanding the foregoing, Declarant has been provided with the proposed plans to be used by Citizens Homes, Inc. and has approved the same. No additional approval shall be necessary for the use by Citizens Homes, Inc. of the plans previously approved by Declarant unless there are material changes to such plans. No approval shall be required for improvements constructed by, or on behalf of, Declarant by Declarant. Any change in the appearance or the color of any part of the exterior of a residence shall be deemed a change thereto and shall require the approval therefor as above provided. With regard to any storage or outbuildings, such structures must be constructed within the building setback lines, be of the same colors as the exterior and roof of the main structure on the Lot and be compatible in harmony with the subdivision, both as to size and design, as determined by Declarant or the Architectural Committee (as applicable). Nothing herein shall require the approval of other than substantial changes to the landscaping on any Lot. For purposes of this Declaration, "substantial changes" shall refer to matters such as addition or removal of street trees, changes to the overall landscape design on the Lot and changes to the overall appearance of the Lot. The planting of seasonal plants and flowers and changes or replacements of individual shrubs shall not require approval. However, there shall be no such approval of the planting of hedges, walls, fences, structures and/or other improvements

prohibited under Section 3.8 above, and any such approval shall be null and void. In the event that written approval is not received as required hereunder within thirty (30) days after complete plans and specifications have been submitted, then the request for approval shall be deemed denied.

All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. No exposed or exterior radio or television transmission or receiving antenna shall be erected, placed or maintained on any part of the premises except those expressly permitted pursuant to the applicable FCC Regulations and as set forth in the any guidelines imposed by the Architectural Review Committee. Provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the development. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground.

Declarant intends that the members of the Architectural Committee exercise discretion in the performance of their duties consistent with the provisions hereof, and every Owner by the purchase of a Lot shall be conclusively presumed to have consented to the exercise of discretion by such members. In any judicial proceeding challenging a determination by the Architectural Committee and in any action initiated to enforce this Declaration in which an abuse of discretion by the Architectural Committee is raised as defense, abuse of discretion may be established only if a reasonable person, weighing the evidence and drawing all inferences in favor of the Architectural Committee, could only conclude that such determination constituted an abuse of discretion.

The Architectural Committee may inspect work being performed without the Owner's permission to assure compliance with these restrictions and applicable regulations.

Neither the Architectural Committee nor any agent thereof, nor the Declarant, or Association shall be liable in any way for costs, fees, damages, delays, or any charges or liability whatsoever relating to the approval or disapproval of any plans submitted to it, nor shall the Architectural Committee, Association or Declarant be responsible in any way for any defects in any plans, specifications or other materials submitted to it, or for any defects in any work done according thereto. Further, the Architectural Committee, Association and/or Declarant make no representation or warranty as to the suitability or advisability of the design, the engineering, the method of construction involved, or the materials to be used. All parties should seek professional construction advice, engineering, and inspections on each lot prior to proposing construction.

Section 6.3 Leasing. Subject to the limitations as contained herein, any Lot may be leased by its Owner. No timesharing, interval ownership or other related ownership scheme shall be permitted. In addition, no leasing or rental of any dwelling shall be permitted having a duration of less than one (1) year.

Section 6.4 Animals. No animals shall be kept or maintained on any lot except domestic, household pets traditionally kept in individual residences throughout the state of South Carolina. All such pets shall be kept reasonably confined so as not to become a nuisance. The Association through its Board of Directors, may establish such other reasonable rules and regulations as it may deem necessary.

Section 6.5 Outside Storage. All equipment, garbage cans, service yards, woodpiles or storage piles shall be kept from view of neighboring homes and streets. All rubbish, trash or garbage shall be regularly removed from the premises, and shall not be allowed to accumulate thereon. Trash must be stored in enclosed containers. No clotheslines shall be erected or maintained upon the Property.

Section 6.6 Setback Lines. Front Building lines are hereby established as shown on the Plat. Between such Front Building lines and the right-of-way lines there shall be erected, placed or altered no

structure or part thereof, except fences in keeping with architectural style as specifically approved by the Declarant until the end of the Development Period, and thereafter by the Association Board of Directors or Architectural Review Committee; provided, however, except that in no case will such fences be permitted on the public right-of-way. The building lines which are from public right-of-way lines are parallel to and measured perpendicularly from these public right-of-way lines. The minimum side yard and minimum rear yard requirements shall be those as set forth on the plat. However, (a) the location of normal air handling and heat, ventilation and air conditioning units within such setback area shall be permissible so long as it is in conjunction with an approved residential structure on said Lot, and (b) roof overhangs not to exceed eighteen (18") inches from and as a part of the main dwelling may extend unto the setback area.

Section 6.7 Alteration of Setback Lines. Where because of size, natural terrain, or any other reason in the opinion of the Declarant, that the Setback lines of any Lot should be altered or changed, then the Declarant reserves unto itself, its successors or assigns, and no other, the right to change said Building or Setback lines to meet such conditions. The Declarant specifically reserves the right to transfer and assign this right of approval to the Architectural control Committee hereinafter established.

Section 6.8 Temporary Structures and Outbuildings. Except as provided herein, no structure of a temporary character, tent, shack, garage, barn or other out-building shall be erected, placed, or altered upon any Lot for use as a residence either temporarily or permanently, or at any time be used for such purpose. An outbuilding to be used for storage may be constructed upon a Lot provided that (i) it is no taller than nine (9') feet from ground level; (ii) it is no larger than one hundred fifty (150) square feet of floor space; (iii) it is constructed of the same type of materials and has the same color as the principal structure on the Lot; and (iv) the plans and specifications for such structure are approved in accordance with the architectural review provisions of this Declaration. No outbuilding to be used for storage shall be constructed on a Lot located on a Lake, without the approval of the Declarant or the Architectural Review Committee.

Section 6.9 Motor Vehicle Repair. The repair of inoperative motor vehicles or material alteration of motor vehicles shall not be permitted on any Lot unless entirely within a garage permitted to be constructed pursuant the terms of the Declaration.

Section 6.10 Nuisances. No noxious or offensive activities shall be carried on or be permitted to exist on any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance. Any structure or building permitted to be constructed on any Lot by this Declaration, which may be all or in part destroyed by fire, wind, storm or any other reason, shall be rebuilt and restored to its previous condition within a reasonable length of time, and all debris accumulated in connection therewith shall be removed within a reasonable time after any such occurrence.

Section 6.11 Permitted Uses. No use shall be made of any Lot except as permitted by the applicable zoning and subdivision control ordinances under which this Property is developed.

Section 6.12 Drains. No house footing drain or roof water drain shall be discharged into the sanitary sewers.

Section 6.13 Residential Use. Lots may be used only for residential purposes and only for one single-family dwelling, (subject to the rights reserved unto the Declarant with regard to the Additional Real Estate as contained in Section 6.1 of this Declaration) which has been approved in accordance with the architectural review provisions of this Declaration. All lots in the Subdivision shall be designated as residential Lots, and no home shall exceed two and one half (2-½) floors or thirty-five (35) feet in height. No more than two (2) persons unrelated by blood or marriage, shall occupy a dwelling.

**Section 6.14 Size.** Every single-family dwelling erected, placed, altered or maintained on any Lot within shall have a minimum living area, exclusive of open porches, unfinished basements and attached garages, of not less than one thousand (1,000) square feet of heated floor space.

**Section 6.15 Unsightly Growth.** In order to maintain the standards of the Property, no weeds, underbrush or other unsightly growths shall be permitted to grow or remain upon any Property, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon. Failure to comply shall warrant the Declarant or the Association to cut weeds or clear the refuse from the Property at the expense of the Owner, and there shall be a lien against said Property for the expense thereof, which lien shall be due and payable immediately. If such lien is not promptly paid, the Association or the Declarant may file suit and recover such amount together with reasonable attorneys fees and costs of collection.

**Section 6.16 Site Visibility.** No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) feet and nine (9) feet above the street shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting points twenty-five (25) feet from the intersection of said street lines, or in the case of a rounded property corner from the intersection of the street lines extended. The same sightline limitations shall apply to any Lot within ten (10) feet from the intersection of a street line with the edge of a driveway pavement or alley line. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines. No fences shall be permitted to be constructed between the front set back line and the street curb.

**Section 6.17 Semi-tractor trucks, trailers, etc.** No semi-tractor trucks, semi-trucks, semi-tractor trailers, boats, campers, recreational vehicles, travel trailers, mobile homes, disabled vehicles, and/or trailers shall be permitted to park on the Property or a Lot unless fully enclosed in a garage, or unless the same is necessary and incident to the Declarant's, Designated Builder's or Association's business on the Property. Owners and guests shall not park their automobiles or other vehicles on the streets or Common Areas of the Property, except in designated areas. Furthermore, automobiles and other vehicles may not be parked on any Lot except on paved driveways or within garages.

**Section 6.18 Sign Limitations.** No sign of any kind, other than those installed by Declarant, the Association, or a Designated Builder, may be displayed to public view on any Lot, except that one (1) sign with an area of not more than six (6) square feet and of a design approved by Declarant may be displayed with the purpose of advertising the Lot for sale.

**Section 6.19 Lakes, Lake Area(s).** Except as otherwise provided, no individual using a Lake, if any, has the right to cross another Lot or trespass upon shoreline not within a Common Area owned by the Association, subject to the rights of the Declarant, the Association, their employees, heirs, successors and assigns as set forth in the Declaration. No one shall do or permit any action or activity which could result in pollution of any Lake, diversion of water, elevation of any Lake level, earth disturbance resulting in silting or any other conduct which could result in an adverse effect upon water quality, drainage or proper Lake management except as provided in the Declaration. A Lake may not be used for swimming, boating, or for any other purpose, except for drainage of the Property, unless expressly and specifically approved by the Board of Directors in writing and allowed by law. Furthermore, no Owner or the Association may draw water from any Lake for the purpose of irrigation unless specifically approved, in writing, by Declarant. No docks, decks or other structures may be erected in any Lake or so as to protrude into the bounds of any Lake or Lake Area. Lakes and Lake Areas may or may not exist on the Property, and the reference throughout this Declaration to Lakes and Lake Areas is made in order to address Lakes and Lake Areas, if any, which now exist or are later constructed upon the Property. The

installation on the Property of any Lake or Lake Area shall be within the sole discretion of the Declarant, and under no circumstances shall the Declarant be required or obligated to install any Lake or Lake Area. Only the Declarant and the Association shall have the right to store items or develop recreational facilities upon any Common Area adjacent to a Lake. Declarant reserves unto itself, its designated successors and assigns, the right to increase or decrease the level of the water of any Lake, from time to time, without obtaining the consent or approval of the Association or any Owner(s) and without liability for such actions.

Section 6.20 Rules and Regulations. The Board of Directors from time to time may promulgate further rules and regulations concerning the use of Lots and the Common Area owned by the Association. Copies of all rules and regulations shall be furnished by the Board to all Owners, at the Owner's last known address, prior to the time when the same shall become effective. The Association shall have current copies of the Declaration, Articles and By-Laws, and other rules concerning the Property as well as its own books, records and financial statements available for inspection by Dwelling Unit Owners or by holders, insurers and guarantors of first mortgages, that are secured by Dwelling Units in the Property. These documents shall be available during normal business hours or under other reasonable circumstances.

Section 6.21 Development and Sale Period. Nothing contained in this Article 6 shall be construed or interpreted to restrict the activities of Declarant in connection with the development of the Property and sale of Lots. During the Development Period, Declarant shall be entitled to engage in such activities and to construct, install, erect and maintain such facilities, upon any portion of the Property at any time owned or leased by Declarant, as in the sole opinion of Declarant may be reasonably required, or convenient or incidental to, the development of the Property and sale of the lots; such facilities may include, without limitation, storage areas, signs, flags, banners, parking areas, model residences, construction offices, sales offices and business offices.

Section 6.22 Outside Use of Lots. Above ground swimming pools are prohibited on the Property. All in ground pools must be approved by the Architectural Review Committee or Declarant.

Section 6.23 Mailboxes. Mail receptacles shall be uniform and conform to design standards promulgated by Declarant (or after the Development Period, by the Architectural Committee). Such mail receptacles may be designed so that two (2) mail receptacles shall be located on a single post, which post shall be located along the boundary line of two (2) adjoining lots at a site to be designated by Declarant or the Architectural Committee. A perpetual easement for the location, maintenance and use of such post and the mail receptacles shall exist. Association shall have the right to require maintenance and/or replacement of the aforesaid posts and/or mail receptacles when such maintenance and/or replacement is necessary in Association's sole discretion. The cost of such maintenance and/or replacement shall be divided equally between the owners of the two lots which share the use of the post and receptacles.

Section 6.24 Home Occupations. No Lot or Dwelling Unit located thereon shall be used for any purpose other than as a single family residence, except a home occupation which is both permitted under the applicable zoning ordinance and which also complies with the following guidelines:

- (a) Any home occupation must be conducted entirely within the residence and conducted solely by a member of the immediate family residing in said Dwelling Unit;
- (b) Any home occupation must be clearly incidental and secondary to the use of the Dwelling Unit for residential purposes;

- (c) There can be no sign or display that will indicate from the exterior of the Dwelling Unit that the Dwelling Unit is being used, in whole or in part, for any purpose other than that of a residential dwelling;
- (d) No person can be employed other than a member of the immediate family residing in the Dwelling Unit;
- (e) No manufacturer or assembly operations can be conducted; and
- (f) Customers cannot enter upon the Lot or Dwelling Unit for the purpose of conducting business.

In no event shall the following similar activities be conducted: child care, barber shop, styling salon, animal hospital, kennel, any form of animal care or treatment such as dog trimming, or any similar activities.

Section 6.25 Fences. The Architectural Review Committee, prior to any installation, must approve any fencing and landscape screening. It is the goal to keep all fencing or screening harmonious with the architectural character of the community. No fence or screen will be approved which obstructs necessary sight lines for vehicular traffic. Undue obstruction of views from adjoining properties and amenity areas and obstruction of easements, will be taken into consideration by the Architectural Committee when reviewing fences for approval. No front yard fencing is permitted, except on a Lot on which there is maintained a sales office or model home by Declarant or Designated Builder. If approved by the Architectural Committee, fences may be privately installed but must be constructed to professional levels of quality, design, material, composition, and color as determined by the Architectural Committee. Non-professionally installed fences may be inspected by the Architectural Committee after completion in order to ensure that the fence is of a professional quality, and final approval of such fence shall be deemed withheld until completion of this final review. All fences shall be kept in good repair by the Owner. No fence shall be located any closer to the front line than the rear foundation line of the residence, unless approved in accordance with the architectural review provisions of this Declaration. In that regard, the Architectural Review Committee may approve in its discretion, fences on lots adjoining a lake or pond, that extend to the edge of the patios included as part of the original construction of the residence.

On Lots adjoining a lake or pond, fences must be of an open picket style using white vinyl or aluminum material with a height of not more than 42" above grade. On Lots not adjoining a lake or pond, fences shall be not more than six (6') feet tall and shall be constructed of white vinyl or aluminum of a closed privacy design. Chain link and treated wood fences are prohibited. The Architectural Committee must approve all fencing materials, design, and location. However, the Architectural Committee, in its sole and absolute discretion, may promulgate standards for fence materials and styles whereby any fences must be of uniform style, color, materials and manufacturer. The Architectural Committee will approve landscape screening materials, design, and location on an individual basis.

The exact location, material, color and height of the fence and rendering or photograph thereof shall be submitted to the Architectural Committee for written approval at least thirty (30) days prior to proposed construction. If however, approval has not been received by applicant in writing within thirty (30) days after submitted, then said request shall be considered DENIED.

Section 6.26 Animal Kennels. No animal quarters or kennels may be constructed unless approved by the Architectural Review Committee.

Section 6.27 Storage Receptacles. No fuel tanks or similar storage receptacles may be located on the Lots (with the exception of small tanks for supplying fuel to gas grills and tanks for gas logs for fireplaces which must be properly buried underground in accordance with all applicable laws and regulations).

Section 6.28 Water Systems. No individual water supply system shall be permitted within the subdivision.

## ARTICLE VII

### *Maintenance, Repairs and Replacements*

Section 7.1 By Owners. Except as specifically provided in this Declaration, each Owner shall furnish and be responsible for the maintenance of all portions of his Lot. All fixtures and equipment installed within or as part of the Dwelling Unit, commencing at the points where the utility lines, pipes, wires, conduits or systems enter the Lot upon which said Dwelling Unit is located, shall be maintained and kept in repair by the Owner thereof. Each Owner shall promptly perform all maintenance and repair of his Lot and Dwelling Unit which, if neglected, might adversely affect any other Lot or Dwelling Unit or any part of the Common Area owned by the Association. Such maintenance and repairs include, but are not limited to, all exterior surface, siding, roof, gutters, internal water lines, plumbing, electric lines gas lines, appliances, and all other fixtures, equipment and accessories belonging to the Owner and a part of or appurtenant to his Dwelling Unit or Lot.

Section 7.2 Common Area by the Association.

- (a) The Association, as part of its duties, and as part of the Common Expenses, shall provide for:
- (i) Maintenance of the Common Area. Maintenance of the Common Area shall include, but shall not be limited to, fertilizing, treating any Lakes, mowing and replanting when necessary of the grass and trees and maintenance of any improvements within the Common Area;
  - (ii) Maintenance of the entry signs, permanent subdivision identification sign, and landscaping installed by the Declarant in any Common Area, or any Landscape Easement, Landscape Maintenance Easement, Landscape Maintenance Access Easement or similar easement; and
  - (iii) The maintenance of any street lights which are installed by Declarant and which are not located upon any Lot.

The Board of Directors may adopt such other rules and regulations concerning maintenance, repair, use and enjoyment of the Common Area owned by the Association (or any items deemed Common Area for purposes of maintenance only) as it deems necessary.

(b) Notwithstanding any obligation or duty of the Association to repair or maintain any of the Common Area owned by the Association (or any items deemed Common Area for purposes of maintenance only), if, due to the willful, intentional or negligent acts or omissions of an Owner or a member of his family or of a guest, tenant, invitee or other occupant or visitor of such Owner, damage shall be caused to the Common Area owned by the Association (or any items deemed as such for purposes of maintenance only), or if maintenance, repairs or replacements shall be required thereby which would otherwise be at the Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements, as may be determined by the Association, unless such loss is covered by the Association's insurance with such policy having a waiver of subrogation clause. If not

paid by such Owner upon demand by the Association, the cost of repairing such damage shall be added to and become a part of the assessment to which such Owner's Lot is subject.

(c) The authorized representatives of the Association, the Board of Directors and the Managing Agent for the Association (if any) are hereby granted an easement for access upon and to any Lot as may be required in connection with maintenance only, repairs or replacements of or to the Common Area owned by the Association or any items deemed as Common Area for purposes of maintenance only, including, but not limited to, access to any easements reserved by any Plat of any portion of the Property for such purposes.

## ARTICLE VIII

### *Insurance*

*Section 8.1 Liability Insurance.* The Association shall purchase a master comprehensive general liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time. Such comprehensive general liability insurance policy shall cover the Association, its Board of Directors, any committee or organ of the Association or Board of Directors, all persons acting or who may come to act as agents, or employees of any of the foregoing with respect to the Association. It shall also cover all Common Area owned by the Associations, public ways and any other areas under the Association's control or supervision. The premiums for all such liability policies shall be a Common Expense.

*Section 8.2 Fidelity Bonds.* The Association shall have blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The Association bonds shall name the Association as the obligee and the premium shall be paid as a Common Expense by the Association. Any management agent that handles funds for the Association shall be covered by its own fidelity bond, which must provide the same coverage required of the Association. The Association shall be named as an additional obligee in the management agent's bond. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. In addition, the fidelity bond coverage must at least equal one (1) years' assessments on all Dwelling Units in the Property, plus the Association's reserve funds. If available, the fidelity bonds must include a provision that calls for ten (10) days' written notice to the Association or insurance trustee before the bond can be canceled or substantially modified for any reason.

*Section 8.3 Miscellaneous Insurance Provisions.* The Association shall obtain any other insurance required by law to be maintained, including but not limited to workmen's compensation insurance, and such other insurance as the Board of Directors shall from time to time deem necessary, advisable or appropriate. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of the Association, its Board of Directors and any managing agent acting on behalf of the Association. The premiums for all such insurance coverage shall be a Common Expense.

*Section 8.4 Casualty and Restoration.* Damage to or destruction of any Common Area actually owned by the Association due to fire or any other casualty or disaster shall be promptly repaired and reconstructed by the Association and the proceeds of insurance, if any, shall be applied for that purpose. The same obligation shall apply to an Owner, and not the Association, for damage or destruction to the Owner's Dwelling Unit. For purposes of this Section, repair, reconstruction and restoration shall mean construction or rebuilding of the damaged property to as near as possible the same condition as it existed immediately prior to the damage or destruction, with the same or a similar type of architecture.

Section 8.5 Insufficiency of Insurance Proceeds. If the insurance proceeds received by the Association as a result of any such fire or any other casualty or disaster are not adequate to cover the cost of repair and reconstruction, or in the event there are no insurance proceeds, the cost for restoring the damage and repairing and reconstructing the Common Area actually owned by the Association or any improvements damaged or destroyed (or the costs thereof in excess of insurance proceeds received, if any) shall be paid by the Association which shall then have the right to levy a Special Assessment against all Lots for such deficiency.

Section 8.6 Surplus of Insurance Proceeds. In the event that there is any surplus of insurance proceeds after the reconstruction or repair of the damage has been fully completed and all costs paid, such sums may be retained by the Association as a reserve or may be used in the maintenance and operation of the Property. The action of the Board of Directors in proceeding to repair or reconstruct damage shall not constitute a waiver of any rights against any Owner for committing willful or malicious damage.

## ARTICLE IX

### *Mortgages*

Section 9.1 Mortgagee Rights. In addition to any other rights provided elsewhere in this Declaration to mortgagees, any lender or lenders holding a first mortgage or first mortgages upon any Lot or Lots, jointly or singly, may pay any real estate taxes or other taxes or charges which are in default and which may or have become a charge or lien against any Common Area owned by the Association or any other property owned by the Association; and may pay any overdue premiums on any hazard, casualty, liability or other insurance policies or secure new insurance coverage on the lapse of any policies for any such property owned by the Association or covering any property for which the Association has an obligation to maintain insurance coverage. Any such lender or lenders making payments in accordance with this Section shall be entitled to immediate reimbursement therefor from the Association along with any costs incurred, including reasonable attorneys' fees.

Section 9.2 Notice to Mortgagees. The Association, upon request, shall provide to any lender holding a first mortgage upon any Lot, a written certificate or notice specifying unpaid assessments and other defaults of the Owner of such Lot, if any, in the performance of such Owner's obligations under this Declaration, the Articles of Incorporation of the Association, its By-Laws or any other applicable documents, which default has not been cured within sixty (60) days. A reasonable charge maybe made by the Association for the issuance of any such certificate or notice, and any such certificate properly executed by an officer of the Association shall be binding upon the Association, as provided in this Declaration.

Section 9.3 Condemnation and Insurance Awards. No provisions of this Declaration, or any amendment thereto, shall give an Owner, or any other party, priority over any rights of the first mortgagee of a Lot pursuant to its mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Common Area Property.

Section 9.4 Right of First Refusal. The Association DOES NOT have the "right of first refusal" to purchase any Dwelling Unit. Any right of "right of first refusal" subsequently granted to the Association through amendment of the Declaration, Association Articles, Association By-Laws or any other document governing the development and administration of the Properties must receive the prior written approval of the Federal Housing Administration or Secretary of the Department of Housing and Urban Development. Any "right of first refusal" subsequently added in the Declaration, Association

Articles, Association By-Laws or any other document governing the development and administration of the Property must not impair the rights of a first mortgagee to:

- (a) Foreclose or take title to a Dwelling Unit, and the Lot upon which the Dwelling Unit is situated, pursuant to the remedies in the mortgage;
- (b) Accept a deed or assignment in lieu of foreclosure in the event of default by a mortgagor; or
- (c) Sell or lease a unit acquired by the mortgagee.

## ARTICLE X

### *Phased Development*

Section 10.1. Additional Phases. As set forth in this Declaration, the Declarant may, at its option, from time to time bring other land under the provisions hereof by recording a Supplemental Declaration(s) stating its intention to so incorporate all or any portions of the Additional Real Estate. Declarant may incorporate such additional land under the provisions hereof in any number of additional phases as it may so desire. Such Supplemental Declaration(s) shall not require the vote or consent of the association or any Owner. Any such Supplemental Declaration(s) shall be effective upon the filing thereof in the public records of Horry County, South Carolina. Such Supplemental Declaration shall describe the real property to be brought under the provisions hereof. Any such property to be brought under the provisions of this Declaration must be owned by Declarant or its successors and assigns as developer. Declarant may bring such Additional Real Estate under the terms hereof either in whole or in part and may do so in multiple phases. Upon the Declarant's election to incorporate Additional Real Estate hereunder, all of such real estate so incorporated shall be as fully covered hereby as if a part of the original Property effective as of the date of recording the applicable Supplementary Declaratin. All property so incorporated shall be subject to all the declarations, covenants, easements, liens, restrictions and duties as herein contained, together with such additional restrictions and obligations as Declarant may impose on the land being submitted to the provisions of this Declaration by such Supplemental Declaration(s). Provided, however, Declarant may increase or reduce the size of the Lots within any such additional phase, as well as provide for different types of residential structures to be located thereon, as set forth in Section 6.1 of this Declaration. Declarant shall have the unilateral right to transfer to any other person or entity the said right to submit additional property to the provisions of this Declaration. Declarant shall have no obligation to develop any land adjoining the Property in accordance with this Declaration and may develop same in any manner it may desire and further, Declarant, in the event that it should decide to develop any of the Additional Real Estate or any other Real Estate owned by Declarant in its sole discretion, shall have no obligation to make same a part of this Project or subject to this Declaration. THE DECLARANT SHALL BE UNDER NO OBLIGATION TO DEVELOP ADDITIONAL PHASES AND NONE OF THE REMAINING PORTION OF THE PROPERTY DESCRIBED HEREIN SHALL BE DEEMED A PART OF ANY SCHEME OF DEVELOPMENT UNTIL ACTUALLY BROUGHT UNDER THESE RESTRICTIONS AS HEREIN PROVIDED.

**Section 10.2. Reservation of Additional Easements and Rights.** Declarant reserves for itself and its successors and assigns as developer (and all conveyances by Declarant to Association of Common Areas shall be deemed to automatically reserve) easements over, under and across all Common Areas for ingress and egress and for construction and completion of construction and development of future phases (including the Additional Real Estate whether or not subjected to this Declaration) including, without limitation, easements for the installation, construction, reconstruction, repair, maintenance and operation of all utility services; said easements to be in addition to and not in lieu of any other rights or easements reserved by Declarant herein or in any supplement hereto or any other conveyance by or to Declarant or its predecessors in title.

## ARTICLE XI

### *General Provisions*

**Section 11.1 Right of Enforcement.** In the event of a violation, or threatened violation, of any of the covenants, conditions and restrictions herein enumerated, Declarant, the Association or any Owner and all parties claiming under them shall have the right to enforce the covenants, conditions and restrictions contained herein, and pursue any and all remedies, at law or in equity, available under applicable South Carolina law, with or without proving any actual damages, including the right to secure injunctive relief or secure removal by due process of any structure not in compliance with the covenants, conditions and restrictions contained herein, and shall be entitled to recover reasonable attorneys' fees and the costs and expenses incurred as a result thereof.

**Section 11.2 Severability and Waiver.** The Declaration shall be enforceable to the fullest extent permitted at law or in equity. Invalidation of any one of the covenants, restrictions or provisions contained in this Declaration by judgment or court order shall not in any way affect any of the other provisions hereof, which shall remain in full force and effect. No delay or failure by any person to enforce any of the restrictions or to invoke any available remedy with respect to a violation or violations thereof shall under any circumstances be deemed or held to be a waiver by that person of the right to do so thereafter, or as estoppel of that person to assert any right available to him upon the occurrence, recurrence or continuation of any violation or violations of the restrictions.

**Section 11.3 Assignment.** Declarant may at any time assign some or all of its rights and obligations under this Declaration. Such assignment shall be effective after it is executed and recorded by Declarant with the Recorder of the County in which the Property is located. After such assignment is recorded with the Recorder of the County in which the Property is located, Declarant shall have no further obligations or liabilities under the Declaration with respect to the rights or obligations assigned.

**Section 11.4 Amendment.** This Declaration and the covenants, conditions and restrictions set forth in this Declaration, as from time to time amended in the manner hereafter set forth, shall run with the land and shall be binding upon the persons owning any portion of the Property and all parties closing under them. This Declaration may be amended or modified at any time by an instrument recorded in the Office of the Recorder of the County in which the Property is located, approved by at least sixty-six percent (66%) of the total votes of the Members of the Association, including the votes held by the Declarant as Class B Member of the Association. Provided, however, that none of the easements, rights, or duties of Declarant reserved or set out hereunder may be amended or changed without Declarant's prior written approval. Any amendment must be recorded. Neither the Association, the Owners or Declarant shall effect any of the following changes without the prior written approval of two-thirds (2/3) of the Owners of Lots (excluding Declarant) (each Lot having one vote):

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area owned directly or indirectly by the Association for the benefit of the Owners of the Dwelling Units. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Area owned by the Association by the Dwelling Unit Owners is not a transfer in the meaning of this clause;

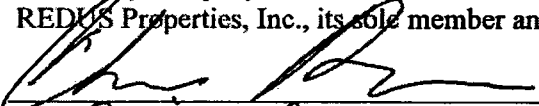
(b) Fail to maintain fire and extended coverage on insurable Common Area owned by the Association on a current replacement cost basis in an amount at least one hundred percent (100%) of the insurable value (based on current replacement costs);

(c) Use hazard insurance proceeds for losses to any Common Area owned by the Association for other than the repair, replacement, or reconstruction of the Common Area owned by the Association.

Section 11.5 Condemnation, Destruction or Liquidation. The Association shall be designated to represent the Owners in any proceedings, negotiations, settlements or agreements for the handling of any losses or proceeds from condemnation, destruction or liquidation of all or a part of the Common Area owned by the Association. Each Dwelling Unit Owner, by his acceptance of a deed, appoints the Association as his attorney-in-fact for this purpose. Proceeds from the settlement will be payable to the Association for the benefit of the Dwelling Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of this development shall be made on a reasonable and an equitable basis.

**IN WITNESS WHEREOF, REDUS SC COASTAL, LLC, a Delaware limited liability company, has caused this Declaration to be executed as of the date first written above.**

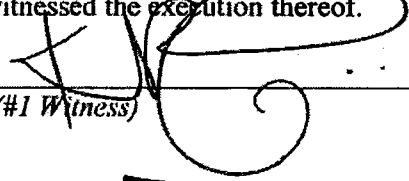
  
\_\_\_\_\_

REDUS SC COASTAL, LLC, a Delaware limited liability company  
By: REDUS Properties, Inc., its sole member and manager  
By:   
Name: Chris Beaman  
Title: AVP

STATE OF NC )  
 )  
COUNTY OF Mecklenburg ) PROBATE

PERSONALLY appeared before me the undersigned and made oath that s/he saw the within named REDUS Properties, Inc., a Delaware corporation, by Chris Beaman AVP, Sign, Seal and as Its Act and Deed Deliver the within written document; and s/he with the undersigned notary witnessed the execution thereof.

SWORN to before me this 9 day of March, 2012.  
Clara T. Kneip  
Notary Public for North Carolina  
My Commission Expires: 9-16-2014

  
\_\_\_\_\_  
(#1 Witness)

CLARA T. KNEIP  
NOTARY PUBLIC  
Mecklenburg County, North Carolina  
My Commission Expires 9-16-2014

EXHIBIT "A"

ALL AND SINGULAR, those certain pieces, parcels or lots of land, situate, lying and being in Horry County, South Carolina, identified as Lots 2, 16, 17, 18, 19, 20, 21, 22, 23, 72, 73, 74, 75, 76, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93 and 94, being more particularly shown and described on a plat entitled, "Palm Lakes Plantation PDD Phase I, Final Plat" prepared by DDC Engineers, Inc., dated June 5, 2006, revised December 15, 2006, and recorded February 9, 2007, in the office of the Register of Deeds for Horry County, in Plat Book 221, at Page 215, which is by reference incorporated herein and made a part of this description.

EXHIBIT "B"

ADDITIONAL PROPERTY

All that certain piece, parcel or lot of land, together with the improvements thereon, situate, lying and being in Little River Township, County of Horry, State of South Carolina, consisting of 184.1 acres of the Harrelson-Ellis Tract shown on a plat of survey for International Paper Realty Company, dated June 30, 1997, and recorded June 30, 1997, in the office of the Register of Deeds for Horry County in Plat Book 148, at Page 214.

BEING a portion of the same property conveyed to M&D Development, LLC by Deed of Carey Graham, Wayne Nix and Larry Griffin dated May 21, 2004, and recorded May 21, 2004, in the ROD Office for Horry County, South Carolina, in Deed Book 2737, at Page 1087.

**LESS AND EXCEPTING:**

ALL AND SINGULAR, those certain pieces, parcels or lots of land, situate, lying and being in Horry County, South Carolina, identified as Lots 2, 16, 17, 18, 19, 20, 21, 22, 23, 72, 73, 74, 75, 76, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93 and 94, being more particularly shown and described on a plat entitled, "Palm Lakes Plantation PDD Phase I, Final Plat" prepared by DDC Engineers, Inc., dated June 5, 2006, revised December 15, 2006, and recorded February 9, 2007, in the office of the Register of Deeds for Horry County, in Plat Book 221, at Page 215, which is by reference incorporated herein and made a part of this description.

Being the same property conveyed to Den-Mark Homes SC, Inc. by Deed of M&D Development, LLC dated February 20, 2007, and recorded February 23, 2007, in the ROD office for Horry County, South Carolina, in Deed Book 3224, at Page 794.

**EXHIBIT C**

**Articles of Incorporation**

**Palm Lakes Plantation of Myrtle Beach Property Owners' Association, Inc.**



IN WITNESS WHEREOF, the Declarant has executed this Supplemental Declaration and Amendment to Declaration the day and year first written above.

WITNESSES:

DECLARANT:

[Signature]  
(witness sign here)

REDUS SC COASTAL, LLC  
By: REDUS Properties, Inc., sole member and manager

By: [Signature]

[Signature]  
(notary sign here)

Its: AVP

[Signature]  
(witness sign here)

CITIZENS HOMES, INC.  
By: [Signature]

[Signature]  
(notary sign here)

Its: COASTAL CAROLINAS  
PRESIDENT

NORTH CAROLINA  
STATE OF ~~SOUTH CAROLINA~~ )  
COUNTY OF MECKLENBURG )

ACKNOWLEDGMENT  
AS TO REDUS SC COASTAL, LLC

I, the undersigned notary public for the State of ~~South~~ NORTH Carolina, do hereby certify that Kevin Sullivan, as ASST. VICE PRES. of REDUS Properties, Inc., sole member and manager of Redus SC Coastal, LLC, personally appeared before me this day and, in the presence of two witnesses above named, acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this 23<sup>rd</sup> day of MAY, 2013.

[Signature] (SEAL)  
Notary Public for South Carolina  
My Commission Expires: 6/8/13

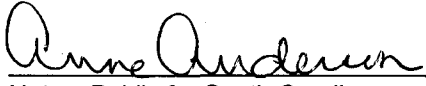
2  
JOANNE MARGOTT  
NOTARY PUBLIC  
Mecklenburg County, North Carolina  
My Commission Expires June 8 2013

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF HORRY )

ACKNOWLEDGMENT  
AS TO CITIZENS HOMES, INC.

I, the undersigned notary public for the State of South Carolina, do hereby certify that H. Gilford Edwards, as Coastal Carolinas <sup>President</sup> of Citizens Homes, Inc., personally appeared before me this day and, in the presence of two witnesses above named, acknowledged the due execution of the foregoing instrument.

Witness my hand and seal this 28th day of May, 2013.

 (SEAL)  
Notary Public for South Carolina

My Commission Expires: 2-3-16

EXHIBIT "A"

**Phase 2B:**

ALL AND SINGULAR, Those certain pieces, parcels, or lots of land located in the County of Horry, State of South Carolina, and being shown as Lots 24 through 34, Lots 35 through 71, Lots 95 through 103, Lots 109 and 110, Lots 184 through 187, Open Space #3 and Amenity Area "B-1", all as shown and designated on a map prepared by DDC Engineers dated May 19, 2010, and last revised June 18, 2010, entitled "Final Plat - Key Plan, Palm Lakes Plantation PDD, Phase 2B, located in Little River Township, Horry County, South Carolina", which is recorded January 19, 2012, in Plat Book 253, at Page 276, records of Horry County, South Carolina, reference to which is craved as forming a part and parcel of these presents.