

**THIS DECLARATION CONTAINS A BINDING, IRREVOCABLE
AGREEMENT TO ARBITRATE AND IS SUBJECT TO ARBITRATION
PURSUANT TO TITLE 15, CHAPTER 48 (UNIFORM ARBITRATION ACT)
OF THE CODE OF LAWS OF SOUTH CAROLINA**

STATE OF SOUTH CAROLINA)	DECLARATION OF PROTECTIVE
)	COVENANTS, RESTRICTIONS,
)	EASEMENTS,
COUNTY OF HORRY)	CHARGES AND LIENS FOR
)	PAPILLON

THIS DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR PAPILLON ("Declaration") is made by Ocean View Investors, LLC, a South Carolina limited liability corporation, hereinafter referred as the "Developer or Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain real estate, located in Horry County, South Carolina, which is more particularly described in Exhibit "A" (hereafter the "Property") attached hereto and by this reference, made a part hereof, upon which Declarant intends to develop a residential subdivision.

WHEREAS, the undersigned Declarant desires to develop on the Real Estate, a residential subdivision (hereinafter, together with any property added thereto, called the "Subdivision"); and

WHEREAS, the Declarant desires to maintain design criteria, location and construction specifications, and other controls to assure the integrity of the Subdivision; and

WHEREAS, each owner of a Lot in the Subdivision will be required to maintain and construct homes in accordance with the design criteria herein contained; and,

WHEREAS, the Declarant desires to provide for the preservation of the values in the Subdivision and for the maintenance of common lands and facilities, if any, and to this end, desires to subject the real property described in Exhibit "A" to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

NOW THEREFORE, the Declarant declares that the Property is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

Instrument#: 2017000092341, DEED BK: 4033
PG: 774 DOCTYPE: 082 08/10/2017 at 01:15:35
PM, 1 OF 35 MARION D. FOXWORTH III,
HORRY COUNTY, SC REGISTRAR OF DEEDS

ARTICLE I
NAME

The Subdivision of the Property created by this Declaration shall be known and designated as "Papillon".

ARTICLE II
DEFINITIONS

Section 1. Unless otherwise specified, the capitalized terms in this Declaration and the attached exhibits shall be defined as follows:

- a. "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.
- b. "Association" shall mean and refer to **Papillon Property Owners' Association, Inc.**, its successors and assigns.
- c. "Builder" means a person or entity engaged in and responsible for the original construction of a residence on a Lot.
- d. "Common Area" shall mean and refer to all real property owned or to be owned by the Association for the common use and enjoyment for the Owners. Common Areas, with respect to the property subject to this Declaration, shall be shown on the various plats of the Subdivision recorded or to be recorded in the Horry County Public Registry and designated thereon as "Common Area", or similar terms. "Common Area" shall include all private alleys and parking areas, fencing, any entrance monuments, and wastewater and storm water collection systems and/or disposal facilities and other various areas and facilities shown as Common Area on plats as now recorded or as hereafter recorded in the Horry County Public Registry. The Common Areas to be owned by the Association are shown as such on the plat of the Property identified in Section 1 of Article III. Provided however, the recording and reference to said plat shall not in and of itself be construed as creating any dedications, rights or easements (negative, reciprocal or otherwise), and all such dedications, rights and/or easements being made only specifically by this Declaration, any amendment or supplement hereto or any deed of conveyance from Declarant, its successors or assigns.
- e. "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.

- f. "Declarant" shall mean and refer to Ocean View Investors, LLC, a South Carolina Limited Liability Corporation, its successors and/or assigns. A person or entity shall be deemed a "successor and assign" of Declarant only if specifically so designated in a duly recorded written instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the recorded written instrument.
- g. "Declarant Control Period" shall mean the period beginning on the date of this Declaration and ending on December 31, 2027, subject to the provisions of Article IV, Section 2 of this Declaration. During the Declarant Control Period, the Declarant is entitled to appoint the members of the Board of Directors.
- h. "Declaration" shall mean and refer to this Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Papillon, as it may be amended from time to time.
- i. "Development Period" means the period of time commencing with Declarant's acquisition of the Property and ending when Declarant has completed the development and sale of, and no longer owns, any Lot or any other portion of the Property.
- j. "Dwelling Unit" shall mean and refer to a completed single family home located upon a Lot.
- k. "Governing Documents" shall mean and refer to the Declaration, the Articles of Incorporation of the Association ("Articles"), the By-Laws of the Association ("By-Laws"), the Architectural, Construction Management, Landscaping Design and Environmental Standards ("ARC Guidelines and Procedures"), and the Rules and Regulations of the Association.
- l. "Lot" or "Lots" means, as the context requires, any parcel or parcels of land designated as such 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. A Lot shall not include Common Area. 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. A Lot shall include any improvements thereon.
- m. "Member" shall mean or refer to every person or entity that holds membership in the Association.

- n. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. As used in this Declaration, the term "Institutional Mortgagee" or "Institutional Holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Lot. In the event any mortgage is insured by the Federal Housing Administration ("FHA) or guaranteed by the Veterans Administration ("VA"), then as to such mortgage the expressions "Mortgagee" and "Institutional Mortgagee" include the FHA or the VA as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Commissioner of Veterans' Benefits or through other duly authorized agents.
- o. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee-simple title to any Lot(s), but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall also refer to the heirs, successors and assigns of any Owner.
- p. "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.
- q. "Property" shall mean and refer to the "Property" described in Article III, Section 1, hereof and any additional property subsequently submitted by Declarant to this Declaration.
- r. "Provider" shall mean and refer to the entity or entities which provides Provider Services.
- s. "Provider Services" shall mean, without limitation, television, cable, computer connection and/or internet connection by line, wire, cable, fiber optic, main, duct, pipe conduit, pole, antenna, microwave, satellite dish, or wire or wireless technology.
- t. "Setback" shall mean an area along the boundary of a Lot where no building or other structures shall be permitted, without the express written permission of Declarant. However, 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 building or other structure located on a Lot.

ARTICLE III
PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Property. The Declarant is the owner of property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Association is located in Horry County, South Carolina, and is described in Exhibit "A" attached hereto which Exhibit "A" is made a part and parcel hereof by this reference.

Section 2. Additional Property. Declarant reserves and retains the right to add additional real estate, additional lots, appurtenances or phases to the Property.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

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

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

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

(b) Class B. The sole Class B Member shall be the Declarant (as defined in this Declaration). During the Declarant Control Period, the Class B Member shall have the right to appoint all of the members of the Board of Directors.

The Class B membership shall cease to exist and shall be converted to Class A membership on December 31, 2027. When the Class B Membership ceases to exist and is converted to Class A Membership, Declarant shall have the same voting rights as other Owners of Class A Lots.

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

Section 3. Suspension of Voting Rights. Voting rights attributable to an ownership interest in a Lot shall be suspended throughout the term of any default under the By-Laws or of this Declaration of Covenants, Conditions and Restrictions by an Owner of such Lot.

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

ARTICLE V **PROPERTY RIGHTS**

Section 1. Owner's Easements of Enjoyment. Every owner shall have the right and easement to use and enjoy the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

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

(b) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least eighty percent (80%) of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written document; provided that the foregoing shall not preclude the Association or Declarant, without such agreement by the Members, from granting easements to the public authorities or utilities, or to others for the installation upon, over, under, and across the Common Area without the assent of the membership when, in the sole opinion of the Board of Directors or Declarant, such easements do not interfere with the use and enjoyment of the Property or are necessary for the convenient use and enjoyment of the Property;

(c) The right of the Association to limit the number of guests of the Members;

(d) The right of the Association, with written assent of Members entitled to at least eighty percent (80%) of the votes appurtenant to each Class of Lots (Class A and Class B)

to mortgage, pledge and deed in trust any and all of its real and personal property as security for money borrowed or debts incurred for the purpose of improving the Common Area and facilities, with the rights of such creditors to be subordinate to the rights of the Owners hereunder;

(e) The right of the Association to adopt, publish, amend and enforce the rules and regulations as provided in Article XI;

(f) The right of the Association or its representatives to enter any Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association, and the Owner of such Lot shall permit the Association or its representative to enter for such purposes at reasonable times and with reasonable advance notice;

(g) The right of the Association or its representative to enter any Lot in the case of any emergency threatening such Lot or any other Lot for the purpose remedying or abating the cause of such emergency. Such right of entry shall be immediate;

Section 2. Delegation of Use.

(a) Family. The rights and easement of enjoyment granted to every Owner in Section 1 of this Article V may be exercised by members of the Owner's family.

(b) Tenants or Contract Purchasers. The rights and easement of enjoyment granted to every owner in Section 1 of this Article V may be delegated by the Owner to his or her tenants or contract purchasers who occupy a residence within the Property.

(c) Guests. Common Areas may be utilized by guests of Owners, tenants or contract purchasers subject to the rules and regulations of the Association governing said use, as established by the Board of Directors.

ARTICLE VI
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (a) annual assessments or charges and (b) special assessments for capital improvements and operating deficits and for special maintenance or repairs as provided in this Declaration, such assessments to be established and collected as herein after provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at that time when the assessment fell due, but not of the Owner's successor in title unless expressly assumed by such successor.

Section 2. Purpose of Assessments. The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Property and in particular for the improvement and maintenance of the Common Areas including the maintenance, repair, and reconstruction of private alleys, driveways, walks, street lights, alley lights, parking areas, fencing and any entrance monuments, the cutting and removal of weeds and grass (excluding in the fenced in areas on each Lot and all planting beds around the home, which shall be the responsibility of the Lot Owner), and the removal of trash and rubbish, as herein provided, all for the use and enjoyment of the Common Area, including, but not limited to, the cost of repairs, replacements, and additions; the costs of labor, equipment, materials, management, and supervision; the payment of taxes and public assessments assessed against the Common Area. In addition, the assessment may be used for the procurement and maintenance of insurance in accordance with this Declaration; the employment of attorneys to represent the Association when necessary; the provision for adequate reserves for the replacement of capital improvements, including, without limiting the generality of the foregoing, and any other major expense for which the Association is responsible; and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas and to those other portions of the Property, which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

Section 4. Special Assessments for Capital Improvements and Operating Deficits. In addition to the annual assessments authorized above, the Board of Directors of the Association may levy, in any calendar year, a special assessment or assessments ("Special Assessments") for the purpose of defraying, in whole or in part, any costs incurred by the Association which are not paid for out of funds on hand in the Association or out of the annual assessments collected by the Association, or to recover or pay any operating deficits which the Association may from time to time incur. Such costs may include, but shall not be limited to, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area. Notwithstanding the above, all fees and costs incurred by the Association in exploring or waging a complaint or suit against Declarant must be paid for out of a Special Assessment and, for this purpose only, such Special Assessment must be approved by a vote of the Members entitled to cast no less than two-thirds (2/3rds) of all votes entitled to be cast by the Members. Notwithstanding the foregoing, in no event shall Declarant be required to pay any Special Assessment on any Lot upon which there is not a completed residence, and for each Lot owned by Declarant on which there is a completed residence, Declarant shall pay only that portion of any Special Assessment attributable towards reserves and landscape maintenance.

Section 5. Uniform Rate of Assessment. Except as otherwise specifically provided for in this Declaration, regular annual assessments and special assessments for capital improvements and to recover operating deficits must be fixed at a uniform rate for all Lots and shall be collected on a schedule established by the Board of Directors. Special Assessments shall be fixed by the Board of Directors. Instead of paying such annual assessments, Declarant may elect not to pay regular annual assessments on the Lots owned by it, but, in lieu thereof, shall pay the actual operating deficit of the Association on an annual basis. Such election may be made annually by Declarant. Although the intention of this Declaration is that Declarant shall pay the actual operating deficit

of the Association as the same shall exist on an annual basis, Declarant shall make advance payments equal to the prorata estimated amount of such deficit on a monthly or quarterly basis, with an adjustment made at the end of the annual period for the actual deficit, within sixty (60) days of the end of such annual period.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The assessments provided for herein shall commence as to all Lots on the first day of the month immediately following the conveyance of the first Lot to a third party purchaser from Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and in the event the Board elects not to affix such assessment as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any change in the assessment rate shall be sent to every Owner. Notwithstanding that the assessment is based upon an annual period, the Board of Directors shall establish the due dates for the payment of such assessments and may provide that the same are payable monthly, quarterly or otherwise as determined by such Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Non-Payment of Assessments; Remedies of the Association. Assessments shall be due on such dates s determined by the Board of Directors of the Association (monthly, quarterly or as otherwise determined by the Board of Directors) and any assessment not paid within fifteen (15) days after the due date shall be assessed a late charge in the amount of Twenty Five Dollars (\$25.00) or in an amount to be determined from time to time by the Board of Directors, and the assessment with late charge shall bear interest from the due date at an annual rate of eighteen percent (18%) per annum. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot to which the assessment related; and, in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Lot.

The Association shall have the right, to levy fines for infractions of the provisions of this Declaration or rules and regulations promulgated by the Board provided that the Owner shall be notified in writing of a previous infraction in the preceding one year.

No charge may be imposed more than once for the delinquency of the same payment, provided, however, that the imposition of a late charge on any delinquent payment shall not eliminate or supersede charges imposed on prior delinquent payments. When an assessment is paid more than fifteen (15) days after the due date of the assessment, late charges shall accrue from the first day following the due date of the assessment. The Association may bring legal action against the Owner personally obligated to pay a delinquent assessment or fine and the Association may suspend the delinquent Owner's membership rights in the Association. In any legal action to enforce payment of any assessment or fine, the Association shall be entitled to

recover interest, costs and reasonable attorneys' fees.

All payments shall be applied to first costs and attorneys' fees, then to fines, then to late charges, then to interest, then to delinquent assessments, then to an unpaid installments of the annual assessment or special assessments which are not the subject matter of suit, in the order of their coming due, and then to an unpaid installments of the annual assessment or special assessments which are the subject matter of suit, in the order of their coming due.

Section 9. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a Lot and to any ad valorem taxes on such Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust to an institutional lender pursuant to a foreclosure thereof, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer (but shall not affect the personal liability of the Owner for payment of such assessments). No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All Property dedicated to, and accepted by, a local public authority and all Property, other than Lots, owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the assessments created herein. No Lot shall be exempt from assessments.

No Owner may waive or otherwise exempt himself or herself from liability of the assessment provided herein, including, by way of illustration, but not limitation, by nonuse of Common Areas or abandonment of the Lot. No diminution or abatement of assessment or set off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the Bylaws (as attached hereto as Exhibit C), or for improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

Section 11. Operating/Working Capital Fund. At the time of the initial closing of the sale of each Lot an individual Lot Owner (other than Declarant or a Builder), an assessment in the amount of \$380.00 (a "Fund Assessment") for each Lot shall be collected and transferred to the Association as an Operating/Working Capital Fund (the "Fund"). The purpose of said Fund is to insure that the Association Board will have adequate operating funds and possible cash available to meet Association expenses, and to acquire additional equipment or services deemed necessary or desirable. Fund Assessments paid into the Fund shall not be considered advance payment of regular assessments.

Section 12. Prepaid Dues At Closing. At the initial closing of the sale of any Lot to a Lot Owner, there shall be paid by the Owner to the Association a pro-rata portion of the current period's assessments, together with the assessment for the following period, which shall be

considered prepayment of dues. This initial assessment shall not be due upon re-sale or re-conveyance of any Lot after the initial sale. In addition, Owner may be required to pay an initial insurance assessment and an operating/working capital fund to the Association in accordance with Section 11 above.

ARTICLE VII **MAINTENANCE, REPAIR AND REPLACEMENT**

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Areas and Limited Common Areas (if any) and all improvements located thereon. This maintenance shall include without limitation maintenance, repair and replacement of all landscaping and grass areas, alleys, fences, retaining walls, driveways, sidewalks, alley lights and other improvements, if any, situated in any Common Areas.

Section 2. Owner's Responsibility. Except as provided in Section 1, all replacement, maintenance and repair of the improvements on the Lot shall be the responsibility of the Owner thereof.

Section 3. Management Agreement. The Association shall have the right to hire a management company to undertake any of its responsibilities set forth in the Declaration. However, any such management agreement shall be terminable by the Association, without liability, upon not more than ninety (90) days' notice to the other party.

ARTICLE VIII **USE EASEMENT**

Section 1. Use Easement. The areas within certain Lots (as affected, the "Servient Lots" or any one a "Servient Lot") designated as either a "5' Use Easement" or a "5' Build to Line Use Easement" (collectively, a "Use Easement") on the Plat described in Exhibit A attached hereto shall be subject to an easement appurtenant to the adjacent Lot which abuts the Use Easement (the "Dominant Lot"), regardless of whether or not specifically stated in the deed or other conveyance of the Dominant Lot. Except as set forth herein below, such Use Easement may be used by the owner of Dominant Lot, including the family members, guest, tenants, invitees and licensees of such Owner, for all usual, ordinary and typical uses associated with yards surrounding single family dwellings to the exclusion of all others, including the owner of the Servient Lot.

(a) The Owner of the Dominant Lot shall maintain and is solely responsible for all duties and costs associated with the maintenance of the Use Easement, including any approved structures thereon.

(b) The owner of the Dominant Lot shall, as a precondition to the use of the appurtenant Use Easement, maintain general liability insurance on the Use Easement in an amount of not less than \$250,000.00 single combined limit and such insurance shall name the Servient Lot Owner as an additional or named insured. Further, such insurance will provide that it cannot be cancelled except upon not less than thirty (30) days' notice to the Servient Lot

Owner. Finally, in the event such insurance ever fails to be in force, the easements and rights granted or established hereunder shall be suspended for such period that the insurance is not in effect and use of the appurtenant Use Easement by the Dominant Lot Owner, its family, guest, tenants, invitees and licensees shall be deemed a trespass during such period.

(c) The Dominant Lot Owner shall indemnify and hold the Servient Lot Owner harmless from and against all claims, costs, losses and damages, including reasonable attorney's fees and cost, arising or resulting from the existence or use of the Use Easement on the Servient Lot Owner's Lot

(d) The Owner of the Dominant Lot shall be permitted to install or maintain a fence within the Use Easement, if and only if, approved by the Architectural Review Committee pursuant to Article IX. Other than a fence, no structures, or other improvements shall be permitted within the Easement Area. Under no circumstances will outdoor grills, barbecues, landscape lighting or irrigation systems (except for irrigation systems installed in strict compliance with guidelines of the Architectural Review Committee) be permitted in the Use Easements. Furthermore, the Owner of the Dominant Lot shall refrain from any activity which would cause damage to or interfere with the use and enjoyment of the Servient Lot or any structure or home located on or within the Servient Lot or result in surface water drainage issues for the Servient Lot. In that regard, any hardscape within the Use Easement must be of a pervious design, meet the applicable rules and regulations of Governmental Authorities and be approved by the Architectural Review Committee. No such hardscape shall be placed within one (1) foot of the residential structure located on the Servient Lot. Although landscaping in the Use Easement shall be permitted as approved by the Architectural Review Board, no trees shall be planted in the Use Easement. All rights and easements shall be limited and/or subject to the following: i) the right of the owner of the Servient Lot to access the Use Easement from time to time for purposes of maintaining the dwelling (if any), and its related appurtenances, located on such Servient Lot; ii) any easements or rights established elsewhere in this Declaration; and iii) the right of the Servient Lot owner to erect and maintain within the Yard Easement HVAC equipment, roof overhangs and similar equipment and projections which is an appurtenance or part of the dwelling on the Servient Lot which would not be considered an encroachment into the setback lines by the applicable zoning ordinance.

(e) The easements and rights granted hereunder to Owners of the Dominant Lots shall be appurtenant to and for the benefit of the Dominant Lots, including all additions thereto, and shall bind and be a burden upon the Servient Lots. Further, the easements, rights and obligations set forth herein shall be deemed to run with the land both as a benefit and burden.

(f) Except for the area within the Use Easement, nothing herein shall be construed to obligate Owners of the Dominant Lots to maintain all or any portion of the Servient Lots. Likewise, nothing herein shall be construed to obligate Owners of the Servient Lots to maintain any portion of the Dominant Lots.

(g) Declarant, prior to conveying a Dominant Lot or Servient Lot to a third-party purchaser, reserves for itself and its successors and assigns, the power and authority to modify

the Use Easement as it applies to such Lots and to execute and record a revised plat evidencing such revised Use Easement.

ARTICLE IX
ARCHITECTURAL CONTROL

Until the plans and specifications showing the nature, kind, shape, height, color, materials, 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 Board of Directors of the Association, or by an architectural committee, if the Board of Directors shall elect to establish such a committee, composed of three (3) or more representatives appointed by the Board (said committee being hereinafter referred to as the ‘Architectural Control Committee’), (i) no building, fence, sign, wall, landscaping, statuary or other structure or improvement of any kind (including a paved surface) shall be commenced, erected, installed, or maintained upon any Lot or upon the Common Area; (ii) no exterior addition to or change or alteration thereto be made, including, but not limited to, color or painting of the exterior or change of the type of exterior finish, the installation of arials or awnings or the placement of reflective or other material in the windows of a dwelling, or the addition of an exterior attachment (such as a storm door); and (iii) no penetrations of the roof of a building may be made. In the event the Association or its designated committee fails to approve or disapprove such design and location within ninety (90) days after said plans and specifications and have been submitted to it, approval will not be required, and this Article shall be deemed to have been fully complied with. Provided, however, that nothing herein contained shall be construed to permit the interference with the development of the Property by the Declarant.

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

The Association shall have the authority, but not the duty, to require a “sole source” cable television provider for all Lots within the Property.

In the event an Owner of a Lot shall make an unauthorized change to the Lot, as described in the two preceding paragraphs, the Board of Directors (or the Architectural Control Committee, if any) shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore its appearance, as nearly as reasonably possible, to the same as it was prior to the unauthorized change. The cost of such work and any other costs or attorney’s fees incurred in the enforcement of these provisions shall be added to and become a part of the assessments to which such Lot is subject.

The provisions of this Article IX shall not apply to improvements of any kind constructed upon any Lot or upon the Common Area by Declarant and Declarant is expressly exempt from the provisions of this Article IX.

ARTICLE X **INSURANCE**

Section 1. By Association. The Association shall procure and maintain insurance coverage as follows:

(a) Coverage.

(i) Common Areas and Limited Common Areas. All insurance policies upon the Common Area shall be purchased by the Association for the benefit of the Association and the Owners and their mortgagees, as their interests may appear, and provisions shall be made for the issuance for certificates or mortgagee endorsements to the mortgagees of Owners upon request therefor by any Owner. All buildings and insurable improvements upon the Common Areas, Limited Common Areas and all personal property of the Association included in the Common Areas and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

- (a) Loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief, and
- (b) Such other risks as the Association may from time to time elect to protect against.

(ii) Public Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million and No/100 (\$1,000,000.00) Dollars per occurrence and shall include an endorsement to cover liability of the Owners, as a group, to a single Owner.

(b) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article VI above.

(c) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the Bylaws and for the benefit of the Owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to Common Areas and facilities shall be paid to and held by the Association;

(ii) If an insured casualty shall occur on the Common Area, resulting in damage to Lots or to personal property of Owners or injury to an Owner or members of an Owner's family, proceeds from Association insurance shall be held in undivided shares for the affected Owners in proportion to the cost of repairing the damage or injuries suffered by each Owner, which cost shall be determined by the Association;

(iii) In the event a mortgagee endorsement has been issued for any Lot, the share of the Owner of that Lot shall be held in trust for the mortgagee and the other Owners, as their interests may appear.

Section 2. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association as insurance trustee shall be distributed in the following manner:

(a) Expenses of the Trust. All expenses of the Association as insurance trustee shall be paid first or provisions made therefor.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs to the Common Area. Any proceeds remaining after defraying such cost shall be distributed to the affected Owners as provided in Section 1(c)(ii) of this Article.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise execute control over the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus reserves accumulated at the time of the bonding.

ARTICLE XI

USE RESTRICTIONS

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

Section 2. Residential Use. Except as may be otherwise expressly provided in this Declaration, each Lot shall be used for residential purposes only. Leasing or rental of a home for residential purposes shall not be considered to be a violation of this Covenant, so long as the

lease or rental term is for a period of at least six (6) months (or longer if required by applicable law) and is otherwise in compliance with the provisions of this Declaration, the Bylaws and reasonable Rules and Regulations adopted by the Board. No Lot, or the improvements thereon, or any portion thereof may be submitted to a plan of interval ownership or any form of timesharing, or any other similar plan or scheme. Notwithstanding the foregoing, an Owner may enter into lease of any term with Declarant, or Declarant's designee, for the purpose of use by Declarant or its assignee or designee for sales and marketing purposes.

Section 3. Prohibition of Renting for Transient or Hotel Purposes. No Owner shall rent his Lot for transient or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than six (6) months (or longer period if required by applicable law) or any rental if the lessee of the Lot is provided customary hotel services. Each permitted lease shall be in writing and shall be subject to this Declaration, the Bylaws, and the Rules and Regulations adopted hereunder and any failure of the lessee to comply with the terms of such documents shall be a default under the lease.

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

Section 5. Quiet Enjoyment. No noxious, unlawful or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood. No plants, poultry, animals, junk, junk automobiles, or devices or things of any sort, the normal activities or existence of which are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood shall be placed, kept or maintained on any Lot. Without limiting the foregoing, exterior lighting may not be so installed on any Lot so as to directly illuminate any portion of a neighboring Lot. No bottled gas containers or oil tanks shall be placed or stored on the Property. No lot shall be used for storage of building materials prior to the issuance of the building permit for the primary residence. Failure to observe these regulations shall result in fines as set by the Board of Directors in its sole discretion.

Section 6. Nuisances. No activity deemed noxious or offensive by the Board of Directors or the Architectural Control Committee, if any, shall be carried on upon any Lot or within any Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Board or Committee. Examples of such offensive activities shall include, but not be limited to, the origination or emission of any loud or disturbing noise or vibrations, failure of home occupants to insure that garage doors are closed at all times except when automotive traffic is moving in or out; the maintenance of an auto repair site; the maintenance of unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles, appliances, interior furniture, or other miscellaneous items) on porches, patios, terraces or yards; and similar

unsightly activity (such as use of outdoor clothes drying lines) not in keeping with the aesthetic character and high level of appearance of the community.

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

Section 7. Animals. No animals, reptiles, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other normal household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. The number of household pets generally considered to be outdoor pets, such as dogs and cats, shall not exceed two (2) in number, except for newborn offspring of such household pets, which are under six (6) months in age. Notwithstanding the foregoing, any full-breed or mixed-breed Pit Bull, Rottweiler, Great Dane, and Doberman Pinscher dogs are expressly prohibited, and the Association shall have the right to prohibit, or require the removal of, any dog or other animal which the Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard after consideration of factors such as size, breed and disposition of the animal, likely interference by the animal with the peaceful enjoyment of the Property by Owners and the security measures taken by the Owner with respect to such animal. In addition to the foregoing, the Board of Directors of the Association, in its sole and absolute discretion, shall have the right to require the removal from the Property of any dog that said Board determines barks, howls, yelps or whines in an excessive manner that unreasonably disturbs others. Owners shall be responsible for the removal of animal waste from the Lot and Common Areas. No kennels, dog runs or animal holding pen of any type shall be allowed on a Lot or on the Common Area. In the event that any Owner shall keep or maintain any dog upon their Lot, such Owner shall maintain liability insurance which shall cover any liability as a result of such dog's actions which shall have coverage limits of not less than \$100,000. Evidence of such insurance shall be provided to the Association upon request.

Section 8. Temporary Structures and Parking of Vehicles. No residence or other improvement of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, basement, shack, tent, garage, barn or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently. No motorcycles, mobile house trailers (on or off wheels), recreational vehicles ("RVs"), motor homes, vehicles or enclosed bodies of the type which may be placed on or attached to a vehicle--known generally as "campers", or boats or boat trailers shall be permitted, parked or stored in the Common Area or within any Lot, unless inside the garage of that Lot with the garage door closed. Non-motorized bicycles and car-mounted kayaks are exempt from all requirements of this Section.

No vehicle of any type which is abandoned or inoperative shall be stored, parked or kept in the Common Area nor shall any such vehicle be stored, parked or kept on any Lot if it can be seen from any other Lot or from any street or alley within the Property, and no automobiles or other mechanical equipment may be dismantled or parts thereof stored on any said Lot.

No vehicles of any type shall be parked on the sidewalk or within an alley or street travel way (except in designated parking spaces, if any), nor shall vehicles of any type be parked or stored on any part of a Lot not improved for that purpose (a garage, driveway or parking pad).

The provisions of this Section 9 shall not preclude the parking of construction trailers within the Property or the construction, maintenance and use by Declarant, or its designees, of temporary buildings and other structures while there are new home construction and/or sales activities within the Property. Daytime and overnight parking of trucks and other construction vehicles shall also be permitted throughout the Lot development and home construction periods.

The Association may, from time to time, adopt such reasonable parking rules and regulations as it deems appropriate to promote the safe and orderly use of parking areas within the Property.

Section 9. Signs. No signs or other advertising devices shall be erected upon or displayed or otherwise exposed to view on any Lot, or any improvement thereon, without the prior written consent of the Association, except that one "For Sale" or "For Rent" sign not exceeding 18" x 35" may be placed in the window of a home and provided, further, that Declarant may post temporary "For Sale" and other advertising signs anywhere on the Property until such time as all Lots owned by Declarant have been sold and conveyed, including, but not limited to, freestanding and sandwich signs anywhere on the Property. Notwithstanding the foregoing, upon the conveyance by Declarant to third parties of all of the Lots within the Property, one "for sale" sign may be located upon a Lot, as approved by the Architectural Review Board during any period during which such Lot is for sale to third parties.

Section 10. Alley Lamps. The alley lamps installed in the Common Areas at or near the roads upon which Lots face shall be maintained, repaired and replaced at the expense of the Association and the Association shall pay the electricity bills and all associated monthly facility charges. No Owner may or shall disconnect an alley light or remove any element thereof or in any way damage or deface an alley light.

Section 11. Control of Dogs. Every person owning or having possession, charge, care, custody or control of a dog shall keep such dog exclusively upon his or her Lot; provided that such dog may be off premises if it is under the control of a competent person and restrained by a chain, leash or other means of adequate physical control.

Section 12. Garbage and Refuse Disposal. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever and no trash, rubbish, stored materials, wrecked or inoperable vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish and other debris for collections by governmental or other similar garbage and trash removal units. In addition, all trash, garbage and other waste shall be stored in sanitary containers in the space provided in the garage or in the fenced area on each lot designated for sanitary container storage, and in accordance with the rules and regulations of the Association and of any health or public safety authority having jurisdiction over the Property. Rollout garbage containers shall be rolled out to the street in rear of the home in the evening

before the regularly scheduled pickup and rolled back into the garage by 10:00 p.m. the day of the pickup.

Section 13. Garages. Garages are included in the required number of parking spaces and shall not be converted into living space or into a storage room without area for one or two motor vehicles (per plan, depending on original design). Garage doors must be kept closed at all times, except as needed to enter and exit the garage and except for occasions when the owner or an agent of the owner is using the garage for yard work or other outdoor activity which would require the garage door to be open.

Section 14. Holiday Decorations. Decorations for holidays shall not be displayed for more than thirty (30) days prior to and after any such holiday.

Section 15. Declarant reserves the right to operate a sales model, office, and/or operations office (with appurtenant signs and parking as required) on the Property until all of the Property is sold.

ARTICLE XII **EASEMENTS**

Section 1. General. All of the Property, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewer lines, storm drainage facilities, gas lines, telephone lines, electric power lines and other public utilities as shall be established by the Declarant (either by actual usage or as shown on a recorded plat), and Declarant, prior to conveying the Common Area to the Association, and the Association, after conveyance of the Common Area to the Association, shall have the power and authority to grant and establish upon, over, under, and across the Common Areas such further easements as are in the opinion of either of them, requisite for the convenient use, development and enjoyment of the Property. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress, and regress across all Common Areas now or hereafter owned by the Association, for the purpose of development of the Property and construction of improvements within the Property. Each Lot and the Common Area shall be and is subject to an easement for building encroachments created by initial construction and by subsequent settling and overhangs. A valid easement for said encroachments and for maintenance of same shall continue so long as said encroachments exist.

Section 2. Construction. Declarant hereby reserves a construction easement over the Property for the purposes reasonably related to installation of streets, and/or alleys, and utilities and construction of dwellings on the Lots and improvements on the Common Areas, and Declarant and its contractors shall have full rights of ingress and egress to and through, over and about the Property during such period of time that Declarant is engaged in any construction or improvement work on or within the Property and shall further have an easement for the purpose of storing the materials, vehicles, tools, equipment, etc., which are being utilized in such construction. No Owner, nor his/her guests or invitees, shall in any way interfere or hamper Declarant or its employees or contractors in the exercise of these rights and easements.

Section 3. Emergency. There is hereby reserved, without further assent or permit, and to the extent permitted or required by law, a general easement exercisable by all firemen, ambulance personnel, policemen and similar persons to enter upon any portion of the Property in the performance of their respective duties. The Association and its agents shall also have the right to enter the Lots and any improvements located thereon for the purpose of making emergency repairs or replacements.

Section 4. Ingress and Egress. Declarant reserves and hereby dedicates easements for pedestrian and vehicular ingress and egress over the streets, alleys, and sidewalks of the Property and easements for pedestrian traffic over and along the Common Areas within the Property, which easements may and shall be freely enjoyed by all Owners, and by their families and invitees, so long as such use and enjoyment is not in violation of law, of the Use Restrictions set out in Article IX or of any rules and regulations promulgated by the Board of Directors.

Section 5. Cross Easements for Water, Sewer, Fire Protection Lines, Drainage and other utilities. Cross easements are hereby dedicated and granted across adjoining property lines as required in order to install and maintain water, sewer, fire protection lines, drainage and other utilities necessary to serve the Lots. Such easements coincide with the location of said lines as determined by as-built surveys, or where said lines in fact have been installed by Declarant. No owner shall cause damage or disruption of the function of said utility lines.

ARTICLE XIII **INDEMMFICATION OF DIRECTORS AND OFFICERS**

Neither Declarant, nor any member of Declarant, nor any Member, nor the Board (individually or collectively), nor the Association, nor any officers, directors, agents or employees of any of them, shall be personally liable for debts contracted for, or otherwise incurred by, the Association or for a tort of Member, whether such Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents, members or employees, shall be liable for any incidental or consequential damages for failure to inspect the Lots, the Common Areas or any other portion of the Property, or any improvements thereon, or for failure to repair or maintain the same. Neither Declarant, the Association nor any other person, firm or association making such repairs or maintenance shall be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Property or improvements.

The Association shall, to the extent permitted by applicable law, indemnify, defend and save harmless all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified. The Association shall indemnify every director, officer, former director and former officer of the Association and any person who may have served at the request of the Association as a director or officer of another corporation, whether for profit or not-for-profit, against expenses (including attorneys' fees) and liabilities actually and reasonably incurred by him or her in connection with the defense of, or as a consequence of any threatened,

pending or completed action, suit or proceeding (whether civil or criminal) in which he or she is made a party or was (or is threatened to be made) a party by reason of being, or having been, such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnifications provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, by-law, agreement, vote of members or of disinterested directors, or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall undertake to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association or (ii) from such other corporation, partnership, joint - venture, trust or other enterprise.

Nothing contained in this Article XIII, or in the by-laws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE XIV **GENERAL PROVISIONS**

Section 1. Enforcement. The Association, and each Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions for this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3. Amendment and Termination. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10)

years unless abrogated by a written termination agreement signed by seventy-five (75) percent of the Members and filed in the Register of Deeds of Horry County within sixty (60) days prior to the beginning of a ten (10) year extension period. This Declaration may also be amended by an instrument signed or approved by the Owners entitled to not less than sixty-seven (67) percent of the votes eligible to be cast at the time of the amendment. Any such amendment shall not be effective until such amendment has been filed for record in the Horry County Public Registry. Provided, however, notwithstanding anything else in this Declaration, this Declaration shall not be amended prior to December 31, 2027 without the written consent of Declarant or its successors or assigns.

Section 4. Management and Contract Rights of Association. Declarant may enter into a contract with a management company or manager for the purpose of providing professional services in the operation, care, supervision, maintenance, and management of the Property. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract by the Board of Directors of the Association. Any management contract entered into by Declarant, or by the Association while Declarant is in control thereof, shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of control by Declarant to the Association.

Section 5. Rights of Note holders. Any institutional holder of a first mortgage on a Lot will, upon written request therefor (acknowledged by the Association), be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Property or the Lot securing its mortgage, (e) receive written notice of any sixty (60) day delinquency in the payment of dues, assessments or charges owed by the Owner of the Lot on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

Signature page to follow.

EXHIBIT "A"

Description of Real Estate

BEING ALL of those certain tracts or parcels of land designated as Lots 1 through 61, inclusive, and those private rights-of-way identified as "Gate Keeper Alley", "Emperor Alley", "Painted Lady Alley" and "Brimstone Alley", along with those areas designated as "Common Space #1", "Common Space #2", "Common Space #3", and "Common Space #4", all as shown on the plat prepared by Robert A. Warner and Associates, Inc., entitled "Revised Final Plat of Papillon Subdivision, Myrtle Beach, South Carolina" prepared for Ocean View Investors, LLC dated May 15, 2017, and recorded May 18, 2017, in Plat Book 275, at Page 182, records of Horry County, South Carolina, which is made a part and parcel hereof by this reference.

EXHIBIT "B"

Articles of Incorporation

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

NONPROFIT CORPORATION
ARTICLES OF INCORPORATION

TYPE OR PRINT CLEARLY IN BLACK INK

1. The name of the proposed corporation is **Papillon Property Owners' Association, Inc.**

2. The initial registered office of the nonprofit corporation is

**1203 48th Avenue North, Suite 200
Myrtle Beach, South Carolina 29577**

The name of the registered agent of the nonprofit corporation at that office is:

David C. Stradinger

3. Check "a", "b" or "c", whichever is applicable. Check only one box:

a. The nonprofit corporation is a public benefit corporation.

b. The nonprofit corporation is a religious corporation.

c. The nonprofit corporation is a mutual benefit corporation.

4. Check "a" or "b", whichever is applicable:

a. This corporation will have members.

b. This corporation will not have members.

5. The address of the principal office of the nonprofit corporation is

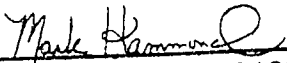
**1203 48th Avenue North, Suite 200
Myrtle Beach, South Carolina 29577**

6. If this nonprofit corporation is either a public benefit or religious corporation (when box "a" or "b" of paragraph #3 is checked), complete either "a" or "b", whichever is applicable to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.

a. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code, or shall be distributed to the Federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE

MAY 16 2017



SECRETARY OF STATE OF SOUTH CAROLINA

Nonprofit Corporation Articles of Incorporation
Papillon Property Owners' Association, Inc.
Page 2

- b. Upon dissolution of the corporation, consistent with the law, the remaining assets of the corporation shall be distributed to: _____
7. If the corporation is a mutual benefit corporation (when box "c" of paragraph 3 is checked), complete either "a" or "b", whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.
- a. Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefitting or serving.
- b. Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to: _____
8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See Section 33-31-202c) of the 1976 South Carolina Code of Laws, as amended, the applicable comments thereto, and the instruction to this form).

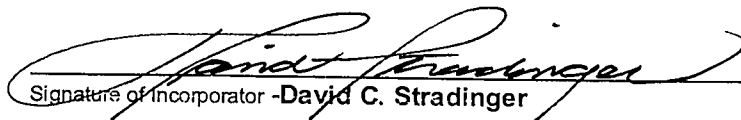
9. The name and address of each incorporator is as follows (only one is required)

David C. Stradinger
1203 48th Avenue North, Suite 200
Myrtle Beach, South Carolina 29577

10. Each original director of the nonprofit corporation must sign the articles but only if the directors are named in these articles:

N/A	
Name (Only if named in articles)	Signature of director

11. Each incorporator must sign the articles.



Signature of Incorporator - David C. Stradinger

EXHIBIT "C"

BY-LAWS
OF
PAPILLON PROPERTY OWNERS' ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is **Papillon Property Owners' Association, Inc.**, hereinafter referred to as the "Association." The principal office of the Association in the State of South Carolina shall be located in the County of Horry, but meetings of members and directors may be held at such place or places within the State of South Carolina, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to **Papillon Property Owners' Association, Inc.**, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Area and shall include all improvements thereon.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Ocean View Investors, LLC, a South Carolina Limited Liability Corporation, its successors and/or assigns. A person or entity shall be deemed a "successor and assign" of Declarant only if specifically so designated in a duly recorded written instrument as a successor or assign of Declarant under this Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration which are specifically designated in the recorded written instrument.

Section 7. “Declaration” shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Horry County.

Section 8. “Member” shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III **MEETING OF MEMBERS**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of conveyance of the first lot unit to a homeowner, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter or as close as reasonably possible to such date as determined by the Board of Directors. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member’s address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice; provided, however, that written notice of any meeting called for the purpose of taking any action authorized under Section (4) of Article VI of the Declaration shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of such meeting. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. Except as otherwise provided in the Declaration, the presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary prior to the date and time scheduled for any meeting for which a proxy is to be used. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by an initial Board of three (3) Directors who need not be Members of the Association. The number of Directors may be changed by amendment of the Bylaws. At the first annual meeting the number of Directors shall be increased to five (5). The names and addresses of the persons who are to act in the capacity of initial Directors until the selection of their successors are:

<u>NAME</u>	<u>OFFICE</u>
<u>David C. Stradinger</u>	President
<u>Michael R. Hogan</u>	Vice-President
<u>Linda Nuccitelli</u>	Secretary/Treasurer

Address of each initial Director/Officer: 1203 48th Avenue North
Suite 200
Myrtle Beach, SC 29577

Section 2. Term of Office. At the first annual meeting, the Members shall elect two (2) directors for a term of one (1) year and three (3) directors for a term of two (2) years, and at each annual meeting thereafter, the Members shall elect for a term of two (2) years the number of directors whose terms are expiring.

Section 3. Removal. Any director may be removed by the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from

the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations shall be made from among Members of the Association.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held every six (6) months without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or a majority of the Board of Directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

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

(b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

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

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

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

(c) as more fully provided in the Declaration, to:

i. fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

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

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

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

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained;

(h) cause the exterior of the dwellings to be maintained.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice president, who shall, at all times, be Members of the Board of Directors; a secretary, a treasurer, and such other officers as the Board may from time to time by resolution create.

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

Section 3. Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he/she shall sooner resign, shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time, giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

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

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and absent some resolution from the Board of Directors specifying otherwise shall co-sign all checks and promissory notes.

Vice President

(b) The vice president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; absent some resolution from the Board of Directors specifying otherwise shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

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

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association monthly and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within fifteen (15) days after the due date, a late charge of \$25.00 shall be added to it and the assessment shall bear interest from the date of delinquency at the rate of eighteen (18%) percent 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, and interests, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal in circular form, having within its circumference the words: Papillon Property Owners' Association, Inc.

ARTICLE XIII
AMENDMENTS

Section 1. These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.

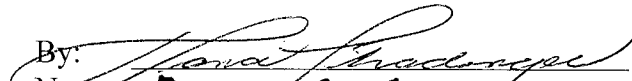
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV
MISCELLANEOUS

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

IN WITNESS WHEREOF, the undersigned Papillon Property Owners' Association, Inc. has caused this instrument to be executed to be effective as of August 9, 2017.

PAPILLON PROPERTY OWNERS'
ASSOCIATION, INC.

By: 
Name: DAVID C. STRADINGER
Its: PRESIDENT