

STATE OF SOUTH CAROLINA)
)
COUNTY OF GEORGETOWN) **DECLARATION OF COVENANTS,
) CONDITIONS AND RESTRICTIONS
) FOR CREEKSIDE COTTAGES**

This Declaration of Covenants, Conditions and Restrictions (the "Declaration") made this 16th day of January, 2003 by Creekside Cottages, LLC, organized pursuant to the laws of the State of South Carolina (the "Declarant".)

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of the real property (hereinafter referred to as the "Property") described in Article II of this Declaration and desires to create thereon a planned development neighborhood of residential cottages known as "Creekside Cottages," with open spaces, common amenities and common properties for the benefit of said neighborhood; and

WHEREAS, the Declarant desires to provide for the preservation of values and amenities in said neighborhood and for the maintenance of the common property and, to this end, desires to subject the real property described in Article II to the covenants, conditions and restrictions hereinafter set forth, each and all of which is and hereby declared to be for the benefit of said property and each and every owner of any and all parts thereof; and

WHEREAS, the Declarant has caused to be incorporated under the laws of the State of South Carolina a non-profit, non-stock corporation, Creekside Cottages Owners Association, Inc. (the "Association") for the purpose of exercising the functions aforesaid and which are hereinafter more fully set forth; and

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the Declarant hereby declares that the Property described in Article II and such additions thereto as may hereinafter be made pursuant to Article II hereof shall be held, mortgaged, transferred, sold, conveyed, leased, donated, occupied and used subordinate and subject to the following easements, restrictions, covenants, charges, liens and conditions (the "Covenants" or the "Declaration"), which are hereby imposed for the purpose of protecting the value and desirability of Creekside Cottages and which restrictions, easements, charges, liens, conditions and covenants shall touch and concern and run with title to the real property subjected to this Declaration and shall be binding on all parties having any right, title or interest in said properties or any portion of them. This Declaration also binds the respective heirs, devisees, fiduciary representatives, successors, successors-in-title and/or assigns and shall inure to the benefit of anyone or anything who/which purchases or takes any interest in real property within the lands subject to this Declaration.

DEFINITIONS

When used in this Declaration, unless the context shall prohibit or require otherwise, the following words shall have the following meanings, and all definitions shall be applicable to the singular or plural forms of any such term(s):

"Assessment" shall mean and refer to the charges levied pursuant to Article V. "Annual Assessment" shall mean and refer to annual charges levied by the Board of Directors of the Association for the purposes set forth in Section 2 of Article V. "Special Assessment" shall mean and refer to the charges levied for the purposes set forth in Section 4, Section 5 and Section 6 of Article V.

"Association" shall mean and refer to Creekside Cottages Owners' Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

"Board of Directors" shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

"Bylaws" shall mean and refer to those Bylaws of the Association which govern the administration and operation of the Association attached hereto as Exhibit B and made a part hereof by reference, as may be amended from time to time.

"Common Property" shall mean and refer to those tracts of land with any improvements and easements thereon which are actually deeded, granted or leased to the Association and designated in such deed or lease as "Common Property". The term "Common Property" shall also include any personal property acquired by the Association if said property is designated a "Common Property". All Common Property is to be devoted to and intended for the common use of and enjoyment of the Owners, family members and guests of Owners and guests of the Association or the Declarant subject to the fee schedules and operating rules adopted by the Association, provided, however, that any lands which are leased by the Association for use as Common Property shall lose its character as Common Property upon the expiration of such lease. The Declarant reserves the right to convey "Common Property" within Creekside Cottages to the Association. Such conveyance shall be made subject to such covenants and restrictions as are then applicable thereto and shall contain such additional restrictions, reservations, liens and encumbrances as may be set forth in the deed of conveyance. The Declarant may add or substitute mortgages, provided the Association does not have to assume payments or obligations of any mortgage on the "Common Property" conveyed to it. As an appurtenance to such conveyances, the Association shall have all of the powers, immunities and privileges reserved unto the Declarant and all of the Declarant's obligations with respect thereto, including the obligation to maintain and enhance.

"Cottage" shall mean and refer to any improved property intended for use as a single family dwelling, including any single family detached dwelling constructed on a Lot, and shall include the lot^{2,3} when the context of use reasonably implies such construction. The Cottage shall include any storage or garages.

"Declarant" shall mean Creekside Cottages, LLC, a limited liability company organized under the laws of the State of South Carolina.

"Declaration" shall mean this Declaration and all supplements and amendments to this Declaration as filed in the Register of Deeds Office ("ROD") for Georgetown County.

"Lot" shall mean any subdivided but unimproved parcel of land shown upon any recorded subdivision map of the Property, with the exception of the Common Property upon which a Cottage has been or may be constructed. A parcel of land shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently completed to allow occupancy.

"Member" shall mean and refer to the Declarant and all those Owners who are Members of the Association as defined in Section 2, Article III.

"Of Record" shall mean recorded in the ROD Office for Georgetown County, South Carolina.

"Owner" shall mean and refer to the Owner (including the Declarant) as shown by the real estate records whether it be one or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Lot within the Property but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

"Property or Properties" shall mean and refer to the property described in Article II hereof.

"Unimproved Property" shall mean and refer to the status of any Lot which is not an Improved Property.

ARTICLE II PROPERTY AND ADDITIONS THERETO

Section 1. Property. The real property (the "Property") which is, and shall be held, transferred, sold, conveyed, leased and occupied, subject to these covenants is located in Georgetown County, South Carolina and is described as follows:

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

Section 2. Additional Properties. Additional property may become subject to this Declaration in the following manner: The Declarant, its successors and assigns, shall have the right, without further consent of the Association, at any time prior to January 1, 2025 to bring within the plan and operation of this Declaration any properties adjacent to or contiguous or nearly contiguous to the Property, whether or not said parcels are owned by the Declarant or a third party, provided, however, the Declarant shall have no rights to subject additional properties owned by a third party without the consent of said third party. Such property may be subjected to this Declaration as one parcel or as separate parcels at different times. The

additions authorized under this Section may be made by filing a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of this Declaration to such property. Any property located within one-half mile of a boundary line of the Property shall be considered "nearly contiguous".

ARTICLE III THE ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

Section 1. The Association. The Declarant has established or will establish the Association for the purpose of exercising powers of maintaining, improving and administering the Common Property and providing common services, administering and enforcing covenants, conditions and restrictions contained herein, and levying, collecting and disbursing assessments and charges herein created. Further, the Declarant reserves the right to convey to the Association and the Association agrees to accept any and all of its rights and obligations set forth herein.

Section 2. Membership. Every Owner shall be a Member of the Association. The Declarant shall be a Member of the Association.

Section 3. Voting Rights. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall be all Owners (excluding the Declarant). A Class A Member shall be entitled to one (1) vote for each Lot he owns. The Declarant may become a Class A Member upon the expiration of its Class B membership status as hereinafter set forth.

CLASS B. The Class B Member shall be the Declarant, its successors and assigns. The Class B Member shall be entitled to thirty (30) votes for each Lot in which it is an Owner, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs later:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) on January 1, 2025.

Notwithstanding the above, the Declarant reserves the right to terminate its Class B membership at its sole election at an earlier date.

Each Member shall be entitled to vote at any meeting of Members or on any matter requiring a vote of Members occurring subsequent to the date upon which the Member became an Owner,^{3,3} provided, however, that the Member is not delinquent in the payment of assessments, and each Member shall be entitled to the number of votes as calculated above as if each Member had been a member for a full year.

When any property entitling the Owner thereof to membership in the Association is owned Of

Record in the name of two or more persons or entities, whether fiduciaries, joint tenants, tenants-in-common, tenants-in-partnership or in any other manner of joint or common ownership, one person or entity shall be designated the voting member to bind all the others. Written evidence of such designation in a form satisfactory to the Board of Directors of the Association shall be delivered to the Board prior to the exercise of a vote by joint owners.

Section 4. Governance. The Association shall be governed by a Board of Directors consisting of not less than three (3) members. Initially, the Board shall consist of three (3) members, with the number in subsequent years to be determined by the members of the Board of Directors as provided in the Bylaws of the Association.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of this Declaration, the rules and regulations of the Association and any fees or charges established by the Association, every Member and every guest and lessee of such Member shall have an easement of enjoyment in and to the Common Property and such easements shall be appurtenant to and shall pass with the title of every Lot. Employees and guests of the Declarant shall have access to and enjoyment of the Common Property subject to rules and regulations established by the Board of Directors.

Section 2. Title to Common Property. The Declarant may hereafter convey to the Association, at no cost to the Association, by deed or other instrument appropriate to irrevocably convey to the Association the entire beneficial use of any Common Property after the Declarant has completed improvements thereon, if such be required, such that the facility is functionally complete. The Association, upon such conveyance, shall immediately become responsible for all maintenance, operation and such additional construction of improvements as may be authorized by the Board of Directors of the Association subject to this Declaration.

All said parcels of land may be conveyed to the Association subject to:

- (1) All encumbrances, easements and restrictive covenants affecting such property at the time of conveyance, including all existing mortgages; and
- (2) A reservation by the Declarant, its successors and assigns, of the right to substitute or add new mortgages thereon, provided, however, that in no event shall the Association be obligated to assume the payment of principal or interest on any such mortgages. The obligation to make payments of principal and interest in accordance with their due dates on all mortgages affecting property conveyed to the Association shall continue to be the sole obligation of the Declarant, its successors and assigns, as the case may be.
- (3) The right of access of the Declarant, its successors and assigns, over and across such Property.

Section 3. Extent of Member's Easements. The rights and easements of enjoyment created

hereby shall be subject to the following:

- (a) The right of the Declarant and of the Association to dedicate, transfer or convey all or any part of the Common Property, with or without consideration, to any successor association, governmental body, district, agency or authority, or to any utility company, provided that no such dedication, transfer or conveyance shall adversely affect the use of the Common Property by the Owners;
- (b) The right of the Declarant and of the Association to grant, reserve and accept easements and rights-of-way through, under, over and across the Common Property for the installation, maintenance and inspection of lines and appurtenances or public or private water, sewer, drainage, electric, fuel oil and other utilities and services, including a cable or community antennae television system and the right of the Declarant to grant and reserve easements and rights-of-way through, over, upon and across the Common Property for the completion of the Creekside Cottages, and for the operation and maintenance of the Common Property;
- (c) The right of the Association in accordance with its Bylaws, to place mortgages or other encumbrances on the Common Property as security for borrowing by the Association;
- (d) The right of the Association, in accordance with its Bylaws, to take such steps as are reasonably necessary to protect the Common Property against foreclosures;
- (e) The right of the Association, as provided in the Bylaws, to suspend the rights and easements of enjoyment of any Member or any tenant, lessee or guest of any Member, for any period during which the payment of any assessment against the Property owned by such Member remains delinquent and for any period not to exceed sixty (60) days, for any infraction of its published rules and regulations, it being understood that any suspension for either nonpayment of any assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligations to pay such assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association although such use shall be subject to the rules and regulations established by the Association for such use;
- (f) The right of the Association to adopt and publish rules and regulations governing the use of Common Property and the conduct of Members, their lessees or guests, the adoption of architectural guidelines for all Cottages on the Property and to establish penalties for the infraction of such rules and regulations.

Section 4. Declarant's Reserved Rights: Notwithstanding any provision herein to the contrary, the rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The Declarant, its successors and assigns shall have an alienable and transferable right and easement on, over, through, under and across the Common Property for the purpose of constructing or improving Lots; for the purpose of the storage of materials, vehicles, tools, equipment which are being utilized in any construction work on or

within the Property and for installing, maintaining, repairing and replacing such other improvements to the Property (including portions of the Common Property) as are contemplated by this Declaration or as the Declarant desires in its sole discretion, including without limitation, any improvements or changes permitted and described in this Declaration; and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided that in no event shall the Declarant have the obligation to do any of the foregoing.

- (b) The Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of the Common Property and any Lots owned by the Declarant, including the realignment of boundaries between adjacent Lots and Common Property.
- (c) The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over and under the Common Property to erect, maintain and use poles, wires, cables, conduit, sewers, water mains, drainage ways, sprinkler or landscape irrigation systems, pumping stations, tanks and other suitable equipment for the conveyance and use of electricity, telephone equipment, cable television, water, sewage, irrigation uses of Declarant and other utilities. This easement and right specifically includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.
- (d) An easement is hereby reserved for the benefit of the Declarant, their respective successors and assigns, to enter upon, across, over, in and under any portion of the Common Property for the purpose of changing, correcting or otherwise modifying the grade or drainage channels so as to improve the drainage of water. In no event shall the Declarant have the obligation to do any of the foregoing.
- (e) There is hereby reserved for the benefit of the Declarant, their successors and assigns, an alienable, transferrable and perpetual right and easement on, over and across the Common Property for the purpose of taking any action necessary to effect compliance with environmental rules, regulations and procedures from time to time promulgated by the Association or by any governmental entity.

ARTICLE V COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations for Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so deemed in any such deed or other conveyance, shall take such property subject to these covenants and agrees to all the terms and provisions of this Declaration and to pay to the Association: (1) Annual Assessments and (2) Special Assessments for Capital Improvements and Emergencies. For the purposes set forth in this Article, such Assessments shall be fixed, established and collected from time to time as hereinafter provided. The Annual Assessments and Special Assessments together with such interest thereon and cost of

collection, including a reasonable attorney's fee therefor as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made. Each such Assessment together with such interest thereon and costs of collection thereof, as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such real property at the time when the Assessment first became due and payable. In the case of co-ownership of a Lot, all of such co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessment. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property, for the improvement and maintenance of the Common Property, and to provide services which the Association is authorized to provide. In carrying out these duties, the Association may make payment of taxes and insurance thereon, make improvements on Common Property, pay the costs of labor, equipment, materials, management, supervision, accounting, attorney's fees, and member information services, maintain offices and equipment, repay any loans made to the Association, and take such other action as is necessary to carry out its required or authorized functions.

Section 3. Basis of Annual Assessments. Until December 31st of the year immediately following the conveyance of the first Lot to an Owner, the annual assessment shall be \$720 for a Lot payable in monthly installments of \$60 each. If, however, the Board of Directors of the Association by majority vote determines that the important and essential functions of the Association may be properly funded by annual assessments less than the amount heretofore stated, it may levy such lesser amounts. The levy of annual assessments, less than the maximum annual assessment in one year shall not affect the Board of Director's right to levy the maximum annual assessment in subsequent years. If the Board of Directors shall levy less than the maximum annual assessment for any assessment year and if thereafter during such assessment year, the Board of Directors shall determine that the important and essential functions of the Association cannot be funded by such lesser amounts, the Board may, by majority vote, levy supplemental assessments. In no event shall the sum of the initial and supplemental assessments for that year exceed the applicable maximum annual assessment.

From and after January 1st of the year immediately following the conveyance of the first lot to an Owner, the Association may increase the maximum annual assessment by not more than 10% above the maximum annual assessment for the previous year without the vote of the membership. From and after January 1st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by more than 10% above the maximum annual assessment for the previous year by the affirmative vote of a majority of the members of the Association voting in person or by proxy, at a meeting duly called for this purpose. In the event the Board of Directors does not increase the maximum annual assessment or levies an annual assessment of less than the maximum annual assessment or levies an annual assessment of less than the maximum annual assessment in a given year or increases in an amount less than which is authorized by this Section 3, the Board shall be deemed to have reserved the right and shall be authorized in subsequent years to implement that reserve portion of the authorized but unexercised increased authority. As an illustration, if the Board was authorized to increase the maximum annual assessment by 10% in years 2005 and 2006, but chose not to impose such increases, it could increase the maximum annual assessment in 2007 by the amount applicable for 2007, plus up to 20% for levy in 2007.

Section 4. Special Assessments for Capital Improvements and Emergencies. In addition to the Annual Assessments authorized above, the Association may levy in any assessment year, Special Assessment(s) applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a described capital improvement upon the common property or for the construction and repair of bulkheads and/or retaining walls along any lakes or ponds located within the Property and for the purpose of defraying, in whole or in part, the cost of any emergency repairs, restorations, maintenance or improvements made necessary by any emergencies; for the maintenance, upkeep and repair of any streets or roadways, signage, landscaping and lighting within the Property. The amount of such Special Assessment(s) shall be fixed by a vote of a majority of the Board of Directors and levied at the discretion of the Board of Directors.

Section 5. Declarant Obligation for Assessment Subsidy. Notwithstanding anything contained in this Declaration to the contrary, so long as the Declarant owns any Lot within the Property, the Declarant may annually elect to pay either the regular annual assessment for each of such properties owned by it or it may pay the difference between the amount of the annual assessments collected on all other properties within the Property not owned by the Declarant and the amount of actual expenditures by the Association during the fiscal year, but not in a sum greater than its regular annual assessments. Unless the Declarant otherwise notifies the Board of Directors in writing at least sixty (60) days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding year.

Section 6. Reserve Funds. The Association may establish reserve funds from its Annual Assessments to be held in reserve in an interest drawing account or investment as a reserve for (a) major rehabilitation or major repairs; (b) for emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss; (c) reoccurring periodic maintenance; (d) initial cost of any new service to be performed by the Association.

Section 7. Uniform Rate of Assessments. The rate of the Assessment for Lots shall be uniform. Assessments may be collected on a monthly, quarterly or annual basis at the discretion of the Board of Directors of the Association.

Section 8. Date of Commencement of Annual Assessments; Due Dates. Annual Assessments provided for herein shall commence on the date (which shall be the first day in a month) fixed by the Board of Directors of the Association to be the date of commencement. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period. Written notice of the Annual Assessment shall be sent to every Owner subject thereto. All Assessment bills shall be due and payable thirty (30) days from the date of mailing the same unless otherwise established by the Board of Directors. The Association shall, upon demand at any time, furnish a certificate in writing signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 9. Effect of Non-Payment of Assessments. If the Assessment is not paid on or before

the due date specified in Section 6 hereof, then such Assessment shall become delinquent and shall (together with interest thereon at the rate of one and one-half (1½%) percent per month from the due date and all costs of collection thereof including a reasonable attorney's fee) become a charge and continuing lien on the land and all improvements thereon, against which each such Assessment is made, at the hands of the then Owner, his heirs, devisees, personal representatives, tenants, successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property in like manner as a mortgage of real property or both. Upon the exercise of its right to foreclose, the Association may elect to declare the entire remaining amount of the Annual Assessment due and payable and collect the same through foreclosure. In either event all costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such Assessment. In the event a judgment is obtained such judgment shall include interest on the Assessment at the rate of eighteen (18%) percent per annum or the maximum lawful rate on such judgments.

In addition to the rights of actions set forth above, the Board of the Association may suspend the membership rights of any Member during the period the Assessment remains unpaid. Upon payment of such Assessment, the Owner's rights and privileges shall be automatically restored. This provision shall not empower the Board to suspend the rights to use the roads within the Property.

Section 10. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage now or hereafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such property pursuant to a Decree of Foreclosure, or any other proceeding or deed in lieu of foreclosure, and provided, further, that any delinquent Assessments which are extinguished pursuant to the foregoing provision may be reallocated and assessed to all Members as an expense of the Association. Such sale or transfer shall not relieve such property from liability for assessment accruing after conveyance by the creditor to a subsequent Owner.

Section 11. Exempt Property. The following property subject to this Declaration shall be exempt from Assessments created herein:

- (a) Any portion of the Property dedicated to and accepted by a local public authority;
- (b) The Common Property

Section 12. Annual Budget. The Board of Directors shall cause to be prepared and make available at the office of the Association to all Members at least thirty (30) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for such fiscal year. Financial books of the Association shall be available for inspection at the offices of the Association at all reasonable times.

Section 13. Duties of the Board of Directors. The Board of Directors of the Association shall

fix the amount of the Assessment against each Lot and shall at that time direct the preparation of an index of the Property and Assessments applicable thereto which shall be open to inspection by any Member. Written notice of assessment shall thereupon be sent to every Member subject thereto.

Section 14. Working Capital. An additional function of the Association shall be to establish at the time of activation of the Association a working capital fund. Each Lot's share of the working capital fund shall be equal to two-twelfth (2/12th) of the Annual Assessment or \$200.00, whichever is greater, and must be collected from the Purchaser of the Lot and transferred to the Association at the time of closing of the initial sale of each Lot from the Declarant or other initial grantor. The working capital fund shall be maintained in an account for the use and benefit of the Association. The purpose of this fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advance payment of Annual Assessments or any Special Assessments due.

Section 15. Statement of Account. Upon payment of a reasonable fee for copies and administrative charges, which shall be determined by the Board of Directors, and upon the written request of any Owner, mortgagee, prospective mortgagee or prospective purchaser of a property within the Property, the Association shall issue a written statement setting forth the following:

- (a) The amount of the unpaid assessments, if any, with respect to such property;
- (b) The amount of the current Annual Assessment and the date or dates upon which installments thereof become due.

Such statements shall be conclusive upon the Association in favor of persons who rely thereon in good faith. A Purchaser of a property shall be jointly and severally liable with the seller thereof for all unpaid assessments against such property up to the time of the grant or conveyance; provided, however, that this provision shall not prejudice the purchaser's right to recover from the seller the amount paid by the Purchaser for such assessments.

ARTICLE VI FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Common Property. The Association shall be authorized to own and/or maintain (subject to the requirement of any federal, state or local governing body of South Carolina) Common Property, equipment, furnishings and improvements devoted to the following uses:

- (a) For roads or roadways within the Property;
- (b) For sidewalks, walking paths, walkways or trails, docks, piers, and bicycle paths within the Property;
- (c) For security services, including security stations, maintenance building and/or guardhouses;

- (d) For lighting, fences, walls, landscaping and sign maintenance and repair;
- (e) For insect control within the Property;
- (f) For drainage facilities serving Creekside Cottages;
- (g) For lakes, boardwalks, piers, cabanas, wildlife areas, fishing facilities, open spaces, wildlife conservancies, and other recreational facilities of any nature;
- (h) For water, sewerage and other utilities serving Creekside Cottages.

Section 2. Services. The Association shall be authorized (unless prohibited by the requirement of any federal, state or local governing body) but not required to provide the following services:

- (a) Cleanup and maintenance of all roads, roadways, walls, gates, water courses, lakes, bulkheads, sidewalks, boardwalks, and other Common Property within the Property and also all public or private properties which are located within or in a reasonable proximity to the Property such that their deterioration would effect the appearance of the Property as a whole;
- (b) Landscaping of roads and parkways, sidewalks and walking paths, Common Property portions of the Lots;
- (c) Lighting of roads, sidewalks and walking paths throughout the Property;
- (d) Security provisions including but not limited to the employment of security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Property and assistance in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;
- (e) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by State and local governments;
- (f) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this Declaration and the Bylaws;
- (g) To take any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;
- (h) To set up and operate an ARB (hereafter defined) in the event that the Association is designated by the Declarant as the agent of the Declarant for such purpose;

- (i) To provide garbage and trash collection and disposal;
- (j) To construct improvements on Common Property for use for any of the purposes or as may be required to provide the services as authorized in this Article;
- (k) To provide administrative services including, but not limited to legal, accounting and financial, and communication services, informing Members of activities, Notice of Meetings, etc., incident to the above listed services;
- (l) To provide liability and hazard insurance covering improvements and activities on the Common Property;
- (m) To provide any or all of the above listed services to another Association or owners of real property under a contract the terms of which must be approved by the Board of Directors;
- (n) The taking of any and all actions necessary in the discretion of the Board of Directors to enforce these Covenants and all other covenants and restrictions affecting the properties of the Association and to perform any of the functions or services delegated to the Association in this Declaration or other covenants or restrictions authorized by the Board of Directors.

Section 3. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except the Association shall have an obligation to maintain roadways and drainage facilities in a functional and acceptable condition. The functions and services to be carried out are offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association.

Section 4. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association, the proceeds of said loans shall be used by the Association in performing its authorized functions. The Declarant may make loans to the Association, subject to approval by the Declarant of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid.

ARTICLE VII USE RESTRICTIONS

Section 1. Residential Purposes. No Lot or Cottage shall be used except for residential purposes. No trade or business of any kind or character nor practice of any profession, nor any building or structure designed or intended for any purpose connected with any trade, business or profession shall be permitted within any Cottage or upon any Lot, provided, however that nothing herein shall prevent the Declarant, its successors or assigns, from using any Cottage as a model or sales office. For the purposes of these restrictions, rental of the property shall be considered a residential purpose.

Section 2. Resubdivision. No Lot shall be subdivided or reduced in size without the prior written consent of the Declarant, its successors and assigns, which consent may be withheld at Declarant's sole discretion.

Section 3. Completion of Construction. The exterior of all Cottages and other structures must be completed within one year after the construction of the same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. Cottages may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction the Owner shall require the contractor to maintain the Lot in a reasonably clean and uncluttered condition. Upon completion of construction, the Owner shall cause the contractor to immediately remove all materials, equipment and tools and construction is to be completed within sixty days of occupancy or substantial completion, whichever date shall first occur. Nothing contained herein shall preclude a builder of speculative homes from leaving floors, counter tops and wall coverings unfinished until sold.

Section 4. Rebuilding Requirement. Any Cottage or other structure on any Lot which may be destroyed in whole or in part by fire, windstorm or by any other cause or act of God must be rebuilt or all debris removed and the Lot restored to a natural condition with reasonable promptness; provided, however, that in no event shall such debris remain longer than three months.

Section 5. Repairing Requirement. Each Owner shall, at his sole cost and expense, repair his Cottage keeping the same in a condition comparable to the condition of such residence at the time of its initial construction excepting only normal wear and tear.

Section 6. Parking; Private Drives. Each Owner subject to this Declaration shall provide space off of streets or community roads for the parking of at least two automobiles for each Cottage prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the ARB. Furthermore, the design, location, composition and size of all private driveways and parking aprons shall be approved by the ARB.

Section 7. Use of Model Cottages. The Declarant, its successors or assigns, or such other entity acting with the Declarant's express written consent, during such time as the Declarant or such designee shall continue to be the Owner of any of the Cottages, may use the same for the purposes of model homes or sample houses and sales and information centers which may be exhibited to the public and to which the Declarant or its designee shall be entitled to invite the public for purposes of inspection of the said model Cottage and dissemination of sales information. Such activity shall not be construed as a violation of the residential provisions of this Declaration.

Section 8. Signs. No signs shall be erected or maintained on or from any portion of the Property except those signs approved by the ARB or signs of the Declarant or signs required by law.

Section 9. Site Alterations. No site alterations or improvements including, but not limited to, cleaning, landscaping, planting of shrubbery, trees or other vegetation, grading, filling, excavating, drainage work or placement of utilities shall be made without the written approval of the ARB.

Section 10. Antenna. No radio or television transmission, receiving tower, antenna, or dish shall be erected on the Property unless or until approved by the ARB.

Section 11. Unsightly Conditions. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on his property which shall tend to substantially decrease the beauty of the neighborhood as a whole or of the specific area.

Section 12. Garbage. No trash, ashes, garbage or other refuse shall be thrown or dumped on any lands within the Property. There shall be no burning or other disposal of refuse out of doors. Each Owner shall provide suitable receptacles for the temporary storage and collection of refuse and all such receptacles shall be screened from public view and from the wind and protected from animal and other disturbances.

Section 13. Prohibited Vehicles. Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, trailers (either with or without wheels), motor homes, campers, camper trailers, boats and other watercraft and boat trailers shall be parked only in enclosed garages or areas, if any, designated by the Board of Directors. Stored vehicles and vehicles which are either obviously inoperable or which do not have current operating licenses shall not be permitted on the Property, except within enclosed garages. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for five (5) consecutive days without the prior approval of the Board of Directors. Notwithstanding the foregoing, service and delivery vehicles may be parked in the Property during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Cottage or the Common Property.

Section 14. Occupants Bound. All provisions of the Declaration, By-Laws and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests and invitees of any Cottage. Every owner shall cause all occupants of his or her Cottage to comply with the Declaration, Bylaws and the rules and regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Common Property caused by such occupants, notwithstanding the fact that such occupants of a Cottage are fully liable and may be sanctioned for any violation of the Declaration, Bylaws and rules and regulations adopted pursuant thereto.

Section 15. Animals and Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any portion of the Property, except that dogs, cats or other usual and common household pets not to exceed a total of two (2) may be permitted in a Cottage. However, those pets which are permitted to roam free or, in the sole discretion of the Association, endanger health, make objectionable noise or constitute a nuisance or inconvenience to the Owners of other Cottages or the owner of any portion of the Property shall be removed upon the request of the Board of Directors. If the Owner fails to honor such request, the pet may be removed by the Board of Directors. No pets shall be kept, bred or maintained for any commercial purpose. Dogs shall be confined on a leash held by a responsible person at all times whenever they are outside a Cottage.

Section 16. Quiet Enjoyment. No portion of the Property shall be used, in whole or in part,

for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon any portion of the Property that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property.

No noxious, illegal or offensive activity shall be carried on upon any portion of the Property nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Property. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Property. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Property.

Section 17. Firearms. The discharge of firearms within the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take action to enforce this Section.

Section 18. Pools. No above-ground swimming pools shall be erected, constructed or installed on any Lot without the prior written consent of the ARB.

Section 19. Tents, Trailers and Temporary Structures. Except as may be permitted by the Declarant or the ARB during initial construction within the Property, no tent, utility shed, shack, trailer or other structure of a temporary nature shall be placed upon a Lot or any part of the Property. Notwithstanding the above, party tents or similar temporary structures may be erected for special events with prior written approval of the Board of Directors or by the Declarant.

Section 20. Drainage and Septic Systems. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No person other than Declarant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. Declarant hereby reserves for itself and the Association a perpetual easement across the Property for the purpose of altering drainage and water flow.

Section 21. Tree Removal. No trees shall be removed, except for diseased or dead trees and trees needing to be removed to promote the growth of other trees or for safety reasons unless approved by the ARB. In the event of an intentional or unintentional violation of this Section, the violator may be required by the ARB to replace the removed tree with one (1) or more comparable trees of such size and number and in such locations as the ARB may determine necessary, in its sole discretion, to mitigate the damage.

Section 22. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 23. Utility Lines. No overhead utility lines, including lines for cable television, shall be

permitted within the Property, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes.

Section 24. Air Conditioning Units. Except as may be permitted by the ARB, no window air conditioning units may be installed in any Cottage.

Section 25. Lighting. Except for reasonable seasonal decorative lights, which may be displayed between Thanksgiving and January 10 only, all exterior lights must be approved by the ARB.

Section 26. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Property. Exterior sculpture, fountains and similar items must be approved in accordance with Article IX of this Declaration.

Section 27. Energy Conservation Equipment. No solar, energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the ARB.

Section 28. Wetlands, Lakes and Water Bodies. All wetlands, lakes, ponds and streams within the Property, if any, shall be aesthetic amenities only, and no other use thereof, including, without limitation, fishing, boating, hunting or use of personal flotation devices, shall be permitted without the prior approval of the Board of Directors. The Association shall not be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds or streams within the Property. No docks, piers or other structures shall be constructed on or over any body of water within the Property, except such as may be constructed by the Declarant.

Section 29. Fences. No hedges, walls, dog runs, animal pens or fences of any kind shall be permitted on any Lot except as approved by the ARB.

Section 30. Business Use. No garage sale, moving sale, rummage sale or similar activity and no trade or business may be conducted in or from any Lot or Cottage, except that an Owner or occupant residing in a Cottage may conduct business activities within the Cottage so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Cottage; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity does not involve persons coming onto the Property who do not reside in the Property or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other residents of the Property, as may be determined in the sole discretion of the Board of Directors.

The terms "business" and "trade" as used in this provision shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; and (iii) a license is required therefor. Notwithstanding the

above, the leasing of a Cottage shall not be considered a trade or business within the meaning of this Section. This Section shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and sale of the Property or its use of any of the Cottages which it owns within the Property, including the operation of a timeshare or similar program.

Section 31. Exterior Color and Finish. The exterior finish of all Cottages, including but not limited to the exterior walls, roofs, patio walls, doors, foundations, fences and driveways shall be regulated by the Association. No building, fence, wall, deck, pier, gate, sign, color blinds, curtains, awning or shutters visible from the exterior, driveways, parking apron or landscaping shall be erected, placed, added to or altered without the approval of the ARB. The ARB may refused said request upon any ground which is consistent with the objectives of this Declaration, including purely aesthetic conditions so long as such ground is not arbitrary or capricious.

Section 32. Minimum Square Footage. No plans will be approved by the ARB unless the proposed house or cottage shall have a minimum of 1,800 square feet of "enclosed living area." The term "enclosed living area" as used in these minimum size requirements shall be the total enclosed area within a cottage; provided, however, that such term does not include garages, boat sheds, decks, open porches and like areas. Provided, further, however, that an area not to exceed 300 square feet, contained within a screened porch attached to the cottage, may be included in calculating the "enclosed living area". Notwithstanding the aforesaid, the ARB shall have the right in its reasonable discretion to decrease but not increase the minimum square footage requirement contained herein if the size and location of the Lot makes it unreasonable to construct 1,800 feet of "enclosed living area."

Section 33. Wells. No individual water well system or pumps for pumping water from adjoining lakes for irrigation shall be permitted. The provisions of this Section shall not prohibit the Declarant or the ARB from installing wells as it may deem necessary in its sole discretion.

Section 34. Repurchase – Right of First Refusal. When any lot within Creekside Cottages is offered for sale by an Owner or successors-in-title to the Owner, the Declarant shall have the option to purchase such property at the price and on the terms of any bona fide offer for such property made in writing to the Owner at such time and submitted to the Declarant for verification. The Declarant shall have fifteen [15] days after presentation of such offer to the Declarant to exercise this purchase option. If the Declarant declines to exercise this option, it shall execute a Waiver of Repurchase Option, said Waiver to be an instrument prepared by the Declarant, its successors or assigns, which shall also be executed by the Owner and prospective purchaser and be in recordable form.

Should, however, such sale to a third party not be consummated within six [6] months of the date of the offer transmitted to the Declarant, the terms and limitations of this Section shall again be imposed upon any sale by the Owner.

If the Declarant shall elect to purchase such property, the transaction shall be consummated within sixty [60] days following delivery of notice by the Declarant of its decision to purchase.

ARTICLE VIII

EASEMENTS

Section 1. Reservation for Expansion. The Declarant hereby reserves to itself, its successors and assigns, a non-exclusive perpetual blanket easement and right-of-way for ingress and egress to, under, through, over and about all Common Property, including roads for access, construction of utilities and drainage for all purposes related to the development and completion of improvements on the Property and for the development of other properties owned by the Declarant, its successors or assigns adjoining Creekside Cottages.

Section 2. Easement to Facilitate Sales. The Declarant reserves to itself, its agents or assigns, the right to use any portion of the Property owned by the Declarant or any portion of the Common Property as models, management offices, sales offices, construction offices or sales office parking areas.

Section 3. Easement for Utilities and Irrigation Lines. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and releasable easement and right on, over, across and under the Property to erect, maintain and use poles, wires, cables, conduit, sewers, water mains, drainage ways, sprinkler or landscape irrigation systems, pumping stations, tanks, cable television systems, gas lines and other suitable equipment for the conveyance and use of electricity, telephone, water, sewer, cable television and other utilities provided, however, that (a) no utility easement or irrigation line shall run across any portion of a Lot or Public or Commercial Unit or other portion of the Property which is covered by an existing building or structure or across any area for which written approvals to construct a building thereon have been obtained or which is designated as a building site on a recorded subdivision map; (b) such easements for installation of utilities and irrigation lines therein or thereon shall be maintained in as an attractive matter as is reasonably feasible; (c) the Declarant, without obligation, reserves the right to transfer any such utilities, irrigation lines and easements, in whole or in part, which it may own to the Association or other third parties, at which time the Association or such other third parties shall be responsible for and have the obligation to operate and maintain such utility easements and irrigation lines; (d) the Declarant, without obligation, reserves the right to transfer such utilities, utility easements and irrigation line easements to access to such utilities in whole or in part to another entity, whether public or private, which shall undertake to provide such utility service. These easements and rights especially include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility and/or irrigation line installation and to maintain reasonable standards of health, safety and appearance.

Section 4. Easement for Road. The Declarant reserves unto itself, its successors and assigns, a non-exclusive perpetual, alienable and transferable easement in gross on, over and under such portions of the Property within the boundaries of Cottage Drive and all other roads, more particularly shown on that certain map entitled "Bonded Final Plat of Creekside Cottages " prepared for Creekside Cottages, LLC by Robert A. Warner and Associates, Inc., said map being dated June 27, 2002 and recorded on _____, in the ROD Office for Georgetown County in Slide _____ at Page _____. Such easement shall be for pedestrian and vehicular traffic and for the construction and maintenance of a road. The Declarant, without obligation, reserves the right to transfer such easement, in whole or in part, to the Association.

Section 5. Drainage Easements. An easement is hereby reserved for the benefit of the Declarant and the Association, their respective employees, agents, successors and assigns to enter upon, across, over, in and under any portion of the Property for the purpose of changing, correcting or otherwise modifying the grade or drainage channels of the Property so as to improve the drainage of water. To the extent possible, best efforts shall be made to use this easement so as not to disturb the uses of the Owners, the Association and the Declarant, to perform such easement work properly and expeditiously and to restore any areas affected by such work to a sightly and usable condition as soon as reasonably possible following such work.

Section 6. Environmental Easement. There is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement on, over and across all unimproved portions of the Property for the purpose of taking any action necessary to effect compliance with environmental rules, regulations and procedures from time to time promulgated or instituted by the Board of Directors of the Association or by any governmental entity, such easement to include without limitation the right to implement erosion control procedures and practices, the right to drain standing water and the right to dispense pesticides.

Section 7. Easement for Bulkhead Maintenance. There is hereby reserved to the Declarant, its successors and assigns, a perpetual, alienable easement and right on, over, and under the ground to erect, repair and maintain bulkheads and other erosion control devices in, over or under such portions of the Property adjoining any wetland area or pond within the Property, said easement being ten (10') feet in width from property lines adjacent to ponds as shown on that certain map entitled "Final Bonded Plat of Creekside Cottages", prepared by Robert A. Warner and Associates, Inc., dated July 12, 2002 in the Office of the Register of Deeds for Georgetown County in Slide _____ at Page _____. The Declarant, its successors and assigns, may repair, maintain and build, construct bulkheads, shore revetments and other erosion control devices. The Declarant, its successors and assigns, further reserve the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other reasonable action to install or maintain said bulkheads or other erosion control devices. Notwithstanding the aforesaid, nothing herein shall be construed as imposing an obligation on the Declarant, its successors and assigns, to provide or maintain said bulkhead or erosion control devices.

Section 8. Landscaping Plants and Trees. Plants, trees, shrubs, ground cover and irrigation systems now or hereafter located upon any Lot shall be maintained by the Association and may not be replaced, altered or removed except by the permission of the Association. No additional plants, trees or shrubs may be planted upon any Lot without the prior written approval of the ARB. Furthermore, no Owner shall apply any fertilizer, pesticide or herbicide to any portion of a Lot without the prior written consent of the Association. In order to enable the Association to maintain or replace any plants, trees, shrubs and ground cover, now or hereafter located upon the Lots within Creekside Cottages, there is hereby reserved to the Association a perpetual easement and right to unobstructed access over and upon the unimproved portion of each Lot at all reasonable times to perform such maintenance or replacement.

Section 9. Reservation of Lake Easement. The Declarant hereby reserves upon itself, its successors and assigns, a perpetual, alienable and releasable easement and right on and over Lots 12,

11, 10, 9, 14, and 13 as shown on that certain map entitled "Bonded Final Plat of Creekside Cottages" prepared for Creekside Cottages, LLC by Robert A. Warner and Associates, Inc., said map being dated July 12, 2002 and recorded on _____ in the R.O.D. Office for Georgetown County in Slide _____ at Page _____ for purposes of the creation and maintenance of the lake, pond or body of water on such Lots, including but not limited to the right to drain water upon a portion of such Lot or to cause water to back up onto a portion of such Lot. This easement shall be for the purpose of construction, maintenance, water level maintenance and repair of such lake and includes the right to utilize a portion of any affected Lot Declarant deems reasonably necessary to control fluctuation and water levels of such lake. This easement and right expressly includes the right to entry onto such Lots, the right to install pipes, water control devices and the right to make any gradings of the soil or increase the amount of soil or take other action reasonably necessary to serve the easement reserved herein. Declarant expressly disclaims liability of any type or kind for any damage to any lot or improvements thereon resulting from or arising out of any fluctuation and water levels attributable to inordinate or out of the ordinary rain fall or storm precipitation or natural disasters such as hurricane or floods. The reservations herein shall not be considered an obligation of the Declarant to provide or maintain any such service.

Section 10. Reservation of Sidewalk/Entry Wall Easement. There is hereby reserved to the Declarant, its successors and assigns, a perpetual, alienable easement and right on, over and under such portion of Lots 1, 12, and 17 designated as a sidewalk, entry wall and landscape easement as shown on that certain map entitled "Bonded Final Plat of Creekside Cottages" prepared for Creekside Cottages, LLC" by Robert A. Warner and Associates, Inc., said map being dated July 12, 2002 and recorded _____ in the R.O.D. Office for Georgetown County in Slide _____ at Page _____. Such easement shall be for the purpose of constructing, maintaining, repairing and replacing sidewalks, entry walls and landscaping. The reservations herein shall not be considered an obligation of the Declarant to provide such improvements or to maintain any such service.

Section 11. The Office of Ocean and Coastal Resource Management. Notice is hereby given of the restriction that as to any portion of the Property which may contain submerged land or other environmentally critical areas, all activities on or over and all uses of such land or other critical areas are subject to the jurisdiction of The Office of Ocean and Coastal Resource Management, its successors and assigns. Any Owner is liable for any damages to, any inappropriate and unpermitted uses of, and any duties or responsibilities concerning any submerged land, coastal waters or other critical areas.

Section 12. Changes in Boundaries; Additions to Common Property. The Declarant expressly reserves for itself and its successors and assigns the right to change and realign the boundaries of the Common Property and any Lots or other properties owned by the Declarant, including the realignment of boundaries between adjacent Lots and between Lots and Common Property. In addition, the Declarant reserves the right, but shall not have the obligation, to convey to the Association at any time and from time to time such real or personal property as it determines to be conveyed as an addition to the Common Property and subject to the other provisions set forth in this Declaration. No Lot shall be subdivided by an Owner, or its boundary lines changed except as provided in this Declaration.

Section 13. Trespass. Whenever the Association or the Declarant is permitted by this Declaration to correct, repair, clean, preserve, clear out or do any action on the Property or on the

easement areas adjacent thereto, entering the Property and then taking such action shall not be deemed a trespass.

ARTICLE IX ARCHITECTURAL CONTROL

Section 1. In order to preserve the natural beauty of Creekside Cottages and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence, wall, sign, swimming pool, dock, roof, outdoor lighting, exterior sculpture, exterior improvement or other structure shall be erected, placed, added to or altered until the proposed building plans, specifications (including height, color and composition of roof, siding, or other exterior materials and finish, the location of break away walls and the height of the finished first floor level above mean sea level), a plot plan showing the proposed location of such building or structure (including drives and parking areas), foundation plans, landscape plans and construction schedules shall have been submitted in the form required and applicable fees paid and approved in writing as hereinafter provided. No trees shall be cut or removed until a tree survey is submitted to the ARB (hereinafter defined) or the ARB approves the cutting and/or removal of such trees.

Section 2. Objectives. Architectural and design review shall be directed towards obtaining the following objectives for Creekside Cottages:

- (a) Preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural land forms;
- (b) Insuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Lots and Cottages and with surrounding Lots, Cottages and structures and does not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape;
- (c) Insuring that the architectural design and structures and their materials and colors are visually harmonious with Creekside Cottages' overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetations, and with development plans officially approved by the Declarant, or any governmental or public authority, if any, for the area in which the structures are proposed to be located;
- (d) Insuring the plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots, and blend harmoniously with the natural landscape;
- (e) Insuring that any development, structure, building or landscaping complies with the provisions of these covenants;
- (f) Promoting building design and construction techniques that respond to energy consumption and environmental quality consideration such as heat loss, air omissions

and run-off water quality.

- (g) Promoting building design and construction techniques that respond to the requirements of casualty insurers insuring against losses from wind, flood and earthquake.

Section 3: Architectural Review Board: The Declarant shall establish an Architectural Review Board (such Board hereinafter referred to as the "ARB") which shall consist of at least three (3) persons. The initial ARB shall be composed of three (3) members appointed by the Declarant. The Declarant shall appoint the members of the ARB until such time as the Declarant's Class B membership terminates. The regular term of office for each member of the ARB shall be one (1) year. Any member appointed by the Declarant may be removed with or without cause by the Declarant at any time by written notice to such appointee. At such time as control of the ARB functions are transferred to the Association, members of the ARB shall be appointed by the Board of Directors of the Association.

The ARB shall select its own Chairman and he, or in his absence the Vice Chairman, shall be the presiding officer of the meetings. All meetings shall be held at least once in each calendar month or upon call of the Chairman; all meetings shall be held at the offices of the Declarant in the Cottages at the Club or at such other places as may be designated by the Chairman.

The ARB is hereby authorized to retain the services of one or more consulting architects, landscape architects, urban designers, and/or attorneys, who need not be licensed to practice in the State of South Carolina, to advise and assist the ARB in performing the design review functions herein prescribed.

Section 4. Review of Approval of Plans for Additions, Alterations or Changes to Structures and Landscaping. No building, wall, fence, sign, swimming pool, roof, color and composition of roof, siding and other exterior materials and finishes, exterior light, exterior sculpture or other structure or improvement of any kind shall be commenced or erected upon any Lot or upon the exterior of any Cottage, or upon the Common Property, nor shall any landscaping be done, nor shall any addition to any existing building or alteration or change therein be made until the proposed building plans, specifications (including height, color and composition of roof, siding or other exterior materials and finish, the location of break away walls and the height of the finished first floor level above mean seal level), site plan (showing the location of such building or structure, drives and parking area), foundation plan, landscape plan, tree survey, and construction schedule shall have been submitted to and approved by the ARB.

Section 5. Submission, Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans. Three (3) copies of all plans and related data shall be furnished the ARB. Copies shall be retained in the records of the ARB. The other copy shall be returned to the Property Owner marked³ "Approved" or "Disapproved". The ARB shall establish a fee sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, urban designers or attorneys retained in accordance with Section 3 above. Approval shall be dated and shall not be effective for construction commenced more than twelve (12) months after such approval unless a different expiration time is specifically stated in

the approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable or not submitted. In the event approval of such plans is neither granted nor denied within forty-five (45) days following receipt by ARB of written request for approval, the provisions of this Section shall be thereby waived. Refusal of approval of plans, location or specification may be based by the ARB upon any ground which is consistent with the objectives of this Declaration, including purely aesthetic considerations, so long as such ground is not arbitrary and capricious.

Section 6. Approval Not A Guarantee or Representation of Proper Design or Good Workmanship. No approval of plans, location or specifications and no publication of architectural standards bulletins shall ever be construed as representing or implying that such plans, specifications or standards will, if followed, result in a properly designed residence, structure or other improvement. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good and workmanlike manner. Neither the Declarant nor the ARB shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under this Declaration nor for any defects in construction pursuant to such plans and specifications. The Owner shall have sole responsibility for compliance with approved plans and does hereby, by acceptance of title to property subject to this Declaration, agree to hold the ARB and the Declarant harmless for any failure thereof caused by the Owner's architect or builder. The Partnership, the Association and the ARB shall have the right to prohibit the Owner's builder and/or general contractor from going to or upon the site in the event it is determined that failure to comply with approved plans is intentional or due to gross negligence under the above mentioned circumstances. The Owner hereby agrees that the exercise of these rights shall not constitute a denial of Owner's property rights and shall not give rise to a cause of action for damages by the Owner.

Section 7. Rules, Regulations and Deposits. The Declarant hereby authorizes the ARB to promulgate certain rules and regulations to carry out the duties delegated to the ARB hereunder, including establishing reasonable provisions for working capital contributions, review fees to cover costs of review of the plans, landscaping deposits, impact deposits, construction deposits and fines for noncompliance, all as deemed necessary in the reasonable discretion of the ARB and which the ARB may increase, modify and supplement at any time. All fees and charges provided for herein shall constitute specific assessments and a lien upon the Lot.

Section 8. Liability of ARB Members. No member of the ARB shall be liable to any Owner for any decision, action or omission made or performed by such ARB member in the course of his duties unless such member acted in bad faith or in reckless disregard of the rights of any person or of the terms of this Declaration.

ARTICLE X GENERAL PROVISIONS

Section 1. Duration. This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year

period, this Declaration shall be automatically renewed and extended for successive ten (10) year periods. The number of ten (10) year renewal periods hereunder shall be unlimited and this Declaration shall be automatically renewed and extended upon the expiration of each ten (10) year renewal period for an additional ten (10) year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial thirty (30) year period or during the last year of any subsequent ten (10) year renewal period, three-fourths (3/4ths) of the votes cast at a duly held special meeting of the Association are cast in favor of terminating this Declaration at the end of its then current term. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a Certificate which shall set forth the resolution termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, the number of votes necessary to adopt a resolution terminating this Declaration, and the total number of votes cast against such resolution. Said Certificate shall be made Of Record and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. The Declarant, its successors and assigns specifically reserve the right to amend this Declaration, or any portion hereof, in any particular, by an instrument in writing filed and recorded in the ROD Office for Georgetown County, South Carolina with or without the approval of any Owner or mortgagees from the date hereof until January 1, 2025. Each Owner, by acceptance of a deed or other conveyance to a Lot agrees to be bound by such amendments as are permitted by this section. Thereafter, the procedure for amendment shall be as follows. All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendments shall be deemed approved if three-fourths (3/4ths) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such amendment was adopted), the date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, and the total number of votes cast against the amendment. Such Addendum shall be placed Of Record.

So long as the Declarant is a Class B Member, no amendment of this Declaration shall be made without the consent of the Declarant.

Section 3. Rule Against Perpetuities. The Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In the event that any of the provisions hereof are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then and in that event, such terms shall be reduced to a period of time which shall not violate the Rule Against Perpetuities or any other law of the State of South Carolina, and such provisions shall be fully effective for such reduced period of time.

Section 4. Enforcement. This Declaration shall be enforceable by the Association, the

Declarant, or any Member of the Association by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain violation or to recover damages and to enforce any lien created by this Declaration; and failure by the Association or any Member or the Declarant to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right of any of the foregoing to enforce the same thereafter.

Section 5. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with the Declaration and to construe and interpret its provisions, and its determination, construction or interpretation, shall be final and binding.

Section 6. Severability. Should any covenant or restriction herein contained, or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal, or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 7. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the Bylaws of the Association, unless the terms of this instrument provide otherwise.

Section 8. Notices. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's membership list. Notice to one or two or more co-owners or co-tenants of a Lot shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents, or required approvals by or from the Declarant contemplated under this Declaration, the Declarant shall not be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Property belonging to the Association at the time of such adjudication shall

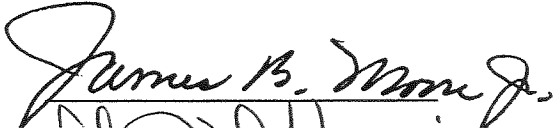
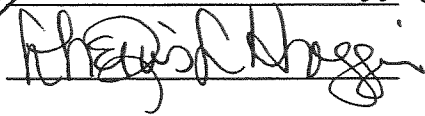
be conveyed to the Declarant and the Declarant would thereafter own and operate said Common Property as trustee for the use and benefit of Owners as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend the Declaration as provide for in Article X, Section 1, all Common Property owned by the Association at such time shall be transferred to a trustee appointed by the circuit court of Georgetown County, South Carolina, which trustee shall own and operate said Common Property for the use and benefit of the Owners within the Property as set forth below.

- (a) Each Lot located within the Property shall be subject to an Annual Assessment which shall be paid by the Owner of each such Lot to the Declarant or trustee, whichever becomes the successor in title, to the Association. The amount of such Annual Assessment and its due date shall be determined solely by the Declarant or the trustee, as the case may be.
- (b) Any past due Annual Assessment together with interest thereon at the maximum annual rate permitted by law from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Owner at the time the Annual Assessment became past due, and it shall also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.
- (c) The Declarant or Trustee, as the case may be, shall be required to use the funds collected as Annual Assessments for the operation, maintenance, repair and upkeep of Creekside Cottages Owners' Association, Inc., or the Trustee may charge as part of the cost of such functions, the reasonable value of its services in carrying out the duties herein provided. Neither the Declarant nor the Trustee shall have the obligation to provide for operation, maintenance, repair, and upkeep of the Common Property once the funds provided by the Annual Assessment have been exhausted.

[SIGNATURE BLOCKS APPEAR ON NEXT PAGE]

WITNESS our hands and seals the date and year first above written.

Signed, Sealed and Delivered
in the Presence of:

CREEKSIDE COTTAGES, LLC

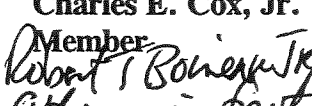

By: 2332, LLC

Its: Managing Member

By: 

Charles E. Cox, Jr.

Its: Member

 by 

By: 

Robert T. Boineau, Jr., by

Charles E. Cox, Jr., Attorney-in-Fact

Its: Member

STATE OF SOUTH CAROLINA)
COUNTY OF GEORGETOWN)

ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 16th day of January, 2003
by Creekside Cottages, LLC, by 2332, LLC, its managing member, by Charles E. Cox, Jr.
and Robert T. Boineau, Jr., by Charles E. Cox, Jr., Attorney-in-Fact, its Members.

Witness my hand and seal this 16th day of January, 2003.

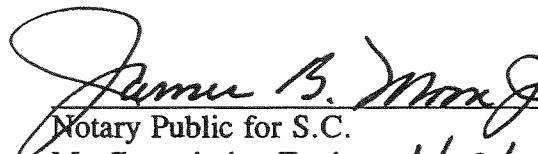
 (L.S.)
Notary Public for S.C.
My Commission Expires: 1/18/2011

EXHIBIT A

All and singular, that certain piece, parcel or tract of land, lying and being in the County of Georgetown, State of South Carolina, described as Phase I - 3.36 Acres as shown on a subdivision plat of Creekside Cottages, prepared for Creekside Cottages, LLC prepared by Robert A Warner and Associates, Inc., dated July, 12, 2002, more accurately described as follows:

Beginning at a point on the western right-of-way of US Highway 17 Business, said point being $200' \pm$ S $58^{\circ}-59'-45''$ W from the intersection of the centerlines of US Highway 17 Business and Belin Drive, thence running along the right-of-way of US Highway 17 Business S $50^{\circ}-22'-32''$ W a distance of 288.00' to a point, thence turning and running N $39^{\circ}-37'-28''$ W a distance of 127.38' to a point, thence turning and running N $87^{\circ}-51'-00''$ W a distance of 100.16' to a point, thence turning and running S $43^{\circ}-27'-25''$ W a distance of 23.88' to a point, thence turning and running N $51^{\circ}-02'-26''$ W a distance of 121.24' to a point, thence turning and running along a curve to the left with a radius of 330.00', a length of 212.01', a chord distance of 208.38', and a chord bearing of N $20^{\circ}-33'-17''$ E to a point, thence turning and running N $02^{\circ}-09'-00''$ E a distance of 97.58' to a point on the southern right-of-way of Belin Drive, thence turning and running along the right-of-way of Belin Drive S $87^{\circ}-51'-00''$ E a distance of 290.00' to a point, thence turning and running S $29^{\circ}-40'-36''$ E a distance of 186.09' to a point, thence turning and running S $29^{\circ}-33'-50''$ E a distance of 111.70' to a point on the western right-of-way of US Highway 17 Business, said point being the point of beginning, all containing 3.36 Acres.

CLASS A. Class A Members shall be all Owners (excluding the Declarant). A Class A Member shall be entitled to one (1) vote for each Lot he owns. The Declarant may become a Class A Member upon the expiration of its Class B membership status as hereinafter set forth.

CLASS B. The Class B Member shall be the Declarant, its successors and assigns. The Class B Member shall be entitled to thirty (30) votes for each Lot in which it is an Owner, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs later:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) on January 1, 2025.

ARTICLE IV MEETING OF MEMBERS

Section 1. Annual Meeting: Meetings of the Members shall be held at the Property, Murrells Inlet, South Carolina, or at such other place as may be designated by the Board of Directors, and shall occur at least once a year. An annual meeting of the Members shall be held on a day and time as determined by the Board of Directors, to be designated in the notice of the meeting.

Section 2. Membership Special Meetings: Special meetings of the Members for any purpose may be called at any time by the President, Secretary or Treasurer or by any two or more Members of the Board of Directors or upon written request of members holding one-fourth of the total votes of the Association.

Section 3. Notice: Notice of any meetings shall be given to the Members by the Secretary. Notice may be given to each Member either personally or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each Member shall register his address with the Secretary and notices of meetings shall be mailed to such address. Notice of any meeting, regular or special, shall be mailed not more than forty-five (45) days, and not less than in ten (10) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve and be governed by the Declaration applicable to the properties, or any action for which other provision is made in these Bylaws, notice of such meeting shall be given or sent as therein or herein provided.

The Board of Directors of the Association shall have the power and the authority to grant temporary and permanent licenses for access and use of certain properties as the Association, including without limitation any and all boat ramps, landings and roadways within the Property.

Section 4. Informal Action by Members: Any action required or permitted by law to be taken at a meeting of the Members of the Association may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members of the Association, which consent shall be filed with the Secretary of the Association as part of the Association records.

EXHIBIT B

BYLAWS OF CREEKSIDE COTTAGES OWNERS' ASSOCIATION, INC.

ARTICLE I NAME AND LOCATION

Section 1. Name: The name of the corporation is Creekside Cottages Owners' Association, Inc. (hereinafter referred to as the "Association") which was created and exists as a nonprofit corporation under the laws of the State of South Carolina.

Section 2. Office of Association: The office of the Association shall be at the offices of Creekside Cottages, LLC (hereinafter referred to as the "Declarant") or at such other place as may be subsequently designated by the Board of Directors of the Association.

ARTICLE II DEFINITIONS

Section 1. General: All terms used herein and not otherwise defined shall be deemed to have the same meaning as defined in that certain Declaration of Covenants, Conditions and Restrictions for Creekside Cottages Owners' Association, Inc. dated _____, 2003 and recorded in the ROD Office for Georgetown County, South Carolina, (the "Declaration") certain provisions of which Declaration may be repeated in full or in part and may be renumbered as they appear herein.

ARTICLE III MEMBERSHIP AND VOTING PROVISIONS

Section 1. Membership: Every Owner of a Lot which is subject to the Declaration shall be a Member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot or Dwelling Unit which is subject to assessments.

Section 2. Membership Rights Subject to Assessment; Suspension of Membership: The rights of membership are subject to the payment of Annual and Special Assessments levied by the Association, the obligation of which assessments is imposed against each Owner of, and becomes a lien upon, the Lot against which such assessments are made as provided by Article V of the Declaration. The Board of Directors of the Association may suspend any Owner from membership in the Association during any period of time when such Owner is in default of any of his obligations under the Declaration (including without limitation, the failure to pay any assessments), provided that such default has continued uncured for a period of thirty (30) days after written notice thereof to such Member. The obligation for assessments is not abated by suspension of a Member and cannot be waived by non-use or abandonment of the Association or facilities or properties.

Section 3. Voting Rights: The Association shall have two classes of voting membership.

Section 5. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association: The quorum required for any action which is subject to a vote of the Members at a meeting of the Association shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action, the presence at the meeting of Members or proxies entitled to cast fifty-one (51%) per cent of the total vote of the membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and there shall be no quorum requirement for such second meeting.

Section 6. Manner of Acting: Unless otherwise provided herein or the Declaration, a majority of the total votes cast in person or by proxy at a duly called meeting of the Association shall be the vote required to adopt and make decisions.

ARTICLE V PROXIES

Section 1. Voting by Proxy. Each Member entitled to vote may vote in person or by proxy at all meetings of the Association.

Section 2. Proxies. All proxies shall be executed in writing by the Member or by his duly authorized attorney-in-fact and filed with the Secretary. Unless a proxy otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date.

ARTICLE VI BOARD OF DIRECTORS

Section 1. General Powers: The Association shall be governed and the business and affairs of the Association shall be managed by a Board of Directors. The Directors need not be Members of the Association.

Section 2. Number and Tenure: The Board of Directors shall initially consist of three (3) members appointed by the Declarant and in subsequent years may be increased to such number as the Board of Directors deem appropriate. Beginning with the first annual meeting of the Association, the Declarant shall elect one director for a term of one year and two directors for a term of two years and at each annual meeting thereafter, the Members shall elect upon majority vote one director for a term of two years. Provided, however, the Board of Directors shall be selected by the Declarant, however, until the termination of its Class B voting rights. The Directors selected by the Declarant need not be Members of the Association.

Section 3. Vacancies. Vacancies in the Board of Directors shall be filled by the majority of the remaining Directors, and any such appointed Director shall hold office until his successor is elected by the Members, who may make such election at the next annual meeting of the Members or at any special meeting duly called for that purpose; provided, however, such vacancy shall be filled by the

Partnership until the termination of its Class B voting rights.

Section 4. Annual Meetings: Annual meetings of the Board of Directors shall be held immediately following the annual meeting of the Association. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board.

Section 5. Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors by giving notice thereof to the members of the Board as provided herein.

Section 6. Notice: When notice of any meeting of the Board of Directors is required, such notice shall be given at least four (4) days previous to such meeting by written notice delivered personally or sent by mail to each Director at his address as shown on the records of the Association. Any Director may waive notice of any meeting before or after the time of the meeting stated therein and attendance of a Director at any meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, the Articles of Incorporation, these Bylaws or the Declaration.

Section 7. Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 8. Manner of Acting: The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 9. Compensation: Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors, any Director may be reimbursed for his actual expenses incurred in the performance of his duties as Director. Nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

Section 10. Informal Action by Directors: Any action required or permitted by law to be taken at a meeting of Directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by a majority of the Directors, which consent shall be filed with the Secretary of the Association as part of the Association's records.

Section 11. Removal of Directors: Any Director other than one selected by the Partnership may be removed from the Board of Directors, with or without cause, by a majority vote of the Members of the Association, and a successor may then and there be elected to fill the vacancy thus created or the vacancy may be filled by the Board of Directors.

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 Property and the conduct of the Members, their lessees or guests, and to establish penalties for the infraction of such rules and regulations;

(b) suspend the voting rights of a Member and his right to use the Common Property 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) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(d) to grant utility and ingress/egress easements on, over and across the Common Property of the Association as provided in the Declaration;

(e) to sell, transfer and convey portions of Common Property without a vote of the Members of the Association in order to (i) correct errors or mistakes in deeds or easements to or from the Association; or (ii) to divest the Association of properties which are not necessary for the functions and services which the Association is authorized to carry out and deliver.

(f) exercise on behalf of the Association all other powers, duties and authority vested in or delegated to the Association as set forth in the Declaration and not reserved to the membership by other provisions of these Bylaws, the Article of Incorporation, or the Declaration;

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, have the same available for inspection at the offices of the Association, and present a statement thereof to the Members at the annual meeting of the Members or any special meeting when such statement is requested in writing by one-fourth (1/4th) vote of the Class A Members who are entitled to vote;

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

(c) perform all duties set forth in the Declaration, including without limitation:

(1) fix and levy the amounts of all assessments, annual, special or otherwise;

(2) to send written notice of all assessments to every Owner subject thereto;

(3) in the discretion of the Board, foreclosing the lien against any property for

which assessments are not paid within thirty (30) days after the due date or bringing an action at law against the Owner personally obligated to pay the same;

(4) issuing or causing 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 of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(5) causing the Common Property to be maintained or repaired; and

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

(e) cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate; to provide directors and officers liability insurance, errors and omission insurance or similar insurance for officers and directors as it may deem appropriate;

(f) to cause the Common Property and facilities to be maintained, replaced or improved and properly landscaped;

(g) to prepare an annual budget for the Association outlining anticipated receipts and expenses for the following fiscal year;

(h) to carry out the reconstruction of Common Property improvements after casualty, and to carry out the further improvement of such Common Property;

(i) to acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including the Common Property as may be necessary or convenient in the operation and management of the Association;

(j) to enforce by legal means the provisions of the Articles of Incorporation, the Declaration, and the Bylaws of the Association and the regulations promulgated by the Board;

(k) to pay all taxes and assessments which are liens against any part of the Common Property or other property, real or personal, belonging to the Association;

(l) to pay all costs of power, water and sewer and other utility services rendered to the Association and not billed to the Owners;

(m) to borrow money on behalf of the Association and to pledge/mortgage the property of the Association as security for such loan(s);

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

ARTICLE VIII OFFICERS

Section 1. Officers: The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary and a Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the Authority and to perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person except the offices of President and Secretary. The President shall be a Director of the Association. Other officers may be, but need not be, Directors of the Association.

Section 2. Election, Term of Office and Vacancies: The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for an unexpired portion of the term.

Section 3. Removal: Any officer may be removed by the Board of Directors whenever, in its judgment, the best interest of the Association will be served thereby.

Section 4. Powers and Duties: The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association.

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

Section 6. President. The President shall be the chief executive officer of the Association. He shall execute on behalf of the Association all instruments requiring such execution except to the extent the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent. The President shall preside at all meetings of the Association and the Board of Directors. He shall have all general powers and duties which are usually vested in the office of President of a property owners association, including the power to appoint committees.

Section 7. Vice-President. The Vice President shall act under the direction of the President and shall perform such duties as may be imposed by the Board. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President.

Section 8. Secretary. The Secretary shall act under the direction of the President. Subject to the direction of the President, the Secretary shall attend all meetings of the Board of Directors and meetings of the Association and record the proceedings. He shall give or cause to be given, notice of all meetings of the Association and of the Board of Directors as required by these

Bylaws and shall perform such other duties as may be prescribed by the President or the Board of Directors.

Section 9. Treasurer. The Treasurer shall act under the direction of the President and shall keep or be responsible for keeping the accounts of the Association. He shall disburse the funds of the Association as may be ordered by the President or the Board of Directors and shall render on request or at the regular meetings of the Board of Directors an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall be responsible for mailing all Assessment notices to Members of the Association.

ARTICLE IX MERGER

To the extent and in the manner provided by law, the Association may participate in mergers and consolidation with other nonprofit associations organized for the same purposes, provided, however, that any such merger or consolidation shall require approval by the vote of two-thirds (2/3rds) of the Members at a meeting duly called for such purpose.

Upon merger or consolidation of the Association with another Association or Associations, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another Association, may, by operation of law, be added to the properties of the Association as a surviving association pursuant to a merger. The surviving or consolidated association may administer the existing Property, together with the covenants and restrictions established upon any other property as one plan. No merger or consolidation shall effect any revocation, change or addition to the Covenants, including, without limitation, the maximum limits on assessments of the Association, or any other matter substantially affecting the interest of Members of the Association.

ARTICLE X AUTHORITY TO MORTGAGE

To the extent provided by law and by the Declaration the Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans shall be used by the Association in performing its authorized functions.

ARTICLE XI COMMITTEES

Section 1. Committees of Directors: The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in the Resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association; provided, however, that no such committee shall have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger or consolidation of the Association; (b) the amendment of the Articles of Incorporation of the Association; (c) the sale, lease or exchange

of all or substantially all of the property of the Association; (d) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (e) the amendment or appeal of these Bylaws or the adoption of new Bylaws; and (f) the amendment or appeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

Section 2. Other Committees: Other committees not having and exercising the authority of the Board of Directors and the management of the affairs of the Association may be designated by a resolution adopted by the Board of Directors. Such committees may include or be entirely composed of Members who are not Directors and shall perform such duties and have such powers as may be provided in the resolution.

Section 3. Rules: Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE XII INSPECTION

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

ARTICLE XIII LIABILITY AND INDEMNIFICATION

Section 1. Liability of Board Member. No Board Member or Officer of the Association shall be liable to any Property Owner for any decision, action or omission made or performed by such Board Member or Officer in the course of his duties unless such Board Member or Officer acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Declaration or these Bylaws.

Section 2. Indemnification of Board Member. The Association shall indemnify and defend each Board Member and Officer of the Association from any liability claimed or imposed against him by reason of his position or decision, action or omission as a Board Member or any Officer of the Association of all of the following conditions are satisfied:

(a) Such Board Member or Officer has not acted in bad faith or in reckless disregard of the rights of any person or of the terms of the Declaration or these Bylaws;

(b) Such Board Member or Officer gives the Association adequate notice of the claim or imposition of liability to permit the Association reasonable opportunity to defend against the same;

(c) Such Board Member or Officer cooperates with the Association defending against the liability.

The expense of indemnifying a Board Member or Officer as provided herein shall be a common expense of the Association, including such Board Member or Officer.

ARTICLE XIV CONSTRUCTION

In the event of a conflict between the Declaration and the Articles of Incorporation or the Bylaws, the Declaration shall control; and in the case of any conflict between the Articles of Incorporation and the Bylaws that the Declaration do not resolve, the Articles of Incorporation shall control.

ARTICLE XV FISCAL YEAR

The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except the first fiscal year shall begin on the date of incorporation.

ARTICLE XVI CORPORATE SEAL

The Secretary may have a seal in circular form having within its circumference the name of the Association, the year of its organization and the words "Corporate Seal" South Carolina.

ARTICLE XVII PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meetings when not in conflict with the Covenants or these Bylaws.

ARTICLE XVIII AMENDMENTS

These Bylaws may be altered, amended, or repealed by, and new Bylaws may be adopted by a majority of the Board of Directors.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of the Corporation this 16th day of January, 2003.

Secretary

**ARTICLE XVIII
AMENDMENTS**

These Bylaws may be altered, amended, or repealed by, and new Bylaws may be adopted by a majority of the Board of Directors.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the Seal of the Corporation this 16th day of January, 2003.


Secretary