

#337

DECLARATION

of

COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

for

BLACK WATER COVE

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR BLACK WATER COVE (hereinafter sometimes referred to as "Declaration"), is made on the date hereinafter set forth by Caines Landing Investments, LLC, a South Carolina limited liability company (hereinafter referred to as "Declarant"), having an office in Horry County, South Carolina

WITNESSETH:

WHEREAS, Declarant is the owner of the real property located in Horry County, South Carolina, shown on recorded maps or plats of Black Water Cove, more particularly described in Article I below and desires to create thereon a single family residential community, comprised of fifty-four (54) Lots, together with Common Area, to be named "Black Water Cove" (sometimes referred to herein as the "Community") for the sole use and benefit of the owners of the single family homes, their guests, invitees, families, lessees and licensees to be located in such Community; and

WHEREAS, Declarant desires to insure the attractiveness of the Community, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the Community and to provide for the maintenance and upkeep of the Common Area, as hereinafter defined; and to this end, desires to subject the real property described herein below in Article I, to the coverage of the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property described below, and each owner thereof; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation, protection and enhancement of the values and amenities in the Community to provide for the maintenance and upkeep of the Common Area, and to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area and administering and enforcing the Community's covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated or will incorporate under South Carolina law, the Black Water Cove Homeowners' Association, Inc., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions.

NOW, THEREFORE, Declarant hereby declares that all of the properties described in Article I, below shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall insure to the benefit of each owner thereof.

ARTICLE I

PROPERTY

PROPERTIES SUBJECT TO THIS DECLARATION

SECTION 1. EXISTING PROPERTY. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Black Water Cove Homeowners' Association is located in Horry County, South Carolina, and is described more particularly in Exhibit "A" attached hereto and hereby made apart hereof (sometimes referred to herein as the "Property").

SECTION 2. ADDITIONAL PROPERTY. That, notwithstanding anything to the contrary within the Declarations, for a period not to exceed seven (7) years from the date of recordation of these Declarations, Declarant, its successors and assigns shall have the right and authority to unilaterally amend the Declarations solely for the purpose of submitting or annexing additional real property to and/or under the Declarations by way of recording such amendment to the Declarations in the Office of the Register of Deeds for Horry County, South Carolina, so that any such additionally submitted or annexed real property shall be bound by all of the terms, covenants, conditions and restrictions found within the Declarations, and which such Declarations shall thereafter run with and bind any such additional property so submitted or annexed. Declarant may bring such additional property under the terms and restrictions of these Declarations either in whole or in part and may do so in multiple phases. However, Declarant shall have no obligation to develop such additional property nor the obligation to submit such additional property to these Declarations whether or not it is developed. Further, Declarant reserves for itself, its successors and/or assigns as developer (and all conveyances by Declarant to the Association of Common Area property shall also be deemed to automatically reserve) easements over, under and across all Common Area property for ingress and egress and for construction and completion of construction and development of future phases, including, without limitation, easements for the installation, construction, reconstruction, repair, maintenance and operation of all utility services. Such easements hereby reserved shall be in addition to and not in lieu of any other rights and easements reserved by Declarant herein or in any supplement hereto or any other conveyance by or to Declarant or its successors and/or assigns.

ARTICLE II

DEFINITIONS

SECTION 1. "Association" shall mean and refer to Black Water Cove Homeowners' Association, Inc. its successors and assigns, and a copy of the Articles of Incorporation and By-Laws of the Association are attached hereto as Exhibits "B" and "C" respectively and hereby incorporated herein by reference.

SECTION 2. "Board of Directors" shall mean and refer to the Board of Directors of the Black Water Cove Homeowners' Association, Inc. its successors and assigns.

SECTION 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area, with respect to the property subject to this Declaration, shall be as shown on the various plats of Black Water Cove, recorded or to be recorded in the Office of the Register of Deeds for Horry County, South Carolina and designated thereon as "Common Areas", and shall include, but not necessarily be limited to, the various open spaces as depicted on the Plat, the Community Dock and Boat Ramp fronting the Waccamaw River, the roadways known as Black Harbor Drive, Black Moss Drive and Cypress Flat Court, all of which are located within the Community as shown on the Plat, the drainage system located within the Community, and shall exclude all Lots as depicted thereon and as defined herein. It is intended that the water and sewer improvements located within the Community shall be dedicated to the Grand Strand Water & Sewer Authority and a 15' wide permanent easement is reserved over all water and sewer lines located within the Community. Declarant hereby reserves the right, but does not assume the obligation, to convey additional property owned by it over to the Association to be made part of the Common Area.

SECTION 4. "Community Dock" "Boat Ramp" shall mean and refer to that certain dock or pier structure and boat ramp, along with any other associated structures, constructed, or to be constructed, and owned by the Association for the common use, benefit and enjoyment of all the Owners that is situated between Lots 10 and 11 and runs along the boundary with the Waccamaw River, as shown and depicted on the Plat.

SECTION 5. "Declarant" shall mean and refer to Caines Landing Investments, LLC, a South Carolina limited liability company, as well as its successors and assigns, if Declarant shall make an express conveyance of its rights as developer hereunder to such successor or assign.

SECTION 6. "Declaration" shall mean Declaration of Covenants, Conditions, Restrictions and Easements for Black Water Cove, as the same may be amended, renewed or extended from time to time in the manner herein provided.

SECTION 7. "Lot" shall mean and refer to any separately numbered plot or parcel of land shown

upon any recorded subdivision plat of the Property with the exception of Common Area and/or public right of ways.

SECTION 8. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 9. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 10. "Plat" shall mean that certain plat titled "Bonded Final Plat of Black Water Cove", prepared for Caines Landing Investments, LLC, by James R. Blanton, R.L.S. of Blanton Land Surveying, Inc., recorded on March 26, 2007, in Plat Book 223 at Page 198 in the Office of the Register of Deeds for Horry County, South Carolina, as well as all future recorded plats of Black Water Cove, if any, describing those certain parcels of land annexed, as described thereon, and made subject to this Declaration by amendment hereto.

SECTION 11. "Property" shall mean and refer to that certain real property described above in Article I, including the Lots and Common Area, and such additions hereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 12. "Wetland Covenants" shall mean and refer to that certain Declaration of Restrictive Covenants, dated March 28, 2007, and recorded on April 2, 2007, in Deed Book 3233 at Page 1229 in the Office of the Register of Deeds for Horry County, South Carolina, providing for the preservation of the wetland areas located within the Property as more particularly depicted on that certain Wetland Conservation Plat, prepared for Caines Landing Investments, LLC, by Blanton Land Surveying, Inc., and recorded on April 2, 2007, in Plat Book 223 at Page 280 in the Office of the Register of Deeds for Horry County, South Carolina.

ARTICLE III

PROPERTY RIGHTS

SECTION 1. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provision:

(a) The right of the Association to regulate or govern the use of the Common Area.

(b) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, and, for a period not to exceed sixty (60) days, for any infraction of its published rules and regulations.

(c) The right of the Association to promulgate reasonable rules and regulations governing the use of the Common Area, and upon improvements, additions and/or alterations to the Lots and the Common Area, as provided herein

(d) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer is signed by 2/3rds of each class of members and has been recorded.

(e) The right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities thereon. No such mortgage of the Common Area shall be effective unless an instrument agreeing to such mortgage of Common Area is signed by 2/3rds of each class of members.

(f) The right of the Association to grant an easement to the Declarant for the purpose of eliminating or permitting unintentional encroachments of improvements onto portions of the Common Areas or any other purpose or reason.

(g) The restrictive covenants pertaining to the preservation of the wetland areas located within the Community, and more particularly stated within the Wetland Covenants as defined above in Article II.

(h) The right of the Association to enter any Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association, or by the Owner who has failed to do such after due and proper notice has been given such Owner by the Association, and the Owner of such Lot shall permit the Association or its representative to enter for such purpose(s) at reasonable times and with reasonable advance notice.

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

(j) The easement rights of the Declarant reserved in these Declarations, or the easement rights of any public utility companies for the purpose of installing, operating, maintaining, repairing and using any necessary conduits, lines, ditches, poles, pipes and/or other customary equipment that services the Lots or the Common Area, or the easement rights of any governmental entities for the purposes for which such easements were conveyed, granted or reserved.

(k) The right of the Declarant and/or the Association to grant, in its sole discretion,

any easement or license, reasonable in size and scope, for any purpose that is reasonably necessary, in the opinion of the Declarant or Association, for the betterment of the Community as a whole.

SECTION 2. DELEGATION OF USE. Any Owner may delegate, in accordance with the By-Laws, his/her/its rights of enjoyment of the Common Area to the his/her/its family members, guests, invitees, tenants and/or contract purchasers who reside on the Lot of such Owner.

SECTION 3. LEASES OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's residence on its Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and By-Laws of the Association and that any failure by the lessee to comply with the terms of such document shall be a default under the terms of the Lease. All Leases of Lots shall be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease his Lot.

SECTION 4. PRIVATE ROADS. It is the intention that all roads or streets located within Black Water Cove will be private roads for the benefit and use of the Owners. All such roads or streets are deemed to be Common Areas and shall be deeded over to the Association, and all maintenance and repair of the such roads or streets shall be an ongoing obligation of the Association and the costs associated therewith shall be a common expense payable through the annual regular assessments or by special assessment when necessary.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. Every Owner of a Lot, by acceptance of the deed to the Lot, shall be a Member of the Association, and agrees to be subject to the provisions of this Declaration of Covenants, Conditions and Restrictions, the By-laws of the Association, and any amendments thereto, and any rules and regulations adopted by the Association.

SECTION 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners other than the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant and shall be entitled to five (5) votes for each Lot it owns. The Class B membership shall cease and be converted to Class A membership on the happening the earlier of the following events:

- (a) the date on which the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership;
- (b) December 31, 2010; or
- (c) when Declarant elects, by notice to Association in writing, to terminate its Class B membership.

ARTICLE V

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (a) annual assessments of charges and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Also each Owner of any Lot is deemed to covenant and agree to pay to the appropriate governmental taxing authority: (a) a pro-rata share of ad valorem taxes levied against the Common Area and (b) a pro-rata share of assessments for any public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents in the Property and for improvement, operation and maintenance of the Common Area, including, but not in any way limited to, the ongoing maintenance of the Community Dock and Boat Ramp fronting the Waccamaw River; any landscaping of Common Area property; the maintenance and upkeep of all the roadways located within the Community; the maintenance and/or repair drainages system within the Community, the maintenance of water and sewer mains in and upon the Common Area property; the maintenance of telephone, cable, internet, or other utility lines in and upon the Common Area property, as well as for the ongoing provision of telephone, cable and internet service to each Lot upon completion of the Community infrastructure; and also including the cost of any incidental

and necessary labor, equipment, materials, management, and supervision required by the Association in the carrying out of its maintenance and operation of the Common Area property; the payment of taxes and public assessments assessed against the Common Area; the procurement and maintenance of insurance in accordance with this Declaration; the employment of attorneys to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements, and any other major expense for which the Association is responsible, and such other needs as may arise. Further, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Property that the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(b) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association, and any amendments thereto. As monies for any assessment are paid to the Association by any Lot Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Lot. When a Lot Owner shall cease to be a member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

SECTION 3. MAXIMUM ANNUAL ASSESSMENT. Until December 31, 2007, the maximum annual assessment shall be Five Hundred Sixty Four and 00/100 Dollars (\$564.00) per Lot, and at the Board of Directors of the Association's option, may be collected, monthly, quarterly, semi-annually or annually.

(a) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Board of Directors and may be increased by the Board of Directors without approval by the membership by an amount not to exceed 20 percent (20%) of the maximum annual assessment of the previous year.

(b) The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of two-thirds (2/3) of each class of Members who are voting in

person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum, subject to the other provisions of this Article.

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.

In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and at Board of Directors of the Association's option, may be collected, monthly, quarterly, or semi-annually basis.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than twenty (20) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or holders of proxies entitled to cast 50 percent (50%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meetings shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. RATE OF ANNUAL ASSESSMENT. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, semiannual or annual basis.

SECTION 7. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATES. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot. The first regular annual assessment shall be adjusted according to the number of months remaining in the calendar year. Beginning the next calendar year and from thereafter, the Board of Directors shall fix the amount of the regular annual assessment against each Lot at least thirty (30) days in advance of each regular annual assessment period. Written notice of the regular annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessments on a specified Lot have been paid, including any special assessments levied by the Association. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of its issuance. Notwithstanding anything contained in this

Declaration to the contrary, so long as Declarant owns any Lot(s), the Declarant may elect to pay the annual assessment for each of such Lot(s) owned by it or, in lieu thereof, pay the difference between the amount of the annual assessments collected on all other Lots within the Property not owned by the Declarant and the amount of actual expenditures by the Association during the actual fiscal year, but not in a sum greater than its obligation would be if paying the annual assessment. Unless the Declarant otherwise notifies the Board of Directors of the Association 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 8. EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum or the highest rate allowed by law whichever is lower. The Association may bring an action at law against the Owner personally obligated to pay the same and may foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of South Carolina for the foreclosures of Mortgage, and interest, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

SECTION 9. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of such Owner and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner. This section shall not become applicable until Class B Membership ceases to exist.

SECTION 10. SUBORDINATION OF THE LIEN TO MORTGAGES. The liens provided for herein shall be subordinate to the lien of any first mortgage on each Lot. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any such first mortgage, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which has become due prior to such sale or transfer.

No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any purchase money mortgage.

SECTION 11. EXEMPT PROPERTY. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI

ARCHITECTURAL CONTROL

It is the intent of the Declarant to create and develop a residential community with an overall, common harmonious appearance, style and feel. The initial architectural appearance, style and feel of the dwellings located within Black Water Cove, which is intended to reflect a Charlestonian architectural vernacular, shall be the guiding standard underlying the overall aesthetics, plan and design of the community and all structures erected thereafter. As such the Board of Directors of the Association or an architectural committee or board composed of representatives appointed by the Board of Directors (the "Architectural Control Committee") shall review, oversee and approve or disapprove all plans and designs for any and all alterations, construction and/or improvements, including repairs and replacements, to all Lots and all improvements located thereon now or in the future, so as to ensure that the appearance, style and feel of such is in harmony with the rest of the Lots and dwellings located within Black Water Cove.

Excepting the original landscaping, dwelling and/or residence constructed upon the Lot(s) by Declarant or on behalf of Declarant, no building, dock, pier, fence, wall, swimming pools, signs, satellite dish, antenna, landscaping, or other structure shall be commenced, erected or maintained upon the Property or Lot(s), nor shall any exterior addition to, or change, or alteration therein (including, but not limited to, color or painting of the exterior and type of exterior finish, any existing or builder-installed construction material, plant material or ground cover) be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the harmony of external design and location in relation to the surrounding dwellings and/or structures and topography by the Board of Directors or by the Architectural Control Committee, as the case may be. In the event said Board of Directors or the Architectural Control Committee, as the case may be, fails to approve or disapprove such design(s) and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. The Board of Directors or the Architectural Control Committee may, from time to time, issue "architectural guidelines" which delineate the types of

materials and designs that are, in general, prohibited and the types of materials and designs that are, in general, acceptable. However, the final decision as to what is or is not acceptable, or what is or is not in harmony with the desired appearance, style and feel with the surrounding dwellings and/or structures and topography shall rest with the Architectural Control Committee or the Board of Directors of the Association, as is provided above, and each Owner must still submit the plans and specifications for any such alterations and/or additions for approval.

Neither Declarant nor any member of the Architectural Control Committee shall be responsible or liable in any way for any defects in any plans or specifications approved by the Architectural Control Committee, nor for any structural defects in any work done according to said plans and specifications approved by the Architectural Control Committee. Further, neither Declarant nor any member of the Architectural Control Committee shall be liable for damages to anyone submitting plans or specifications for approval under this Article, or to any Owner affected by this Declaration by mistake of judgment, negligence or non-feasance arising out of, or in connection with, the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications to the Board of Directors or the Architectural Control Committee for approval, by submission of such plans and specifications, and every Owner thereby agrees that he/she/it will not bring any action or suit against Declarant, the Board of Directors or any member of the Architectural Control Committee to recover for any such damages.

Any agent or representative of the Board of the Directors or Architectural Control Committee may, after reasonable notice, at any reasonable time, enter upon any Lot thereon for the purpose of ascertaining whether the installation, construction, alteration, or maintenance of any improvement or the use of any Lot or improvement is in compliance with the provisions of this Declaration; and neither the Board of Directors, the Architectural Control Committee, nor any such agent or representative thereof, shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

ARTICLE VII

USE RESTRICTIONS

SECTION 1. RESIDENTIAL USE OF PROPERTY. All Lots shall be used for single-family, residential purposes only, and no business or business activity shall be carried on or upon any Lot at any time, except that with the prior obtained written approval of the Board of Directors of the Association, an Owner or occupant residing in a dwelling located on a Lot may conduct business activities within the dwelling 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 Lot; (b) the business activity conforms to all governmental zoning requirements for the Property; (c) the business activity does not involve persons coming onto the Lot or Property who do not reside in the Community, nor does it involve door to door solicitation of residents of the Community; and (d) the business activity is consistent with the residential character of the Community and does not constitute a

nuisance or hazardous or offensive use or threaten the security or safety of other residents of the Community, all as may be determined in the sole, but reasonable discretion of the Board of Directors of the Association.

Further, notwithstanding the above, however, nothing herein shall prevent Declarant or any builder of homes in the Community that has been approved by Declarant from using any Lot owned by Declarant or such builder of homes for the purpose of carrying on business related to the development, improvement and sale of a Lot or the Property within the Community.

SECTION 2. SETBACKS, BUILDING LINES AND RESTRICTIONS.

- (a) Each dwelling or residential structure erected on any Lot shall be situated on such Lot in accordance with any setback lines as shown on the Plat, the Wetland Covenants, within the codes of the County of Horry, South Carolina, and in accordance with any other restrictions contained herein, whichever restriction or requirement is more stringent. For the purpose of determining compliance or non-compliance with the foregoing building setback line requirements, terraces, stoops, eaves, wing-walls, and steps extending beyond the outside wall of a structure, shall not be considered as a part of the structure, however, no such terraces, stoops, eaves, wing-walls, and steps shall extend into an easement reserved for access and/or utilities.
- (b) Building Requirements. No more than one (1) dwelling or residence shall be built upon any Lot and no more than one (1) detached outbuilding (of a permanent nature) shall be built upon any Lot. The heated living areas of all dwellings or residences on Lots which have frontage along the Waccamaw River shall not be less than two thousand five hundred (2500) square feet. The heated living areas of all dwellings or residences on all other Lots shall not be less than two thousand (2000) square feet. No dwelling or structure shall exceed the maximum height allowed by the codes of the County of Horry.
- (c) Tents, Trailers and Temporary Structures. Except as may be permitted by the Declarant or the Board of Directors of the Association during initial construction of residences within the Community, no tent, utility shed, shack, trailer, other structure of a temporary nature shall be placed upon a Lot. Notwithstanding the above, party tents or similar temporary structures may be erected for special events with the prior written approval of the Board of Directors of the Association or by the Declarant.
- (d) Driveways, Garages, and Parking Areas. All driveways, parking areas on Lots and entrances to garages shall be of a location, design and/or substance as may be approved in writing by the Board of the Directors or Architectural Control Committee, as the case may be, and of a uniform quality. All garages must be, at a minimum, of a size capable of housing two (2) automobiles.

- (e) **Dock or Pier Structures.** Lots 1-16 which have frontage along the Waccamaw River shall have the right to construct a dock or pier structure extending from the respective Lot out into the Waccamaw River, subject to the conditions within this subsection. No such structure may be constructed unless the Owner of such a Lot has first obtained all the necessary and appropriate authorization of all the governmental entities having jurisdiction over such activity and of the Association. No dock or pier structure shall be constructed that extends from a Lot into any other waterbody located within the Community, without the prior written approval of the Association and any governmental body with applicable jurisdiction.
- (f) **Swimming Pools.** No in-ground swimming pools shall be constructed, erected or placed upon any Lot without first having obtained the approval of the Board of the Directors or Architectural Control Committee, as the case may be, as is more particularly provided for herein. Above-ground swimming pools are prohibited within the Community.
- (g) **Aesthetics, Nature Growth, Screening and Wells.** Trees which have a diameter in excess of six (6") inches measured two (2') feet above ground level (unless the current code or regulations of the County of Horry provide for a smaller diameter or different measuring point, then such code or regulation shall prevail), and distinctive flora, shall not be intentionally destroyed or removed except with the prior approval, in writing, of the Board of the Directors or Architectural Control Committee, as the case may be. No clotheslines shall be allowed. Garbage containers and equipment shall be screened to conceal them from view of neighboring Lots and Streets or Roads. No bird baths, statuary or other such structures, equipment or debris shall be placed in the front yard. Grass and planting beds shall be kept cut and clean. The Board of the Directors or Architectural Control Committee, as the case may be, may approve wells for watering of Lots, so long as such wells do not adversely affect the surrounding Lots or ecological systems.
- (h) **Changing Elevations.** No Owner shall excavate or extract earth for any business or commercial purpose. No elevation changes shall be permitted which materially affect surface grade or support of surrounding Lots or Common Area, unless approved in writing by the Architectural Review Board.
- (i) **Walls and Fences.** No fence or wall shall be erected, placed, or altered on any Lot nearer to any street than said minimum building setback lines as shown on the plat unless the same be a retaining wall of masonry construction which does not in any event rise above the finished grade elevation of the earth embankment so retained, reinforced, or stabilized, except that this restriction shall not apply to fences or walls which have been approved by the Architectural Control Committee pursuant to Article IV above. The exposed part of retaining walls shall be made of clay brick, natural stone, stucco, railroad ties, or veneered with brick or natural stone. Chain link fences are prohibited except when the

Architectural Control Committee gives written approval.

SECTION 3. SUBDIVISION OF LOT. No Lot may be subdivided. However, two adjacent Lots may be combined to form a single building Lot when prior approved in writing by the Board of Directors or the Architectural Review Committee, as the case may be, and, in such event, the building line requirements provided herein shall apply to such Lots as combined and side line easements as shown on the plat shall be moved to follow the new side line so that the easement would run along the newly established side line.

SECTION 4. OBSTRUCTIONS TO VIEW AT INTERSECTIONS. No part of any dwelling or structure nor the lower branches of any trees or other vegetation shall be permitted to obstruct the view at any driveway-street intersection.

SECTION 5. DELIVERY RECEPTACLES AND PROPERTY IDENTIFICATION MARKERS. The Board of Directors or the Architectural Control Committee shall have the right to approve the location, color, size, design, lettering and all other particulars of receptacles for the receipt of mail, newspapers or similarly delivered materials, and of name signs for such receptacles, as well as Lot identification markers.

SECTION 6. USE OF OUTBUILDING AND SIMILAR STRUCTURES. No structure of temporary nature (unless approved in writing by the Board of Directors or the Architectural Control Committee) shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence, either temporarily or permanently; provided, this Section shall not be construed to prevent the Declarant and those engaged in construction from using tents, sheds or other temporary structures during construction.

SECTION 7. ANIMALS, LIVESTOCK. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other common small household pets may be kept provided that they are not kept, bred, or maintained for any commercial purposes. Such household pets must not constitute a nuisance or cause unsanitary conditions.

SECTION 8. OFFENSIVE ACTIVITIES. No noxious, offensive or illegal activities shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to the owners of other Lots in the Property.

SECTION 9. SIGNS. No advertising signs or billboard shall be erected on any Lot. This restriction shall not apply to signs of the Declarant or the Community used to identify and advertise the subdivision as a whole. Initially, the Declarant shall choose a single, uniform "For Sale" sign design which shall be the only allowable "For Sale" sign that can be used for the sale of Lots within the Black Water Cove Community. After the termination of the Declarant's Class B Membership status, that the Board of Directors or the Architectural Control Committee shall have the absolute discretion and authority in choosing and changing the single, uniform "For Sale" sign design which shall be the only allowable "For Sale" sign that can be used for the sale of Lots

within the Black Water Cove Community. Also, the provisions of this Article shall not apply to notices posted in connection with judicial or foreclosure sales conducted with respect to a mortgage or any legal proceeding.

SECTION 10. ANTENNAE, SATELLITE DISHES. No radio or television transmission or reception towers of antennae or satellite dishes shall be erected on any dwelling or structure or located within the property without the prior written approval of the Architectural Control Committee. In no event shall free standing transmission or receiving towers, satellite dishes or disks be permitted that exceed twelve inches (12") in diameter, all other satellite dishes and their locations must be approved by the Architectural Control Committee.

SECTION 11. TRAILERS, TRUCKS, SCHOOL BUSES, BOATS, BOAT TRAILERS. No house trailers or mobile homes, school buses, trucks, boats, boat trailers, motor homes, campers, vans with commercial business identification, or vehicles on blocks shall be kept, stored or parked overnight either on any street or on any Lot, except within enclosed garages or screened from the streets and adjoining lots. In addition, no vehicle of any kind may be kept, stored or parked on any non-paved area of a Lot or adjacent Lot. Notwithstanding the foregoing, passenger automobiles, pick up truck without commercial lettering may be parked in driveways. The foregoing will not be interpreted or construed or applied to prevent the temporary nonrecurrent parking of any vehicle, boat or trailer for a period not to exceed 48 hours upon any Lot.

SECTION 12. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers designed for that purpose and approved by the Declarant or the Association. All such containers for the storage/disposal of such waste material shall be kept in a clean and sanitary condition. If such litter or other materials is found on any Lot, the same will be immediately removed by the respective Lot Owner, at the Lot Owner's expense, upon written request of the Board of Directors or the Architectural Review Committee, as the case may be.

SECTION 13. SEWAGE SYSTEM. Sewage disposal shall be through municipal system or type approved by appropriate State and/or local agencies.

SECTION 14. WATER SYSTEM. Water shall be supplied through municipal systems or type approved by appropriate State and/or local agencies.

SECTION 15. UTILITY FACILITIES. Declarant, its successors and/or assigns hereby reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to water, telephone, electric and sewage systems, within this Property, which may be in variance with these restrictions.

SECTION 16. MODEL HOMES. Declarant, as well as any builder of homes approved by Declarant, shall have the right to construct and maintain model homes on any of the Lots. "Model Homes" shall be defined as those homes used for the purpose of inducing the sale of other homes

within the Properties.

SECTION 17. WAIVER OF SETBACKS, BUILDING LINES AND BUILDING REQUIREMENTS. The Board of Directors of the Association or the Architectural Control Committee, as the case may be, may in its reasonable discretion, for good cause, waive violations of the setbacks and building lines and/or the building requirements provided for in this Article. Such waiver shall be in writing and recorded in the Office of the Register of Deeds for Horry County, South Carolina. A document executed by the Declarant shall be, when recorded, conclusive evidence that the requirements of Sections 2 and 6 of this Article V have been complied with. The Declarant may also handle violations of set back and boundary lines by amending the Plat. Nothing contained herein shall be deemed to allow the Declarant to waive violations which must be waived by an appropriate governmental authority.

SECTION 18. MAINTENANCE. The Owner of each Lot, improved and unimproved, shall keep the same free of all tall grass, undergrowth, dead trees, dangerous and dead tree limbs, weeds, trash, and rubbish. All Lots shall at all times be maintained in such a manner as to prevent the same from becoming unsightly, unsanitary or a hazard to health. In the event the Owner of any Lot fails to comply with the terms of this Section, the Declarant or the Association shall have the right (but not the obligation) to go upon such Lot and to cut and remove tall grass, undergrowth, weeds, rubbish and other unsightly or undesirable things and objects therefrom and to do all other things and perform and furnish any labor necessary in its judgment to maintain the Lot in a neat and attractive condition, all at the expense of the Owner of such Lot, which expense shall become payable by the Owner to the Declarant or the Association on demand, and if not paid by such Owner, the reasonable cost of such shall become a lien against the Lot. The Declarant or the Association, as the case may be, nor any agents, employees or contractors of either such party shall be liable for any damages to any person which may result from the non-negligent exercise of any of the rights conferred upon them as set forth in this Section.

SECTION 19. FIREARM AND WEAPON DISCHARGE. No firearm discharge except for in the case of self-defense or protection of life, is permitted anywhere on the Property shown on the Plat. Firearms shall include rifle, gun, pistol, shotgun, black powder gun, pellet or BB gun, bow and arrow and other weapon from which any bullet, shot or projectile may be discharged.

SECTION 20. WACCAMAW RIVER AND OTHER WATER BODIES. Excepting the Waccamaw River, any and all wetlands, lakes, ponds, streams and/or other bodies of water that are or may be situated within the Community shall be aesthetic amenities only, and no other use thereof, including, without limitation, fishing, boating, hunting, swimming or use of personal floatation devices shall be permitted. 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 the Waccamaw River or arising out of the use of wetlands, ponds, streams and/or other bodies of water that are or may be situated within the Community. No boat or other watercraft shall be allowed to be docked or tied up overnight on the Common Area Community Dock. The Association shall have the power to promulgate reasonable rules and regulations governing the

use of the Community Dock by Owners, their guests and invitees.

ARTICLE VIII

EASEMENTS

SECTION 1. EASEMENTS IN GENERAL. All of the Property, including Lots and Common Areas, shall be subject to such easements for driveways, walkways, retention pond and/or lake maintenance, parking areas, water lines, sanitary sewers, drainage, storm drainage facilities, gas lines, telephone, and electric power line and other public utilities as shall be established by the Declarant or by its predecessors in title, prior to subjecting the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Areas conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property. In addition, there is hereby reserved to the Declarant and its agents and employees an easement and right of ingress, egress, and regress across all Common Areas, now or hereafter owned by the Association, for the purpose of construction of improvements within the Property, including the right of temporary storage of construction materials on said Common Areas.

So long as the Declarant owns any property described on Exhibit "A", Declarant reserves blanket easements and the right to grant such specific easements over all Lots and Common Areas, (including such easement as is necessary for the construction, placement and ongoing upkeep and maintenance of the Community Wall by the Declarant and/or the Association) as may be necessary in conjunction with the orderly development of the property described on Exhibit "A" or any adjacent property (including without limitation the planning, construction, marketing, leasing, management or maintenance of improvements) for access, construction and maintenance of public or private utilities and storm drainage (whether subsurface or surface). However, no such easements may be located within the area beneath any approved dwelling or other approved structure located upon any Lot.

Declarant reserves access easements over the Common Area and all Lots for construction on a particular Lot or on any adjacent property and easements for the installation of public and/or private utilities and drainage system (whether subsurface or surface).

Within the easements no structures, planting or other material (other than that permitted by the Association in writing) shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements or which may otherwise interfere with the purpose for which any easement has been granted or established.

SECTION 2. DRAINAGE EASEMENTS AND OTHER EASEMENT RESTRICTIONS.

Any Lot bordering or having over, across or under, any lake or pond maintenance easement, access and/or drainage easement, water line easement, sewer line easement, wetland easement or other such easement, shall be subject to the following additional restrictions:

- (a) The Owner of any Lot bordering, or having run across their Lot or under their Lot, any such easements shall maintain the easement area, unless otherwise determined by the Association or the holders of such easement rights.
- (b) No filling of any lake or pond maintenance easement, access and/or drainage easement, waterline easement, sewer line easement, wetland easement or other such easement shall be permitted, and no waste, garbage, debris or wastewater are to be discharged, dumped or otherwise placed in the Waccamaw River or other water bodies located within the Community from any Lot.
- (c) Except for Lots 1-16, which have the right (more particularly detailed in Article VII) to have a private dock extending into the Waccamaw River, no dock or pier structure of any sort will be allowed extending from any Lot into the wetlands or other water bodies located within the Community.
- (d) The rear and/or side Lot lines shall be as shown on the recorded Plat, may be part of an easement and the Owner will take title subject the rights of the easement holder, including, but not limited to, the Association, the County of Horry, and/or any other governmental bodies (federal, state and/or local), or any party acting through any of the aforementioned parties, to work within and maintain such easements for the purposes for which such easements were granted or conveyed. Provided, however, that any such governmental body making use of said drainage easements within the boundaries of Lots shall not be obligated to provide aquatic control or improve said easements in any way except as such governmental body, in its sole discretion, may determine as being necessary for drainage purposes. Any Owner of a Lot adjoining a wetland, pond, lake, river, or other waterway shall save and hold harmless such governmental body from all claims arising out of discoloration of such wetland, pond, lake, river, or other waterway and/or from any damages to the same caused by normal maintenance and repairs incidental to such easements or bodies of water.
- (e) The Association shall have the right to control and restrict Owners of Lots adjoining the wetlands, any retention pond, lake or other water body located within the Community as to the use of chemicals which cause abnormal aquatic growth or damage or kill fish or other marine or wildlife.
- (f) No Owner shall have the authority to pump water from the wetlands, any retention pond, lake or other water body located within the Community, nor shall there be any discharge into the Waccamaw River or other water bodies located within the

Community other than normal runoff.

ARTICLE IX

INSURANCE

SECTION 1. LIABILITY AND CASUALTY INSURANCE. The Association shall purchase a master comprehensive general liability insurance policy in such amount or amounts as the Board of Directors shall deem appropriate from time to time. Such policy shall cover the Association, the Board of Directors, any committee or organ of the Association or Board of Directors, all persons acting or who may come to act as agents or employees of any of the foregoing with respect to the Association. It shall also cover all of the Common Area, and any other areas under the Association's control or supervision. The premiums for all such liability insurance policies shall be a common expense payable through the annual regular assessments or by special assessment when necessary. The Association may also purchase casualty insurance covering any Common Area improvements required to be maintained and repaired by the Association. The premiums for all such casualty insurance shall be a common expense payable through the annual regular assessments or by special assessment when necessary.

SECTION 2. FIDELITY BONDS. The Association shall have blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The Association bonds shall name the Association as the obligee and the premium shall be paid as a common expense payable through the annual regular assessments or by special assessment when necessary. Any management company that handles funds for the Association shall be covered by its own fidelity bond, which must provide the same coverage required of the Association and the Association shall be named as an additional obligee in such a case. The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. In addition the fidelity bond coverage must at least equal one (1) years' worth of regular assessments on all Lots within the Community, plus the Association's reserve funds. If available, the fidelity bonds must include a provision that calls for ten (10) days written notice to the Association or insurance trustee can be cancelled or substantially modified for any reason.

SECTION 3. MISCELLANEOUS INSURANCE PROVISIONS. The Association shall obtain any other insurance required by law to be maintained, including, but not limited to, workmen's compensation insurance, and such other insurance as the Board of Directors shall from time to time deem as necessary, advisable or appropriate. Such insurance coverage shall also provide for and cover cross liability claims of one insured party against another insured party. Such insurance shall inure to the benefit of the Association, the Board of Directors and any managing agent acting on behalf of the association. The premiums for all such insurance coverage shall be a common expense payable through the annual regular assessments or by special assessment when necessary.

ARTICLE IX

DECLARANT'S RIGHTS

The right is hereby reserved by Declarant, or its agents, to place and maintain on the Property model homes, sales offices, advertising signs and banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as shall be determined by Declarant. There is also reserved unto Declarant, its agents and prospective purchasers and tenants, the right of ingress, egress and transient parking in and through the Property for such sales purposes. Declarant also reserves the right to maintain on the Property without charge (a) a general construction office for Declarant's contractors and (b) appropriate parking facilities for the employees of Declarant's agents and contractors. Declarant's aforesaid reserved rights shall exist at any time Declarant is engaged in the construction, development, sale and/or leasing of Lots or residences on any portion of the Property or on any land adjacent to the Property and no charge shall be made with respect thereto. Notwithstanding any provision herein to the contrary, the rights and easements created under this Declaration are subject to the right of Declarant to execute all documents and do all other acts and things affecting the Property, which in the Declarant's opinion are required to implement any right of Declarant set forth in this Declaration (including the making of any dedications or conveyances to public use), provided any such document or act is not inconsistent with the then existing property rights of any Owner. All rights and easements reserved under this Declaration shall also be reserved to the assigns and successors in interest of the Declarant.

ARTICLE X

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Declarant, the Association or any Owner, shall have the right to enforce, by any proceeding at law or in equity, any and all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant shall have the right to request that law enforcement, public safety and animal control officers come on the Properties to facilitate the enforcement of the laws, codes and ordinances of any governmental authority. Should Declarant employ legal counsel to enforce any of the covenants, conditions, restrictions, easements or any other aspect of this Declaration, all costs incurred in such enforcement, including court costs and reasonable attorney's fees, shall be paid by the violating Owner.

SECTION 2. EXCUSED COMPLIANCE. Anything to the contrary contained herein notwithstanding, the Declarant may excuse compliance in whole or in part with any of the

conditions, covenants, restrictions and reservations provided for herein, or in any amendment or supplement hereto, or a variance document, and may permit compliance with different or alternative requirements, if Declarant determines in the exercise of its good faith judgment that such action is warranted to promote orderly development and utilization of the Property for the benefit of all owners.

SECTION 3. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no wise affect any other provision which shall remain in full force and effect.

SECTION 4. AMENDMENT. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless during the last year of such initial or then current renewal term the Owners of seventy percent (70%) of the Lots agree in writing to terminate this Declaration at the end of such term. This Declaration may be amended unilaterally at any time and from time to time by Declarant for any purpose provided, however, any such amendment shall not adversely affect title to any Lot without the consent of the affected Lot Owner. No provision of this Declaration which reserves or grants special rights to the Declarant shall be amended without the Declarant's prior written approval so long as the Declarant owns any property for development and/or sale which are under this Declaration or are subject to annexation.

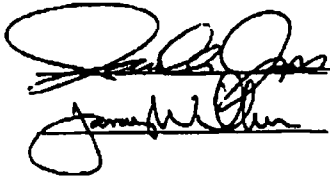
SECTION 5. MANAGEMENT FIRM. The responsibility for the administration and/or day to day operation of the Community may be delegated by the Association to a professional management firm. By proper resolution of the Association, such management firm may be authorized to assume any of the functions, duties and powers assigned to the Board of Directors of the Association by the By-Laws or Declarations, to the extent that such assignment or delegation of powers is in accord with the laws of the State of South Carolina. Notwithstanding the aforementioned, no contract entered into by the Association with such a professional management firm or company shall be for a term longer than two (2) years, and no such contract shall contain an automatic renewal clause.

SECTION 6. FEDERAL LENDING REQUIREMENTS. Notwithstanding, Section 4 of this Article, Declarant may (at Declarant's option) amend and modify this Declaration without obtaining the consent or approval of the Owners if such amendment or modification is necessary to cause this Declaration to comply with the requirements of the Federal Housing Administration, the Veterans Administration, Fannie Mae or other similar agency. Any such amendment must be with the consent and approval of such agency and must be properly recorded.


IN WITNESS WHEREOF, the undersigned has executed this Declaration of Covenants, Conditions, Restrictions and Easements for Black Water Cove on this 30th day of March, 2007.

IN THE PRESENCE OF:

DECLARANT:


James Miller

Caines Landing Investments, LLC,
a South Carolina limited liability company

By: 

Its: MEMBER

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

PROBATE

PERSONALLY APPEARED BEFORE ME the undersigned witness, who being duly sworn, deposes and says that s/he saw the within-named Caines Landing Investments, LLC, a South Carolina limited liability company, by Patrick Moretti, its Member and authorized signatory, sign, seal and as its act and deed, deliver the within-written instrument for the uses and purposes therein mentioned, and that s/he with the other witness subscribing above witnessed the execution thereof.


Witness

Sworn to before me this 30th day of MARCH, 2007


Notary Public for South Carolina
My Commission Expires: 9/27/2012

Instrument#: 2007000049348, DEED BK: 3234 PG: 972 DOCTYPE: 082 04/04/2007 at
03:05:42 PM, 24 OF 41 BALLERY V. SKIPPER, HORRY COUNTY, SC REGISTRAR OF DEEDS

EXHIBIT "A"

[ATTACH LEGAL DESCRIPTION]

EXHIBIT "A"

ALL AND SINGULAR, that certain piece, parcel or lot of land situate, lying and being in Conway Township, Horry County, South Carolina, being more particularly described as Lots 1-54 of Black Water Cove, as shown on that certain plat titled "Bonded Final Plat of Black Water Cove" prepared for Caines Landing Investments, L.L.C., made by James R. Blanton, R.L.S., Blanton Land Surveying, Inc. dated March 31, 2005, and recorded in Plat Book 223 at Page 198, on March 26, 2007, in the Office of the Register of Deeds for Horry County, reference to which is craved as forming a part of these presents.

This Property is subject to that certain Declaration of Covenants, Conditions, Restrictions and Easements for Black Water Cove, dated March 30, 2007, recorded in Deed Book 3234 at Page 949 in the Office of the Horry County Register of Deeds on April 3, 2007.

NOTICE: This Property is subject to that certain Declaration of Restrictive Covenants recorded in Deed Book 3233 at Page 1229 in the Office of the Horry County Register of Deeds on April 2, 2007.

Parent TMS No.:113-00-02-086

This being a portion of the identical property conveyed to Caines Landing Investments, LLC, by Deed of Chandler Properties, LLC, dated May 18, 2006 and recorded May 19, 2006 in Deed Book 3099 at Page 749, in the Office of the Register of Deeds for Horry County, South Carolina.

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

EXHIBIT "B"

MAR 21 2007

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

NONPROFIT CORPORATION
ARTICLES OF INCORPORATION


SECRETARY OF STATE OF SOUTH CAROLINA

1. The name of the proposed corporation is Black Water Cove Homeowners' Association, Inc.
2. The initial registered office of the nonprofit corporation is 4736B Highway 17 Bypass S, #8, Myrtle Beach, South Carolina 29588

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

I hereby consent to the appointment as registered agent of the corporation.


Carl Patrick Moore

3. Check "a", "b" or "c", whichever is applicable. Check only one box:
 - a. The nonprofit corporation is a public benefit corporation.
 - b. The nonprofit corporation is a religious corporation.
 - c. The nonprofit corporation is a mutual benefit corporation.
4. Check "a" or "b", whichever is applicable:
 - a. This corporation will have members.
 - b. This corporation will not have members.
5. The address of the principal office of the nonprofit corporation is 4736B Highway 17 Bypass S, #8, Myrtle Beach, SC 29588
6. If this nonprofit corporation is either a public benefit or religious corporation (when box "a" or "b" of paragraph #3 is checked), complete either "a" or "b", whichever is applicable to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.
 - a. Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code or the corresponding section of any future federal tax code, or shall be distributed to the Federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

070322-0081 FILED: 03/21/2007
BLACK WATER COVE HOMEOWNERS' ASSOCIATION, INC
Filing Fee: \$25.00 ORIG



Mark Hammond South Carolina Secretary of State

b. Upon dissolution of the corporation, consistent with the law, the remaining assets of the corporation shall be distributed to:

7. If the corporation is a mutual benefit corporation (when box "c" of paragraph 3 is checked), complete either "a" or "b", whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.

a. Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

b. Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to:

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See Section 33-31-202(c) of the 1976 South Carolina Code of Laws, as amended, the applicable comments thereto, and the instruction to this form).

The sole purpose of the corporation shall be to administer the operation and management of the Black Water Cove residential subdivision development and undertake and perform all acts and duties incident thereto in accordance with the terms, provisions and conditions of such townhouse development.

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

Carl Patrick Moore
4736B Highway 17 Bypass S, #8
Myrtle Beach, SC 29588

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

Name (Only if named in articles)

Signature of director

Name (Only if named in articles)

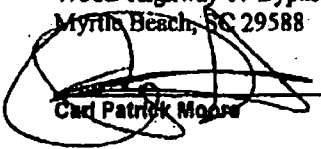
Signature of director

Name (Only if named in articles)

Signature of director

11. Each incorporator must sign the articles.

Carl Patrick Moore
4736B Highway 17 Bypass S, #8
Myrtle Beach, SC 29588


Carl Patrick Moore

The State of South Carolina



Office of Secretary of State Mark Hammond

Certificate of Incorporation, Nonprofit Corporation

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

BLACK WATER COVE HOMEOWNERS' ASSOCIATION, INC,
a nonprofit corporation duly organized under the laws of the State of South Carolina on March 21st, 2007, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed a Declaration and Petition for Incorporation of a nonprofit corporation for Religious, Educational, Social, Fraternal, Charitable, or other eleemosynary purpose.

Now, therefore, I Mark Hammond, Secretary of State, by virtue of the authority in me vested by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto, do hereby declare the organization to be a body politic and corporate, with all the rights, powers, privileges and immunities, and subject to all the limitations and liabilities, conferred by Chapter 31, Title 33, Code of 1976 and Acts amendatory thereto.

Given under my Hand and the Great
Seal of the State of South Carolina this
22nd day of March, 2007.

Handwritten signature of Mark Hammond in cursive script.

Mark Hammond, Secretary of State

EXHIBIT "C"

**BY-LAWS
OF
BLACK WATER COVE HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is, Black Water Cove Homeowners' Association, Inc., a South Carolina not for profit corporation, hereinafter referred to as the "Association". The principal office of the corporation shall be located in Horry County, South Carolina, but meetings of members and directors may be held at such place or places within the State of South Carolina, Horry County as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

- Section 1.** "Association" shall mean and refer to Black Water Cove Homeowners' Association, Inc., its successors and Assigns.
- Section 2.** "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions, Restrictions and Easements for Black Water Cove, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
- Section 3.** "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including any recreational facilities and/or amenities.
- Section 4.** "Lot" shall mean and refer to to any parcel, or parcels of land, designated as such upon the plat more particularly described in Exhibit "A" of the Declaration, and shall include any improvements constructed thereon, now or in the future, and shall also include any lots that may be annexed or submitted to the Declarations by Declarant, its successors and/or assigns in the future
- Section 5.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Caines Landing Investments, LLC, a South Carolina Limited Liability Company, its successors and assigns, if such successors or assigns should acquire all of the Declarant's interest in the Properties.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, Restrictions and Easements for Black Water Cove applicable to the Properties recorded in the Office of the Register of Deeds of Horry County.

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

ARTICLE III MEETING OF MEMBERS

Section 1. **Annual Meetings.** The first annual meeting of the members shall be held within fourteen months from the date of conveyance of the first Lot to a homeowner, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter or at such other time or date as established by the Board of Directors.

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

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

Section 4. **Quorum.** The presence at the meeting of members entitled to cast, or of proxies entitled to cast, fifty percent (50%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half

(1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting

Section 5. **Proxies.** At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his/her/its Lot.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. 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 deems appropriate. Beginning with the first annual meeting of the Association, Declarant shall elect one (1) Director for a term of one (1) year and two (2) directors for a term of two (2) years, and at each annual meeting thereafter the Members shall elect upon majority vote one (1) director for a term of two (2) years. Provided, however, and notwithstanding the above, the Board of Directors shall be selected by the Declarant until the termination of its Class B voting rights. The Directors selected by the Declarant need not be Members of the Association.

Section 2. **Term of Office.** At the first annual meeting, the members shall elect one (1) Director for a term of one (1) year and two (2) directors for a term of two (2) years, and at each annual meeting thereafter the Members shall elect upon majority vote one (1) director for a term of two (2) years. Provided, however, and notwithstanding the above, the Board of Directors shall be selected by the Declarant until the termination of its Class B voting rights.

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

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

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

ARTICLE V
NOMINATION AND ELECTION OF DIRECTORS

Section 1. **Nomination.** Nomination for election of the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

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

ARTICLE VI
MEETINGS OF DIRECTORS

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

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

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

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) exercise for the association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) exercise for the Association all powers, duties, and authority as set forth in the South Carolina Nonprofit Corporation Act Code Section 33-31-101 et seq., Code of Laws of South Carolina Annt. (1076), as amended;
- (e) declare the office of a member of the Board of Directors to be vacant in the event that such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (f) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and
- (g) to do all things necessary or convenient, not inconsistent with law, to further the activities and affairs of the association.

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

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

see that their duties are properly performed;

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

(1) fix the amount of the annual assessment, including any applicable fines and/or penalties, against each Lot at least thirty (30) days in advance of each annual assessment period;

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

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

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

(e) procure and maintain adequate liability and hazard insurance as set forth in the Declaration and specifically on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as provided in Article XIV hereof;

(g) cause the Common Area to be maintained; and

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

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1.

Enumeration of Officers. The officers of this Association shall be a president and vice president, who shall, at all times, be members of the Board of Directors; a secretary, a treasurer, and such other officers as the Board may from time to time by resolution create. The officers of the Association shall have the duty, among others provided for herein and elsewhere, to establish rules and regulations for the orderly operation of the Property.

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

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

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

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

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

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

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

President

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

Vice President

- (b) The vice president shall act in the place and stead of the president in the event of his absence, inability, or refusal to act, and shall exercise and

discharge such other duties as may be required of him/her by the Board.

Secretary

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

Treasurer

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

**ARTICLE IX
COMMITTEES**

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

**ARTICLE X
BOOKS AND RECORDS**

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

ARTICLE XI
ASSESSMENTS

- Section 1. General.** As more fully provided in the Declaration, each member is obligated to pay to the Association monthly and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date the assessment shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common Area or abandonment of his/her Lot.
- Section 2. Annual Budget.** The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. The annual budget shall provide for a reserve for contingencies for the year and a reserve for capital expenditures, in reasonable amounts as determined by the Board.
- Section 3. Records and Statement of Account.** The Board shall cause to be kept detailed and accurate records of the receipts and expenditures affecting the Common Area, specifying and itemizing the common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.
- Section 4. Discharge of Liens.** The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the Property or the Common area, other than a lien against only a particular Lot. When less than all the Owners are responsible for the existence of any such lien, the Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorney's fees, incurred by reason of such lien.
- Section 5. Forbearance.** The Association shall have no authority to forbear the payment of assessments by any Owner.

ARTICLE XII
CONTRACTUAL POWERS

No contract or other transaction between this corporation and one or more of its Directors or between this corporation and any corporation, firm or association in which one or more of the Directors of this corporation are directors, or are financially interested, is void or voidable

because such Director or Directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorizes, approves or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such Director or Directors; or
- (b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE XIII INDEMNIFICATION

Section 1. **General.** The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the Board, and Declarant, against all contractual and other liabilities to others arising out of contracts made by or other act of such directors, Board, officers; committee members, or Declarant, on behalf of the Owners, or arising out of their status as directors, Board, officers, committee members, unless any such contract or act is contrary to the provisions of the laws of the State of South Carolina, the Declaration or these By-Laws or shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all cost and expenses (including, but not limited to, counsel fees, amounts of judgment paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other in which any such director, officer, Board, committee member or Declarant, may be involved by virtue of such persons being or having been such directors, officer, Board committee member or Declarant; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his/her duties as such director, officer, Board, committee member, or Declarant; or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the

performance of his duties as such director, Board, officer, committee member or Declarant.

Section 2. Success on Merits. To the extent that the Declarant or a member of the Board of Directors or an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he/she shall be indemnified against expenses (including attorney's fees) actually and reasonable incurred by him in connection therewith.

Section 3. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of any undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he/she is entitled to be indemnified by the Association as authorized in this Article XIII.

Section 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising by special assessment or otherwise, any sums required to discharge its obligations under this article. Every agreement made by the directors, Board, officers, members of such committees or by the Managing Agent on behalf of the Owners shall provide that the directors, Board, officers, members of such committees, Declarant or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder. The indemnification provided by this Article XIII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to Declarant and any person or entity who has ceased to be Declarant or a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of Declarant such person or entity.

ARTICLE XIV MISCELLANEOUS

Section 1. Fidelity Bond. The Board shall require (1) that all officers, employees or other persons who either handle or are responsible for funds held or administered by the Association shall furnish fiduciary insurance coverage which covers the maximum

amount of funds that will be in custody of the Association plus the Association reserve funds, the premium cost of which will be paid by the Association and (2) that all management companies who either handle or are responsible for funds held or administered by the Association shall furnish a fidelity bond to the Association which covers the maximum amount of Association funds and the Association reserves that will be in the custody of the management company, the premium cost of which will be paid by the Association, and shall at all times maintain a separate account for each reserve fund, for the total operating funds of the Association managed by the management company and for all other monies of the management company.

Section 2. Applicability of Documents to Lessees of a Lot. The Declaration, By-Laws, and other Rules and Regulations of the Association shall be applicable to any person leasing the Lot and shall be deemed to be incorporated in any lease for any Lot in the project.

ARTICLE XV CORPORATE SEAL

The association shall have a seal in circular form, having within its circumference the words: Black Water Cove Homeowners' Association

ARTICLE XVI AMENDMENTS

Section 1. These By-Laws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

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

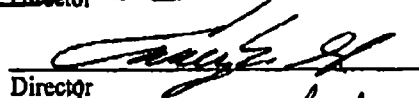
ARTICLE XVII FISCAL YEAR

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

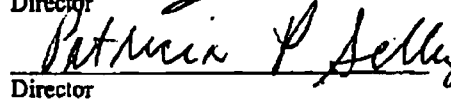
IN WITNESS WHEREOF, we, the Directors of Black Water Cove Homeowners' Association, Inc. have hereunto set our hands, this 28th day of March, 2007



Director



Director



Director

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of the Black Water Cove Homeowners' Association, Inc., a South Carolina not for profit corporation, and that the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 28th day of March, 2007.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the said Association, this 28th day of March, 2007



Secretary