

UNANIMOUS CONSENT OF THE
BOARD OF DIRECTORS OF
WATERBRIDGE HOMEOWNERS ASSOCIATION, INC.
IN LIEU OF ORGANIZATIONAL MEETING

The undersigned, being all of the members of the Initial Board of Directors of Waterbridge Homeowners Association, Inc., a South Carolina nonprofit corporation (the "Corporation"), do hereby unanimously consent and agree to the following resolutions, being corporate action to be hereafter taken:

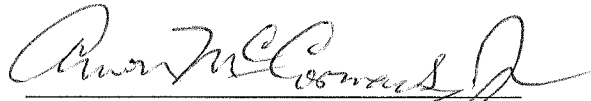
RESOLVED, that the Certificate of Incorporation of the Corporation heretofore issued by the Secretary of State of South Carolina be and hereby is approved and adopted, and the Secretary of the Corporation is directed to file the Certificate of Incorporation in the Minute Book of the Corporation.

RESOLVED, that the By-Laws and the forms attached to this Consent be and hereby are approved and adopted as the By-Laws of the Corporation, and the Secretary of the Corporation is directed to file the By-Laws in the Minute Book of the Corporation;
And

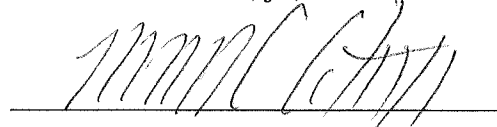
FURTHER RESOLVED, that the persons named below be and hereby are elected to serve as officers of the Corporation in the capacities indicated opposite their respective names, such officers to serve until their successors are elected and qualify or otherwise as provided in the By-Laws.

<u>NAME</u>	<u>OFFICE</u>
Amon McCormack, Jr.	President
Brian Cotner	Vice President
Tom Kirsop	Secretary
Tom Kirsop	Treasurer


WITNESS the following signatures this 19th day of June, 2007.



Amon McCormack, Jr., Director



Brian Cotner, Director



Tom Kirsop, Director

Myrtle Beach, South Carolina

COPY

NOTE: THIS DECLARATION CONTAINS A BINDING, IRREVOCABLE AGREEMENT TO ARBITRATE AND IS SUBJECT TO ARBITRATION PURSUANT TO TITLE 15, CHAPTER 47 (UNIFORM ARBITRATION ACT) OF THE CODE OF LAWS OF SOUTH CAROLINA

FILED
Horry County, S.C.
MAY 24 AM 8:38
BALTERVIS SOPPER
REGISTRAR OF DEEDS

DECLARATION OF PROTECTIVE COVENANTS
RESTRICTIONS, EASEMENTS, CHARGES AND
LIENS FOR WATERBRIDGE

314/901

TABLE OF CONTENTS

ARTICLE I 2

Definitions 2

Section 1 2

 (a) **Additional Property**..... 2

 (b) **Amenities Area**..... 2

 (c) **Annual Assessments**..... 2

 (d) **Architectural Review Committee**..... 2

 (e) **Association** 2

 (f) **Common Areas** 3

 (g) **Declarant** 3

 (h) **Declaration** 3

 (i) **Dwelling** 3

 (j) **Governing Documents**..... 3

 (k) **Lake Maintenance Buffer** 4

 (l) **Lot** 4

 (m) **Member** 4

 (n) **Owner** 4

 (o) **Setback**..... 4

 (p) **Subdivision** 4

 (q) **Supplemental Declaration** 4

 (r) **Wetland Areas**..... 4

ARTICLE II 4

Uses of Property 4

Section 1. Conformity and Approval of Structures 4

Section 2. Subdivision of Lot..... 5

Section 3. Increased Size of Lots 5

Section 4. Alteration of Setback Lines in the Best Interest of Development . 5

Section 5. Completion of Improvements 5

Section 6. Residential Use of Lots 6

Section 7. Maintenance and Landscaping of Lots..... 6

Section 8. Nuisances 7

Section 9. Exclusion of Above Ground Utilities..... 7

Section 10. Signs 7

Section 11. Prohibition Against Business Activity..... 8

Section 12. Mining, Drilling and Excavation 8

Section 13. Garbage Disposal..... 8

Section 14. Temporary Structures 8

Section 15. Other Structures 9

Section 16. Clotheslines..... 9

Section 17. Vehicles and Off-Street Parking.....	9
Section 18. Sewer System.....	9
Section 19. Firearms and Fireworks.....	9
Section 20. Animals and Pets.....	9
Section 21. Driveways	10
Section 22. Mailboxes.....	10
Section 23. Garages	10
Section 24. Wells and Irrigation Systems.....	10
Section 25. Lakes and Detention Ponds.....	10
Section 26. Artificial Vegetation, Exterior Sculptures and Similar Items	11
Section 27. Play Structures and Yard Accessories.....	11
Section 28. Energy Conservation Equipment.....	11
Section 29. Trees.....	11
Section 30. Elevation and Drainage Changes	11
Section 31. Docks, Piers, Landings, Wharfs and Bulkheads.....	11
Section 32. Swimming Pools.....	11
Section 33. Wetland Areas.....	12
ARTICLE III.....	12
Construction in Accordance with Plans and Specifications.....	12
Section 1. General.....	12
Section 2. Size of Residences and Lot Coverage.....	12
Section 3. Setbacks	12
Section 4. Fences, Walls and Animal Pens.....	12
Section 5. Prohibited Building Materials	13
ARTICLE IV	13
Additional Provisions as to Buffer Areas and Lakes	13
Section 1. Buffer Areas	13
Section 2. Declarant's Rights and Easements	13
Section 3. Rights of Enforcement.....	14
Section 4. Ownership and Control of Lakes and Detention Ponds.....	14
ARTICLE V.....	14
Membership and Voting Rights in the Association.....	14
Section 1. Membership.....	14
Section 2. Board of Directors	14
Section 3. Articles of Incorporation and Bylaws	15
Section 4. Voting Rights.....	15
ARTICLE VI.....	15
ATLANTICA BEACH CLUB	15
Section 1. Atlantica Beach Club.....	15
Section 2. Membership in Beach Club	16

Section 3. Initial Capital Contribution.....	16
Section 4. Membership Dues	16
Section 5. Rules and Regulations	16
ARTICLE VII.....	16
Property Rights in the Common Area / Miscellaneous Easements	16
Section 1. Members' Easements of Enjoyment.....	16
Section 2. Title to Common Area	16
Section 3. Extent of Members' Easements	17
Section 4. Maintenance	17
Section 5. Additional Structures	18
Section 6. Delegation of Use.....	18
Family	18
Tenants	18
Guests	18
Section 7. Rules and Regulations	18
Section 8. Easements for Utilities and Maintenance	18
Section 9. Easements for Association.....	20
Section 10. Sales Offices, Rental Offices, Property Management Offices and Construction Offices	20
Section 11. Maintenance Easement.....	20
Section 12. Road Construction Easement	21
Section 13. Temporary Construction Easement.....	21
Section 14. Declarant's Right to Use Common Area for Special Events	21
ARTICLE VIII.	21
Assessments for the Maintenance and Operation of Common Areas and Facilities	21
Section 1. Assessments, Liens & Personal Obligations Therefor, and Operation Maintenance of Common Area Solely by the Association	21
Section 2. Amount and Payment of Annual Assessment	23
Section 3. Atlantica Beach Club Dues Assessment.....	24
Section 4. Special Assessments for Insurance and Capital Improvements...	24
Section 5. Individual Assessment	24
Section 6. Paid Professional Manager	24
Section 7. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner: The Lien. Remedies of Association	24
Section 8. Subordination of the Lien to Mortgages.....	25
Section 9. Exempt Property.....	25
ARTICLE IX.....	25
Architectural Standards and Control	25
Section 1. Architectural Review Committee	25
Section 2. Buildings, Fences, Walls, etc.	26
Section 3. Compliance with Stormwater Management Acts	26

Section 4. Declarant’s right to exercise Architectural Review Authority	27
Section 5. Construction Bonds	27
Contractor Performance Bond	27
Road Bonds	27
Section 6. Variances	28
ARTICLE X.....	28
Exterior Maintenance, Reasonable Access and Maintenance of Common Area	28
Section 1. Exterior Maintenance.....	28
Section 2. Access at Reasonable Hours.....	29
Section 3. Maintenance of Common Areas	29
Section 4. Removal of Obstructions, Debris, and Materials.....	29
ARTICLE XI.....	29
Phased Development	29
Section 1. Initial Phase	29
Section 2. Additional Phases.....	29
Section 3. Reservation of Additional Easements and Rights.....	30
Section 4. Extension of Roads	30
Section 5. Voting Rights.....	30
Section 6. Identification of Additional Phases	30
ARTICLE XII.....	30
Right of Repurchase by Declarant.....	30
Repurchases	30
ARTICLE XIII.....	31
Rights of Mortgagees	31
Rights of Mortgagees or Third Parties.....	31
ARTICLE XIV	31
Insurance and Casualty Losses	31
Section 1. Insurance	31
Section 2. Disbursement of Proceeds	33
Section 3. Damage and Destruction	34
Section 4. Repair and Reconstruction	34
ARTICLE XV.....	34
Dispute Resolution and Limitation on Litigation.....	34
Section 1 Agreement to Avoid Litigation.....	34
Section 2. Claims	35
Section 3. Mandatory Procedures.....	35
Notice	35

Negotiation and Mediation	36
Final and Binding Arbitration	37
Section 4. Allocation of Costs of Resolving Claims	37
Section 5. Enforcement of Resolution.....	37
Section 6. Litigation.....	38
Section 7. Miscellaneous Alternative Dispute Resolution Provisions	38
ARTICLE XVI	38
General Provisions	38
Section 1. Time is of the Essence	38
Section 2. Enforcement	38
Section 3. Fines	39
Section 4. Responsibility of Declarant.....	39
Section 5. Rule Against Perpetuities	39
Section 6. Binding Effect.....	39
Section 7. The Project	40
Section 8. Duration	40
Section 9. Notice.....	40
Section 10. Severability	40
Section 11. Amendment	40
Section 12. Amendment Prior to First Conveyance by Declarant.....	40
Section 13. Assignment of Declarant Rights	40
Section 14. Effective Date	40
Section 15. Plat.....	40
Section 16. Use of the name "Waterbridge"	41
Section 17. Changes in ownership of Lots.....	41
EXHIBIT "A"	42
EXHIBIT "B"	43

**THIS DECLARATION CONTAINS A BINDING, IRREVOCABLE
AGREEMENT TO ARBITRATE AND IS SUBJECT TO ARBITRATION
PURSUANT TO TITLE 15, CHAPTER 47 (UNIFORM ARBITRATION ACT)
OF THE CODE OF LAWS OF SOUTH CAROLINA**

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)
)
)
)

DECLARATION OF PROTECTIVE
COVENANTS, RESTRICTIONS, EASEMENTS,
CHARGES AND LIENS FOR
WATERBRIDGE

THIS DECLARATION made by **South Carolina Coastal Development I, Inc.**, a South Carolina corporation, hereinafter referred as the "Developer or Declarant."

W I T N E S S E T H:

WHEREAS, South Carolina Coastal Development I, Inc. is the owner of the real property more particularly described below; and

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

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

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

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

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Subdivision, to create an association to which will be delegated and assigned the powers of maintaining and administering the Subdivision (as defined hereinafter), promulgating rules and regulations for the usage of common areas in accordance with this Declaration, administering and enforcing the covenants and restrictions and levying, collecting and disbursing the assessments and charges hereinafter created; and,

WHEREAS, the Declarant has caused to be incorporated under the laws of the State of South Carolina, a not-for-profit corporation to be known as Waterbridge Homeowners Association, Inc. for the purpose of exercising the aforesaid functions,

NOW THEREFORE, the Declarant declares that the real property described in Exhibit "A", annexed hereto and forming a part hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

ARTICLE I

Definitions

Section 1. The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

- (a) "Additional Property" shall mean and refer to those certain tracts of land situate, lying and being in Horry County, South Carolina, containing 252.022 acres, more or less, as shown and identified as Parcel A on a plat entitled "Boundary Survey of Carolina Forest, Tract 18B, for International Paper Realty Corporation, Conway Township, Horry County, South Carolina " by Survey Technology, Inc., dated February 14, 2005 and recorded in Plat Book 204 at Page 38, Register of Deeds for Horry County, South Carolina, reference to which is made a part of this description and containing 422.615 acres, more or less, as shown and identified as "Parcel B 422.615AC. +/-" on a map entitled "Subdivision Plat of Tract 18B, Carolina Forest for International Paper Realty Corporation, Conway Township, Horry County, South Carolina" by Thomas & Hutton Engineering Co., dated June 16, 2005 and recorded in Plat Book 206 at Page 53, Register of Deeds, Horry County, reference to which is made a part of this description, and excepting that property described on Exhibit "A" hereto and any property subjected to the Declaration by subsequent amendment.
- (b) "Amenities Area" shall mean and refer to that portion of the Common Areas where recreational areas are located.
- (c) "Annual Assessments" or "Assessments" shall mean an equal assessment established by the Board of Directors for common expenses as provided for herein or by a subsequent amendment which shall be used for the purpose of promoting the recreation, common benefit and enjoyment of the Owners and occupants of all Lots and the operation, maintenance and repair of the Amenities Area and other Common Areas.
- (d) "Architectural Review Committee" or "ARC" shall mean and refer to the Architectural Review Committee established under Article IX hereof.
- (e) "Association" shall mean and refer to Waterbridge Homeowners Association, Inc., its successors and assigns.

(f) "Common Area" shall mean and refer to those areas of land, including the facilities and amenities to be constructed thereon, if any, shown and specifically designated as "Open Space", "Amenities Area" or "Common Area" on any subdivision map of Waterbridge, filed by Declarant or by any other means so designated by Declarant. Such areas are intended to be devoted to the common use and enjoyment of the members of the Association as herein defined, and are not dedicated for use by the general public. Subject to the provisions of Article VII hereof, any existing and future roads and right-of-ways, alleys, greenways, median strips, cul-de-sac centers, planting areas, lakes, bike trails, boardwalks, recreational areas and facilities, playgrounds, entrance signage, gate houses, clubhouses, swimming pools, tennis courts, volleyball court, gazebos, open spaces, walking trails, sidewalks, boat storage areas, community boat docks, and any other areas designated as "Open Space", "Amenities Area" or "Common Area" on the plat of the Subdivision referred to in Exhibit "A" hereto shall become Common Areas upon conveyance by Declarant to the Association.

Provided however, the recording and reference to said plat shall not in and of itself be construed as creating any dedications, rights or easements (negative, reciprocal or otherwise), and all such dedications, rights and/or easements being made only specifically by this Declaration, any amendment or supplement hereto or any deed of conveyance from Declarant, its successors or assigns.

(g) "Declarant" shall mean and refer to South Carolina Coastal Development I, Inc., a South Carolina corporation, its successors and/or assigns. A person or entity shall be deemed a "successor and assign" of Declarant only if specifically so designated in a duly recorded written instrument as a successor or assign of Declarant under this Declaration and/or a Supplemental Declaration and shall be deemed a successor and assign of Declarant only as to the particular rights or interests of Declarant under this Declaration or under such Supplemental Declaration which are specifically designated in the recorded written instrument.

(h) "Declaration" shall mean and refer to this Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Waterbridge, as it may be amended from time to time.

(i) "Dwelling" shall mean and refer to the completed single family home located upon a Lot.

(j) "Governing Documents" shall mean and refer to the Declaration, the Articles of Incorporation of the Association, the By-Laws of the Association, the Design and Construction Guidelines ("Guidelines") and Application and Review Procedures ("Procedures") of the Architectural Review Committee, and the Rules and Regulations of the Association.

(k) "Lake Maintenance Buffer" shall mean and refer to that certain strip of Common Area located around the lakes at Waterbridge, more particularly described as "12' Lake Maintenance Easement" on the recorded plat of the Subdivision.

(l) "Lot" shall mean and refer to any lot of land intended for residential use, with delineated boundary lines appearing on any recorded subdivision map of the Subdivision with the exception of any area designated as Common Area or Open Space on any plat of the Subdivision.

(m) "Member" shall mean and refer to an Owner who is a member of the Association as provided in Article V hereof.

(n) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee-simple title to any Lot(s) later developed, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage, unless and until such mortgagee or holder has acquired title pursuant to foreclosure or any proceedings in lieu of foreclosure. Said term "Owner" shall also refer to the heirs, successors and assigns of any Owner.

(o) "Setback" shall mean an area along the boundary of a Lot where no building or other structures including, without limitation, fences, patios or decks shall be permitted, without the express written permission of Declarant. However, the location of normal air handling and heat, ventilation and air conditioning units within such Setback area shall be permissible so long as it is in conjunction with an approved residential building or other structure located on a Lot.

(p) "Subdivision" shall mean and refer to all property including Lots and Common Areas as are subject to this Declaration, and which are described in Exhibit "A."

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

(r) "Wetland Areas" shall mean and refer to those areas delineated as wetland by the U.S. Army Corps of Engineers and shown and referred to as "Existing Wetland" and "Wetland Buffer" on the recorded plat of the Subdivision.

ARTICLE II

Uses of Property

Section 1. Conformity and Approval of Structures. No structure, fence, sidewalk, wall, swimming pool or other improvement shall be placed or altered on any Lot except in accordance with the provisions of this Declaration.

Section 2. Subdivision of Lot. No Lot shall be subdivided and no building or residence, including porches, decks or projections of any kind, shall be erected so as to extend over or across any of the Setbacks as hereinafter established except as herein provided.

Section 3. Increased Size of Lots. A Lot or Lots may only be subdivided provided the effect is to increase the size of both of the adjoining Lots. In such cases, the Declarant may alter the building lines to conform. Should the Owner or Owners of any Lots and/or portions of Lots which have been combined for a single building site subsequently wish to revert to the original plan of subdivision, or make any other combination which would not be in violation of this restriction, such may be done only if the written consent of the Declarant is first had and obtained. In such instances, the adjoining Lot Owners, or other Owners in the subdivision do not have the right to review, pass on or interfere with such Lots rearrangement, as such rights shall be exclusively that of the Declarant or any successors or assigns to whom the Declarant may expressly have transferred such rights, but the Owner of any other Lot in the subdivision does not, by virtue of such status as an Owner, become any such successor or assign.

Section 4. Alteration of Setback Lines in the Best Interest of Development. Where because of size, configuration, natural terrain, or any other reason in the opinion of the Declarant, it would be in the best interest of the development of the Subdivision that the setback lines of any Lot should be altered or changed, then the Declarant reserves unto itself, its successors or assigns, and no other, the right to grant a variance to the Lot Owner or in the case of a Lot owned by Declarant, the Declarant may change said setback lines to meet such conditions. The Declarant specifically reserves the right to transfer and assign this right of approval to the Architectural Review Committee hereinafter established. Notwithstanding the forgoing, any proposed change of setback lines that is less than the minimum established by any Horry County zoning ordinance must also be approved by Horry County.

Section 5. Completion of Improvements. With the exception of construction which is interrupted or delayed due to strikes, national emergencies, or physical damage to the work in progress (such as damage due to fire, lightning, windstorm, flood, hail, riot or civil commotion, explosion, or theft), any Dwelling constructed upon a Lot must be completed within one (1) year subsequent to commencement of construction, except with the written consent of Declarant, its successors or assigns, or, if the Declarant so designates, by the ARC. The Owner of the Lot on which the improvements are being constructed shall at all times keep public and private streets contiguous to the Lot free from any dirt, mud, garbage, trash or other debris which might be occasioned by construction of the improvements. During construction, the Owner shall require its contractors to maintain the Lot upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of construction, the Owner shall cause its contractors to immediately remove all equipment, tools, and construction material, and debris from the Lot.

In the event that completion of the Dwelling, outbuildings, or other improvements on any Lot is not completed within one year subsequent to commencement of construction, and it is determined that construction progress has diminished to such an extent that completion of the

Dwelling, outbuildings, or other improvements is unlikely within 120 days, notice will be given to the Owner that the Owner has the obligation, within 30 days, to remove all construction work in progress, including without limitation, the foundation and all building improvements and all stored building materials, and fill and grade the lot so that it is restored to its natural grade level. The Declarant or the Association (after termination of Class B membership) shall have the right to undertake this work upon Owner's failure to do so, charge the cost to the Owner and place a lien upon the Lot upon Owner's failure to pay these charges.

No building under initial construction shall be occupied until construction is completed and all necessary approvals of any governmental authorities have been obtained.

Section 6. Residential Use of Lots. All Lots shall be used for residential purposes exclusively except for limited home office uses permitted under Section 11 of this Article II. No structures, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than one (1) detached single family Dwelling constructed in accordance with the Plans and Specifications herein defined in Article III. No timesharing, interval ownership or other related ownership scheme where the right to exclusive use rotates among multiple owners or members of the program shall be permitted.

In addition, no leasing or rental of any Dwelling shall be permitted, having a duration of less than 6 months nor shall less than the entirety of any Dwelling be leased. Declarant or its assignee may, however, maintain a sales office, models and construction office upon one or more Lots until all Lots to be located within the Subdivision have been sold.

Section 7. Maintenance and Landscaping of Lots. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkept condition of buildings or grounds on such Lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. Each Owner shall maintain such Owner's Lot and shall keep underbrush and weeds mowed. Such maintenance obligation shall also extend to the portion of any Common Area and/or public street right-of-way located between the boundary lines of each Lot and any pavement within such street right-of-way, and to the portion of any Common Area located between the boundary line of each Lot and the shore of any lake, pond, stream or other body of water located within such Common Area. Undeveloped lots must be maintained as needed but no less than eight times per year.

All landscaped and grassed areas on each Lot shall be watered by means of an automatic underground sprinkler system which shall be employed so as to keep all vegetation in excellent condition. Landscaping as approved by the ARC shall be installed prior to occupancy of the building improvements on each Lot. Occupancy prior to completion of landscaping shall require the written approval of the ARC, shall be for good cause only, and shall be no earlier than ninety (90) days prior to completion of landscaping. To ensure that all landscaping will be completed in accordance with the approved landscape plan, Owner shall post a landscaping performance bond with the ARC in the amount of \$1,000.00.

Section 8. Nuisances. No noxious, unlawful or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or a nuisance to the neighborhood. No plants, poultry, animals, junk, junk automobiles, or devices or things of any sort, the normal activities or existence of which are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood shall be placed, kept or maintained on any Lot. Without limiting the foregoing, exterior lighting may not be so installed on any Lot so as to illuminate any portion of a neighboring Lot or to shine into any window or otherwise enter a Dwelling located on an adjoining Lot. Bottled gas containers and oil tanks shall be screened from public view. No lot shall be used for storage of building materials prior to the issuance of the building permit for the primary residence.

Section 9. Exclusion of Above Ground Utilities. All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. No exposed or exterior radio or television transmission or receiving antenna shall be erected, placed or maintained on any part of a Lot. Provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the Subdivision. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground. Satellite dishes, antennae and similar devices for the transmission of television, radio, satellite, or other signals of any kind shall not be allowed, except that (i) Declarant and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of Waterbridge, and (ii)(a) antennae or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (b) antennae or satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (c) antennae or satellite designed to receive television broadcast signals ("Permitted Devices") shall be permitted, *provided that* any such Permitted Device is placed in the least conspicuous location on the Lot in which an acceptable quality signal can be received and is screened from the view of adjacent dwellings, streets and Common Areas in a manner consistent with community aesthetics and the Architectural Guidelines.

Section 10. Signs. No billboards or advertising signs of any character shall be erected, placed, permitted or maintained on any Lot or be visible from the window of any structure or other improvement thereon except as herein expressly permitted. "For Sale", "For Rent" or similar signs shall not be permitted on a Lot without the express written consent of the Declarant. It shall, however, be permissible for the Association to have a sign located in the Common Area, if the design, size and location of such sign is of a uniform design approved by Declarant prior to its erection. No other sign of any kind or design shall be allowed. Declarant, as developer, reserves the right to erect temporary or permanent signs on Lots and Common Areas identifying and/or advertising the Subdivision, model homes, and/or preferred builders, provided the signs are of a uniform design and meet the Declarant's approved specifications.

No sign shall be permitted within the road right-of-way. Should it be determined that a sign was erected on a Lot or in the Common Area without the necessary approval, the Declarant, its agents or assigns shall have the right from time to time to enter said Lot without any liability

for damage, wrongful entry, trespass or otherwise for the purpose of removing the unauthorized sign.

Section 11. Prohibition Against Business Activity. No business activity, including but not limited to, a rooming house, boarding house, gift shop, antique shop, landscape business, professional office or beauty shop or the like or any trade of any kind whatsoever (in which clients or members of the public regularly come to any Lot or any significant business traffic is generated in the Subdivision) shall be carried on upon any Lot or Lots. Provided, however, that nothing contained herein shall be construed so as to prohibit use of any portion of a residence as a home office, so long as no clients or members of the public regularly come to any Lot and no significant business traffic is generated in the Subdivision on account of such use. Provided further, that nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on said Lots, or the showing of said houses for the purpose of selling said houses in the Subdivision. Nothing herein shall be construed to prevent the Declarant or its permittees from erecting, placing or maintaining signs, structures and offices as Declarant may deem necessary for its operation and sales in the subdivision.

Section 12. Mining, Drilling and Excavation. No derrick or any other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any part of the Subdivision, nor shall any oil, natural gas, petroleum, asphalt or hydrocarbon products or materials of any kind be produced on or extracted from the premises.

UNDER NO CIRCUMSTANCES SHALL ANY EXCAVATION BELOW THE DEPTH OF SIX (6') FEET OCCUR ON ANY PROPERTY IN WATERBRIDGE WITHOUT ADDITIONAL UNEXPLODED ORDINANCE INVESTIGATION. ALL UNEXPLODED ORDINANCE INVESTIGATION OF PROPERTY BELOW SIX (6') FEET SHALL BE AT THE LOT OWNER'S EXPENSE.

Section 13. Garbage Disposal. Each Lot Owner shall provide garbage receptacles or similar facilities in accordance with reasonable standards established by the Declarant, or a roll-out garbage rack of the type approved by the Declarant, which shall be visible from the streets on garbage pickup days only. No garbage or trash incinerator shall be permitted upon the premises. No burning, burying or other disposal of garbage on any Lot or within the Subdivision shall be permitted (except licensed contractors may burn construction debris during the period of construction of improvements on any Lot if they have been properly permitted). Provided, however, that the Declarant shall be permitted to modify the requirements of this Section 13 where necessary to comply with orders of governmental bodies. When available, all lots will take advantage of garbage disposal services provided by Horry County.

Section 14. Temporary Structures. No structure of a nonpermanent character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractors during construction of the main Dwelling house, it being clearly understood that the latter temporary shelters may not, at any time, be used for a residence or permitted to remain on the Lot after completion of construction.

Section 15. Other Structures No building, tent (other than small overnight tents used by children which remain in place for less than 24 hours), barn, shed, shack, trailer, mobile home, tree house or other similar out-building or structure shall be placed on any Lot at any time, either temporarily or permanently, except as provided in Section 14 above.

Section 16. Clotheslines. No clotheslines or drying yards shall be located upon the premises so as to be visible from any Common Area or from any adjoining property or Lot.

Section 17. Vehicles and Off-Street Parking. Each Owner shall provide for parking of vehicles off alleys, streets and roads within the Properties. Except as otherwise specifically provided for in this Declaration, no parking shall be permitted in or along any of the alleys or streets in the Properties. There shall be no outside storage or parking upon any portion of the Properties of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than personal-use pick-up trucks and sport utility vehicles), commercial vehicle, camper, motorized camper or trailer, boat or other water craft, boat trailer, motorcycle, motorized go-cart, or other related forms of transportation devices, except if adequately screened from view or otherwise permitted in writing by the Declarant or the Association. For purposes of this Declaration, "Commercial Vehicle" shall be deemed to include cars, pick-up trucks and vans in styles normally used for private purposes but painted with or carrying commercial advertising, logos, or business names or containing visible commercial materials, cargo, tools or equipment on the exterior of the vehicle or that extend beyond the length or width of the vehicle. No oversized/commercial vehicle (a vehicle wider than and/or longer than a standard parking space, 19 feet maximum, any vehicle that has more than two (2) axles, or those vehicles greater than 7,000 pounds) may park on the premises. No Owners or other occupants of any portion of the Properties shall repair or restore any vehicle of any kind upon or within a property subject to this Declaration except (i) within enclosed garages, or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility. Violators of the prohibitions contained in this Section 17 shall be subject to having their vehicles towed, at the Owner's expense, by or at the direction of the Association, and to the levy of fines by the Association in such amount as may be determined from time to time by the Board of Directors. This provision shall not preclude commercial vehicles from being on the property temporarily (less than 24 hours) to provide services to the Association or a resident. Additional rules and regulations regarding use, repair and storage of vehicles in the Properties may be promulgated from time to time by the Board.

Section 18. Sewer System. Private septic tanks and surface toilets are not permitted in the Subdivision. The grantee of any Lot assumes all responsibility for obtaining the necessary permits for attaching to the public sanitary sewer and water system for the project.

Section 19. Firearms and Fireworks No firearms or fireworks of any variety shall be discharged upon the Lots or Common Areas. The term "firearms" shall include, without limitation, guns, "B-B" guns and pellet guns.

Section 20. Animal and Pets No animals, wildlife, livestock, reptiles, or poultry of any kind shall be raised, bred, or kept on any portion of the Subdivision, except that dogs, cats, or

other usual and common household pets not to exceed a total of three (3) may be permitted in a Dwelling. Dogs shall be leashed and under the control of the owner when on the Common Areas. No dogs shall be permitted to roam the property and the Association may have strays and dogs that are not leashed and are found off their owner's lot picked up by governmental authorities. Those pets which, in the sole discretion of the Association, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Lots or the owner of any portion of the Subdivision shall be removed upon request of the Association. No pets shall be kept, bred, or maintained for any commercial purpose. Pets shall only be permitted on the Common Areas if such portions thereof are so designated by the Association. All persons bringing a pet onto the Common Area shall be responsible for immediately removing any solid waste of said pet.

Section 21. Driveways. All private driveways, right-of-ways, and culverts installed therein, shall be of a type and quality approved by Declarant or the ARC and the grade of same shall be set by Declarant or the ARC.

Section 22. Mailboxes. Mailboxes shall be of a design, color and choice of materials as designated by the Declarant or the ARC, and may not violate South Carolina Department of Transportation standards. Declarant reserves the right to provide a location for a cluster mailbox for the community.

Section 23. Garages. All dwellings shall be required to have at minimum a two car garage within the main structure or attached to the main structure via a covered breezeway. No garage shall be converted to living area without prior ARC approval. Garage doors must be closed except when entering or exiting said garage.

Section 24. Wells and Irrigation Systems. No sprinkler or irrigation systems of any type that draw upon water from creeks, streams, rivers, lakes, ponds, wetlands, canals, or other ground or surface waters within the Subdivision shall be installed, constructed, or operated within the Subdivision by any person, unless prior written approval has been received from the Declarant. This Section shall not apply to the Declarant, and it may not be amended without Declarant's written consent so long as Declarant has the right to add property to the Subdivision in accordance with Article XI Section 2 of this Declaration. No private water wells or individual drinking water supply system shall be permitted upon any Lot.

Section 25. Lakes and Detention Ponds. No lake or detention pond area constructed or shown on any map of the Subdivision shall be used for swimming or diving, nor shall the use of any personal flotation devices, jet skis or other such items be permitted on any lake or detention pond except as permitted by the rules and regulations of the Association. Only non-motorized or electric boats will be allowed.

No Lot Owner may use or permit to be used any water from any lakes or other bodies of water for irrigation of such Owner's Lot. Neither the Declarant nor Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes or detention ponds within the Subdivision. No dredging or filling

shall be undertaken on any property adjacent to any water body, except with the prior written approval of the Declarant. See Article IV for additional provisions regarding lakes and detention ponds.

Section 26. Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Subdivision. Exterior sculpture, fountains, gazebos, arboretums, flags, and similar items are subject to Declarant's or ARC's prior approval; provided, however, that nothing contained herein shall prohibit the appropriate display of the American flag, provided such flag is no greater than 4' by 6' in dimension.

Section 27. Play Structures and Yard Accessories. All yard accessories and play structures, including fixed and portable basketball backboards or hoops, as well as any other fixed game structures, shall be subject to ARC review and prior approval. Should it be determined that a play structure or yard accessory was erected on a Lot without the necessary approval, the Declarant, its agents or assigns shall have the right from time to time to enter said Lot without any liability for damage, wrongful entry, trespass or otherwise for the purpose of removing the unauthorized structure/accessory.

Section 28. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design on a structure, as determined in the sole discretion of Declarant. Under no circumstances shall solar panels be installed that will be visible from any street in the Subdivision.

Section 29. Trees. Trees may be removed without prior written approval within the building foundation area of the main Dwelling and within twenty (20) feet of the main Dwelling. Except as provided for in this Section and in Article IX of this Declaration, no tree six (6") inches in diameter or greater at ground level shall be cut, removed or intentionally damaged on any Lot without the prior written approval of the Architectural Review Committee. Notwithstanding the foregoing this provision shall not apply to trees removed by Declarant in the development process, nor shall it exempt Lot Owner from compliance with the Horry County tree ordinance.

Section 30. Elevation and Drainage Changes. No changes in the elevation, topography or drainage characteristics of any Lot within the Subdivision shall be made without the prior written approval of the Declarant or the Architectural Review Committee once Declarant Class B status has been terminated.

Section 31. Docks, piers, landings, wharfs and bulkheads. No dock, pier, landing, wharf, or bulkhead shall be constructed on any portion of the lakes or detention ponds, nor attached to the shoreline or banks thereof, except those that may be constructed by the Declarant.

Section 32. Swimming Pools. With the exception of community swimming pool(s) maintained by the Association as an amenity, outdoor swimming pools, both in ground and above ground are prohibited within Waterbridge.

Section 33. Wetland Areas. Lot Owner(s) are and shall be prohibited, unless prior written approval is obtained from the U.S. Army Corps of Engineers (the "Corps"), from filling, draining, flooding, dredging, impounding, clearing, burning, cutting or destroying vegetation, cultivating, excavating, erecting, constructing, or otherwise doing any work in the Wetland Areas; introducing exotic species into the Wetland Areas; and from changing the grade or elevation, impairing the flow or circulation of waters, reducing the reach of waters, and any other discharge or activity requiring a permit under clean water or water pollution control laws and regulations, as amended. Violation of this covenant shall subject Lot Owner(s) to enforcement actions by the Corps, the U.S. Department of Justice, and/or the South Carolina Department of Health and Environmental Control Office of Coastal Resources Management.

The perimeter of the Wetland Areas shall at all times be plainly marked by permanent signs saying "Protected Natural Area," or by an equivalent, permanent marking system.

ARTICLE III

Construction in Accordance with Plans and Specifications

Section 1. General. All structures of every type and description shall be constructed, placed or erected within the Subdivision in accordance with the provisions of this Article III together with other applicable provisions of this Declaration. Only new construction of residential buildings shall be permitted, it being the intent of this covenant to prohibit the moving of an existing building or portion thereof on a lot and remodeling or converting same into a Dwelling.

Section 2. Size of Residences and Lot Coverage. All residences to be constructed shall have a minimum of 2400 square feet of enclosed heated living area (exclusive of porches, decks and garages and other unheated spaces.) Residences shall have a maximum height of thirty-five (35') feet above finished grade.

Section 3. Setbacks. No building or structure, including porches, decks, or projections of any kind (excluding eaves), shall be erected so as to extend over or across any of the Setback lines shown on the recorded plat of the Subdivision or as described in this Declaration or any amendment thereto so as to be nearer to the Lot boundary line than such Setback line. However, the location of normal air handling and heat, ventilation and air conditioning units within such Setback area shall be permissible so long as it is in conjunction with an approved residential structure on said Lot.

The setbacks for the Lots presently submitted to this Declaration are set forth on Exhibit "B" attached hereto.

Section 4. Fences, Walls and Animal Pens. Any fences, walls or animal pens sought to be constructed on any Lot shall require the specific written approval of the Declarant or the ARC prior to construction. Approval as to location, size, composition, configuration, exterior materials, color, design and other similar matters is at the sole discretion of the Declarant or the ARC, and such approval may be withheld for purely aesthetic considerations.

No hedge, shrubbery or vegetation of any kind shall be grown or placed in the form of a fence on any Lot or Lots across the front street line of the said Lot or Lots or on either of the side lines of the said Lot or Lots until such time as the Declarant or the ARC approves same as to location.

The use of visually permeable (i.e. wrought iron) fences is strongly suggested, especially where visual impact is significant to public areas. Only permeable fences, such as wrought iron or brushed aluminum, will be allowed on homesites adjoining lakes, with a height restriction of four (4') feet. Requests for fence heights in excess of four (4') feet will be considered on a case by case basis, for home sites NOT adjoining lakes.

Section 5. Prohibited Building Materials. Exposed exterior walls composed of concrete block, imitation asphalt brick siding, tar paper, vinyl siding, and imitation asphalt stone siding shall be prohibited.

ARTICLE IV

Additional Provisions as to Buffer Areas and Lakes

Section 1. Buffer Areas No cutting or removal of trees, shrubbery, or landscaping of any kind shall be made within any Buffer area shown on any recorded plat of the Subdivision, except with the prior written consent of Declarant. As the provisions contained herein are for the preservation of the aesthetics and privacy of the Subdivision, in the event of the destruction or removal of any tree or landscaping within the aforesaid Buffer (except destruction caused by act of God), the Owner of the Lot upon which such tree, shrub, or landscaping was located will cause same to be replaced or restored with a comparable size and type of tree or landscaping, at the Lot Owner's sole expense.

Notwithstanding the above, Lot Owners who own Lots adjacent to a Lake shall maintain that portion of the Lake Maintenance Buffer lying between their respective Lot and the Lake. This maintenance includes, but is not limited to, the cutting of grass, weeds, shrubs, and vegetation.

Section 2. Declarant's Rights and Easements. Declarant, as developer, hereby reserves and is granted a maintenance easement in favor of itself, its successor and assigns over, under, onto and across all Buffer Areas for the purpose of maintaining, restoring, and replacing trees, shrubs, and landscaping. The reservation of these easements shall not place upon Declarant any obligation to perform such activities and such performance shall lie solely within the discretion

of Declarant. The within rights of Declarant are in addition to the rights and obligations of Association set out in Article VII, Section 4 of this Declaration. The easements herein reserved and granted are perpetual, non-exclusive and shall run with title to the Lots.

Section 3. Rights of Enforcement. In the event an Owner does not replace trees and/or restore landscaping as and when required under Section 1 above, Declarant and Association may each enforce such Owner's obligations either by an action in specific performance or may perform such work themselves and the cost and expense of such work and materials, shall be due and payable by such Owner within seven (7) days of demand by Declarant or Association, as the case may be. In the event such Owner refuses to make such payment as aforesaid, the Declarant and Association shall have the right to bring an action for the collection of same plus attorney's fees related thereto; the Association shall have the additional right to enforce collection thereof in the manner provided under Article VIII, Section 6 of this Declaration.

Section 4. Ownership and Control of Lakes and Detention Ponds. No right, title or interest, including, but not limited to riparian rights, in any lake shall attach to or become an appurtenant to the title to any Lot by reason of, or upon conveyance of such Lot by Declarant unless such conveyance specifically includes such rights. Lakes and detention ponds located on the property as shown on the recorded plat of the Subdivision are part of the Stormwater Drainage System for Waterbridge.

Although portions of the lakes and detention ponds may at some point be located on Lots, the Declarant reserves unto itself, its successors and assigns an easement upon and across every Lot to maintain said lakes and detention ponds as more fully provided in Article VII, Section 8 of this Declaration, and the Association shall be responsible for all maintenance of said lakes and detention ponds, including but not limited to monitoring water levels, maintaining any fountains or aeration devices, and providing lake mitigation services (i.e. algae control and aeration).

Nothing in this section shall relieve Lot Owners of Lots adjacent to the lakes or detention ponds of their responsibility to maintain the Maintenance Area between their Lot and the waterline of said lakes or detention ponds.

ARTICLE V.

Membership and Voting Rights in the Association

Section 1. Membership. Every person or entity who is an Owner of any Lot which is subjected by this Declaration to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to Assessment.

Section 2. Board of Directors. There shall be at least three (3) members of the Board of Directors of the Association who shall serve until such time as their successors are duly elected and agree to serve. The directors shall have annual meetings and other such meetings as may be called for at the request of the president of the Association, by a majority of the directors, or as

called for in the Bylaws. The foregoing notwithstanding, so long as the Declarant, or its successors and assigns as Declarant, is the Class B Member, Declarant shall select the Board of Directors and Declarant may select board members who are not Owners.

Section 3. Articles of Incorporation and Bylaws. A copy of the Articles of Incorporation of the Association and Bylaws of the Association are attached hereto as Exhibit "C" and Exhibit "D" respectively, and made a part and parcel hereof.

Section 4. Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class "A" Members shall be all Owners except the Declarant. Class "A" Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by Section 1 above. When more than one person holds such interest or interests in any Lot, the vote attributable to such Lot shall be exercised as such persons mutually determine, but in no event shall more than one (1) vote be cast with respect to any such Lot. When a purchaser of an individual Lot or Lots takes title thereto from the Declarant, such purchaser automatically becomes a Class "A" Member.

Class B. The sole Class "B" Member shall be the Declarant. The Class "B" Member shall be entitled to ten (10) votes for each Lot owned. Class "B" membership shall cease and become converted to Class "A" membership upon the happening of the earlier of the following:

- (a) Six months after the conveyance by Declarant of all Lots in Waterbridge, including any undeveloped acreage sold and conveyed by the Declarant to unrelated third parties; or
- (b) Fifteen (15) years from date of recordation of this Declaration; or
- (c) At such time as Declarant voluntarily relinquishes Class "B" Member status.

From and after the happening of whichever of said events which occurs earlier, the Class "B" Member shall be deemed to be a Class "A" Member and entitled to one vote for each Lot owned in the manner provided above.

ARTICLE VI

ATLANTICA BEACH CLUB

Section 1. Atlantica Beach Club. Atlantica Beach Club (the "Beach Club") is a private beach club located on the Atlantic Ocean, at 18th Avenue and Ocean Drive, Myrtle Beach, South Carolina. The Beach Club is owned and operated by a third party vendor with whom Declarant has entered into a ten year agreement for the nonexclusive use of the Beach

Club as an amenity of Waterbridge to be enjoyed by all Lot Owners owning a residence within Waterbridge. After the initial term, the agreement may be terminated at the option of either party. The Club is independent of the Association and is not affiliated with Declarant or the Association in any way.

Section 2. Membership in Beach Club. Every Lot Owner is a member of the Atlantica Beach Club by virtue of their owning a Lot within Waterbridge. Membership in the Beach Club is mandatory, however an individual Lot Owners use of the Beach Club facilities and the Lot Owners obligation to pay annual dues are deferred until such time as the Lot Owner constructs a dwelling upon their Lot and Horry County issues a certificate of occupancy allowing the dwelling to be occupied. Thereafter, the Association will be billed each year for each Lot Owner's annual membership.

Section 3. Initial Capital Contribution. Membership in the Beach Club requires a one time initial capital contribution to the Beach Club in the amount of \$200.00. Declarant has made the initial capital contribution on behalf of each Lot Owner.

Section 4. Membership Dues. Initial dues for use of the Beach Club facilities are \$20.00 per month, per lot. Dues are payable in advance and the Association will be invoiced by the Beach Club on a monthly basis. The Beach Club reserves the right to increase dues but may not increase dues more than 25% per year. The Association shall collect membership dues in advance as set out in Article VIII, Section 3 herein.

Section 5. Rules and Regulations. Usage of the Beach Club facilities are subject to rules and regulations established by the Beach Club.

ARTICLE VII.

Property Rights in the Common Area / Miscellaneous Easements

Section 1. Member's Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Member shall have a right and easement of enjoyment in and to the Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot. This right and easement shall be for use in common with all other such members, their tenants, guests and invitees. In the event that Declarant incorporates additional land under the provisions of this Declaration pursuant to Article XI, Section 2 of this Declaration, all Owners of Lots within such additional phases shall have the same rights and privileges with regard to use of the Common Areas as the Owners of Lots originally made subject to this Declaration.

Section 2. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that within fifteen (15) years from the date of recording of this Declaration, it will convey to the Association, by Quit-Claim Deed, fee simple title to the Common Areas upon the conditions set forth herein, subject to those rights reserved unto to Declarant pursuant to this Declaration and to the provisions of this Declaration.

In lieu of the conveyance provided for herein with regard to the alleys, streets and roads, Declarant may cause such alleys, streets and roads to be dedicated to any governmental entity, as provided for in Section 3(a) hereof. In the event the alleys, streets and roads are dedicated to a governmental entity, acceptance of such dedication may be conditioned upon the agreement of the Association that the Association shall maintain, (at Association's sole cost and expense) any and all landscaping, shrubbery and the entrance sign to the Subdivision which may be located within the dedicated areas.

Section 3. Extent of Member's Easements. The rights and easements created hereby shall be subject to the following:

(a) The right of Declarant, and/or of the Association, to dedicate, transfer or convey all or any part of the Common Areas, with or without consideration (and subject to the condition set out in Section 2 immediately above), to any governmental body, district, agency or authority, or to any utility company, provided that no such dedication, transfer or conveyance shall adversely limit the use of the Common Area by the Members of the Association;

(b) The right of the Declarant, and/or of the Association, to grant and reserve easements and rights-of-way through, under maintenance and inspection of lines and appurtenances for public or private water, sewer, drainage and other utilities and services, including, without limitation, a cable (CATV) or community antenna television system and irrigation or lawn sprinkler systems, and the right of the Declarant to grant and reserve easements and rights-of-way through, over and upon and across the Common Areas for the completion of the Subdivision, for the operation and maintenance of the Common Areas and perpetual non-exclusive easements for ingress and egress and utility installation and maintenance to any other property of Declarant regardless of whether or not made subject to this Declaration;

(c) The right of the Association, as provided in its By-Laws to suspend the enjoyment rights of any Member in the Common Area (but not access to a Member's Lot) for any period during which any assessment remains unpaid, and for a period not to exceed thirty (30) days from any infraction of its published rules and regulations.

(d) The rights of the Association, in accordance with law, its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Areas and in pursuance thereof, to mortgage the same.

Section 4. Maintenance. The Association shall at all times maintain all Common Areas in good repair, and shall repair or replace as often as necessary, any right-of-ways, alleys, greenways, median strips, cul-de-sac centers, planting areas, lakes, bike trails, boardwalks, recreational areas and facilities, playgrounds, entrance signage, gate houses, clubhouses, swimming pools, tennis courts, volleyball court, gazebos, open spaces, walking trails, sidewalks, boat storage areas, community boat docks, and any other areas, and other amenities situated on the Common Area and maintain and keep in a clean condition any lakes which are Common Area. The Board of Directors acting by a majority vote shall order all work to be done and shall pay for all expenses including all electricity consumed by the lighting and irrigation systems

located in the Common Areas and all other common expenses. All work pursuant to this Section and all expenses hereunder shall be paid for by such Association through assessments imposed in accordance with Article VIII. Excluded herefrom shall be paving and maintenance of individual Lot driveways which shall be maintained by each Owner. Nothing herein shall be construed as preventing the Association from delegating or transferring its maintenance obligations to a governmental authority under such terms and conditions as the Board of Directors may deem in the best interest of the Association.

Section 5. Additional Structures. Neither the Association, nor any Owner or any group of Owners shall, without the prior written approval of Declarant, erect, construct or otherwise locate any structure or other improvement in any Common Areas.

Section 6. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owners' family who occupy the residence of the Owner within the Subdivision.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to the Owner's tenants who occupy a residence within the Subdivision.

(c) Guests. Any recreational facilities and other Common Areas may be utilized by guests of Owners or tenants subject to this Declaration, the By-Laws of the Association and to the rules and regulations of the Association governing said use and as established by its Board of Directors.

Section 7. Rules and Regulations. The use of the Common Areas by an Owner or Owners, and all other parties authorized to use same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established by the Association governing such use, or which may hereafter be prescribed and established by the Association.

Section 8. Easement for Utilities and Maintenance. The Declarant reserves unto itself, its successors and assigns, a perpetual, alienable and reasonable easement and right of ingress and egress, over, upon, across and under the Setback areas, Buffers and easement areas on each Lot as shown on the recorded map of the Subdivision and/or as set forth herein and over, upon, across and under the Common Area for maintenance and/or the erection, maintenance, installation and use of electrical and telephone wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public convenience or utilities, including an easement for privately owned television and other communications cable and equipment, and for maintenance of lakes and detention ponds and the installation and maintenance of pumps, fountains or other equipment related to said maintenance. Declarant may further cut drainways for surface water when such action may appear to the Declarant to be necessary in order to maintain reasonable standards of health, safety and appearance. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of soil, or to take any other similar action

reasonably necessary to provide economical and safe utility or other installations and to maintain reasonable standards of health, safety and appearance. Declarant further reserves the right to locate wells, pumping stations, and tanks on Common Area, or to locate same upon any Lot without permission of the Owners of the Lots immediately adjacent to such Lot. It shall not be necessary to obtain the consent of Owners of Lots adjoining any existing utilities or pump stations. Such rights may be exercised by the licensee of the Declarant but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility service. No structures or other items, including walls, fences, paving or planting shall be erected upon any part of the Subdivision which will interfere with the rights of ingress and egress provided for in this paragraph. Specifically, no Owner shall erect any structure, including, without limitation, walls, fences or paving within any areas designated on the Plat of the Subdivision as a "Drainage Easement", "Sewer Easement", "Utility Easement", "Buffer", "Lake Maintenance Easement", "Maintenance Easement", "Access Easement" or any combination of the above, nor shall any Owner change the grade of any such easement area, provided however, that driveways may cross utility and drainage easements at the front the Lots subject to prior approval of Declarant and that any planting in easement areas shall not interfere with the applicable easement and shall be limited to grassing and small shrubbery. Each Owner shall keep drainage ditches and swales located on such Owner's Lot free and unobstructed and in good repair and shall provide for the installation of such culverts upon such Lot as may be reasonably required for proper drainage. Declarant may, at its sole option, convey any such drainage easements to an appropriate governmental entity. The easements referred to in this paragraph are, without limitation, those shown upon the recorded plat(s) of the Subdivision; as set out in easements of record; upon the plans of the Subdivision; or which are located on, over or under the ground.

In addition to the foregoing rights reserved to Declarant, and not in limitation thereof, Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable commercial easement and right of ingress and egress over, upon, across and under the Common Area and all streets and roads within the Subdivision for the purpose of providing drainage and utility installation, construction, reconstruction, and maintenance to adjacent property now or hereafter owned by Declarant and for the installation and maintenance of any pipes, drainways or other installations necessary for the foregoing and further for the installation, maintenance, repair, replacement and operation of water lines and other utilities which serve or shall serve property presently owned by Declarant. Declarant, its agents, contractors, servants, employees and assignees may enter upon the easement areas for the purposes of maintaining, repairing, replacing and operating such water lines and other utilities and drainage facilities and for the purpose of installing additional utilities and drainage facilities. Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable easement and right-of-way over, under and across those areas designated as "Drainage & Access Easement" on the plat of the Subdivision referred to in Exhibit "A" hereto for the purpose of providing drainage of the Subdivision and lands now or hereafter adjacent to the Subdivision or in the vicinity thereof (whether or not a part of the Subdivision) and for the installation, repair and maintenance of pipes and other facilities necessary for such drainage. Declarant, its agents, contractors, servants, employees and assignees may enter upon any of the easement areas so designated on the recorded plat of the Subdivision for the purpose of maintaining, repairing, replacing and operating any of the drainage facilities, pipes, ditches, and drainage areas located thereon. The Owners of Lots on which such easements are located shall not interfere in any manner with such

easements or any of the facilities located therein or the access thereto. No Owner shall erect any structure or fence within such easement areas without the prior written consent of Declarant. Declarant, its agents, employees and assignees shall have no liability for damage which may occur to any structures, plants, trees, or other items which may be located in such utility and drainage easements and Declarant shall have no obligation to replace any such structures which may be removed or damaged due to maintenance, repair or other work performed in such easement areas. Declarant further specifically reserves unto itself, its successors and assigns, perpetual, alienable, commercial easements over and under all Lots along an area 5 feet in width inside each side boundary line of each Lot and 10 feet along the front and rear of each Lot for the purpose of installation, construction, maintenance, repair, replacement, use and operation of utilities and utility systems of all kinds (including but not limited to water, sewer, electric, and natural gas), drainage (including but not limited to storm water and surface drainage), lake maintenance, and access. These easements shall be in addition to, and not in limitation of, any and all other easements reserved unto the Declarant herein. Declarant further reserves an easement of ingress and egress over and across all streets and roads of the Subdivision which such easements are and shall be for the purpose of ingress and egress to any property now owned or hereafter acquired by Declarant, its successors and assigns whether or not such property is made a part of the Subdivision and whether or not such property adjoins the Subdivision.

Section 9. Easements for Association. There is hereby reserved a general right and easement for the benefit of the Association, its Directors, officers, agents and employees, including but not limited to, any property manager employed by the Association and any employees of such manager, to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours, whenever practicable.

Section 10 Sales Offices, Rental Offices, Property Management Offices and Construction Offices. Notwithstanding any provisions or restrictions herein to the contrary, there is hereby reserved for the benefit of Declarant, its successors and assigns, the perpetual, alienable and transferable right and easement in and to the Subdivision for the maintenance of signs, sales offices, rental offices, property management offices and construction offices, together with such other facilities as in the sole opinion of Declarant reasonably may be required, convenient or incidental to the completion, management, rental, improvement and/or sale of Lots or Common Area. The Declarant also reserves the right to grant to any builder or builders the right to operate and maintain builder sales offices at any location within the subdivision upon such terms and conditions as the Declarant in the Declarant's sole discretion may determine.

Section 11. Maintenance Easement. Subject to the other terms of this Declaration, there is hereby reserved for the benefit of the Declarant, the Association and their respective agents, employees, successors and assigns an alienable, transferable and perpetual right and easement to enter upon any unimproved portions of any Lot for the purpose of landscaping, mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth and removing rubbish and trash, so as to maintain reasonable standards of health, fire safety and appearance within the Subdivision; provided that such easements shall not impose any duty or obligation upon the Declarant or the Association to perform any such actions. Furthermore, there is hereby reserved for the benefit of the Declarant, the Association and their

respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement, but not the obligation, to maintain and/or repair the outer portions of any building, if the Owner shall fail to maintain such building in keeping with the standards of the Subdivision. The cost of such maintenance and/or repair shall constitute a special assessment against the Lot on which the building is located and the Owner of said Lot as provided in Article VII herein.

Section 12. Road Construction Easement. Declarant reserves a temporary construction easement of twenty-five (25) feet in width along both sides and running parallel to streets and roads, which easements shall expire eighteen months after the particular road construction commences.

Section 13. Temporary Construction Easement. There is hereby reserved for the benefit of the Owners and their builders, a temporary construction easement over all Lots along an area 10 feet in width inside each side boundary line of each Lot for the purpose of installation, construction, maintenance, repair, and replacement of improvements on said Lot, together with an easement for ingress and egress.

Section 14. Declarant's Right to Use Common Area for Special Events. As long as Declarant, its successors or assigns, or any Affiliate of Declarant owns any property, including but not limited to Common Area, described in and shown in the recorded plats of Waterbridge, Declarant may use the Common Area to sponsor special events for charitable, philanthropic, or marketing purposes, subject to the following conditions:

- (a) the availability of the facilities at the time requested;
- (b) Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event; and
- (c) Declarant's right to use the Common Area for special events shall be enforceable by injunctions, by any other remedy in law or equity.

ARTICLE VIII.

Assessments for the Maintenance and Operation of Common Area and Facilities

Section 1. Assessments, Liens and Personal Obligations Therefor, and Operation Maintenance of Common Area Solely by the Association.

(a) Each and every Owner of any Lots(s) within the properties, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree, to pay to the Association: (1) annual assessments or charges; and, (2) Atlantica Beach Club dues assessment, and, (3) special assessments for capital improvements, and (4) individual assessments. Said assessments to be fixed, established and collected from time to time as hereinafter provided. The above described assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided shall be a charge on the land and shall be a continuing lien upon the Lots(s) against which each such

assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall also be the personal obligation of the Owner of such Lots(s) at the time when the assessment fell due. Notwithstanding anything in this Declaration to the contrary, it is hereby declared that through December 31, 2021, each Lot within the Subdivision shall be exempt, at Declarant's option, from the assessments herein provided for until such time as such Lot is conveyed by the Declarant to an Owner other than the Declarant. However, until such time as a Lot is conveyed by the Declarant to an Owner other than the Declarant, the Declarant shall be assessed and pay to the Association, in lieu of an assessment thereof, a sum equal to the actual amount of actual operating expenditures incurred by the Association for that portion of the calendar year less an amount equal to the total assessments made by the Association against Owners of Lots other than those owned by the Declarant. The actual operating expenditures for this purpose shall also include any reserve for replacements or operating reserves. Commencing January 1, 2022, the Declarant shall be subject to assessments for the Subdivision as provided for in this Declaration so that it will pay assessments on the same basis provided for in this Declaration for other Owners. Declarant may, however, at its option, elect to pay assessments on the same basis as other Owners at any time.

(b) Waterbridge is subject to the restrictions of the Carolina Forest Development Agreement recorded December 12, 1997 in the Office of the Register of Deeds for Horry County in Deed Book 1998 at Page 740 and the Intrastructure Maintenance Agreement for Carolina Forest by and between International Paper Realty Corporation and Carolina Forest Property Owners' Association, Inc. dated December 18, 1997. As a Vendee Member as defined in the Intrastructure Maintenance Agreement (IMA), Declarant hereby assigns its membership in the Carolina Forest Property Owners' Association to the Waterbridge Homeowners Association, Inc. (Association) together with all rights and responsibilities under the IMA, including the obligation to pay annual assessments and special assessments for capital improvements as set forth in the IMA. Such assessments, together with such interest thereon and costs of collection thereof shall be a charge on the land and shall be a continuing lien upon the Lot(s) of Waterbridge and shall be collected as part of the Association's annual assessment set out in paragraph (a) above. Such assessments shall also be the personal obligation of the Owner of such Lot(s) at the time when the assessment fell due.

(c) Except for that portion of the Assessment collected to comply with the IMA, the Assessment levied by the Association shall be used exclusively for the purpose of promoting the health, safety and welfare of Owners of Lots in the Subdivision, and in particular for the improvement and maintenance of the Common Area and, upon determination by the Board of Directors, improvements located outside of the Subdivision (including, without limitation, identification and/or directional signage [including landscaping] either exclusively or in cooperation with other association or parties) now or hereafter designated or existing, including, but not limited to, the payment of taxes and insurance thereon, and repair, replacement and additions thereof, the cost of labor, equipment, materials, management and supervision thereof, the employment of attorneys, accountants, property managers and other professionals to represent the Association when necessary and such other needs as may arise. In the event that Declarant performs any of the foregoing services for Association, including, but not limited to, accounting and bookkeeping services, it shall have the right to receive a reasonable fee therefore and such shall not be deemed to be a conflict of interest.

Section 2. Amount and Payment of Annual Assessment The initial annual assessment payable by each Owner shall be \$1795.00 per Lot per calendar year. Upon the closing of the initial sale of each Lot by Declarant, the purchaser of each Lot shall pay to the Association the annual assessment prorated for the current year. The annual assessment may be collected in annual, quarterly or monthly installments as determined by the Board of Directors. The annual assessment may be increased or decreased by the Board of Directors of the Association without a vote of the membership to an amount not more than a twenty (20%) percent difference in the annual assessment for the previous year. The majority vote of each class of voting members of the Association must approve an increase or decrease in the yearly assessment if the increase or decrease differs from the assessment for the previous year by more than twenty (20%) percent. In determining the annual assessment, the Board of Directors of the Association shall appropriate an amount sufficient to pay the costs of insuring, maintaining, replacing, protecting and operating the Common Area and performing the other exterior maintenance required to be performed by the Association under this Declaration including establishing and maintaining adequate reserves. The Board shall fix the date of commencement and the amount of the Assessment against each Lot for each Assessment period (which shall be based on a calendar year), and shall, at that time, prepare a roster of the Lots and Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent to every Owner subject thereto. In the event that any Lot is subject to an assessment for only part of a calendar year, then the amount of such assessment shall be prorated based on the portion of the assessment period for which such Lot is subject to an assessment.

In the event that two or more Lots are combined for the purpose of providing one building site, such Owner shall pay an assessment for each of the original lots as if they had not been combined. Where a Lot is subdivided to increase the size of two adjoining lots, annual assessments are applicable to the owner of each subdivided portion. The assessment on the subdivided portions for each Lot Owner is based on the percentage of acreage acquired from the subdivided Lot.

Each annual Assessment shall be fully payable in advance on the 1st day of January each year, but the Board of Directors of the Association shall have the option to permit payments in such installments and at such times as it shall determine. The exact amount of each annual Assessment shall be fixed by the Board of Directors of the Association.

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

This Section shall not be amended as provided in Article XVI, Section 11 of this Declaration, to eliminate or substantially impair the obligation to fix the assessment at an amount sufficient to properly maintain and operate the Common Area and perform the exterior maintenance required to be performed by the Association under this Declaration.

Section 3. Atlantica Beach Club Dues Assessment. In addition to the annual assessments, the Association shall collect the membership dues owed to the Beach Club under Article VI from each Lot Owner. The Atlantica Beach Club Dues Assessment may be collected in annual, semi-annual or quarterly payments as determined by the Board of Directors.

Section 4. Special Assessments for Insurance and Capital Improvements. In addition to the annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only, for the purpose of defraying unanticipated increases in insurance costs and for unexpected costs associated with the repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto. Provided that any such assessment shall have the assent of at least fifty-one (51%) percent of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. The due date of any specified assessment shall be fixed in the Resolution authorizing such assessment.

Section 5. Individual Assessment. The Association may levy an individual assessment upon any Owner to cover the costs incurred by the Association due to that Owner's failure to maintain their Lot and improvements pursuant to the standards set forth in this Declaration, or to reimburse the Association for any damage to any Common Property caused by any Owner or their tenant or invitee, or for any other purpose permitted by this Declaration or any Supplemental Declaration (the "Individual Assessments"). Individual Assessments shall be due and payable within thirty (30) days after written notice from the Association.

Section 6. Paid Professional Manager. The Board of Directors of the Association may employ a professional manager or managerial firm to supervise all the work, labor, services and material required in the operation and maintenance of the Common Area and in the discharge of the Association's duties.

Section 7. Effect of Non-Payment of Assessment. The Personal Obligation of the Owner: The Lien. Remedies of Association. If any assessment (or reimbursement under Article IV Section 2 of this Declaration) is not paid on the date when due, then such assessment shall be deemed delinquent and shall, together with such interest thereon and cost of collection thereof as are hereinafter provided, continue as a lien on the Lot(s), which shall bind such Lot(s) in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then Owner to pay such assessment or reimbursement, however, shall remain his personal obligation and will also pass on to his successor in title.

Any assessment not paid within thirty (30) days after the due date shall be subject to such late charges and shall bear interest at a rate per annum as shall be determined by the Board of Directors of the Association, with interest rate shall not exceed the highest rate of interest allowed by law. The initial late charge imposed for late payment of any assessment is \$25.00 and shall be charged as to any assessment that is not paid within 30 days of its due date. The initial interest rate for late payment is 18% per year (1.5% per month) which shall commence to accrue on any assessment or other account balance that is not paid within thirty (30) days of the

date due. The initial date upon which liens may be filed for failure to make payment of assessments and other charges is thirty (30) days after the due date. The Board of Directors may change the initial late charge, interest rate, due dates and lien assessment date by majority vote of the directors.

The Association may bring legal action against the then Owner personally obligated to pay the same or may enforce or foreclose the lien against the Lot(s) in the same manner as a mortgage is foreclosed; and in the event a judgment is obtained, such judgment shall include interest on the assessment or reimbursement as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. The Association may further file a notice of lien in the public records of Horry County, South Carolina. The Association, by and through its Board of Directors, shall have the authority to compromise and settle claims for assessments upon a majority vote upon good cause shown.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments (and reimbursement) provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon any Lot and held by a commercial or savings bank, trust company, credit union, industrial loan association, insurance company, pension fund, or business trust, including but not limited to a real estate investment trust, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such lender, or any private or governmental institution or agency which has insured the loan of any such lender, or any combination of any of the foregoing entities; provided, however, that a sale or transfer of any Lot pursuant to a decree of foreclosure or pursuant to any proceeding in lieu of foreclosure, shall not relieve such Lot from liability for any assessments which thereafter become due, nor form the lien of any subsequent assessment. Said assessment liens, however, shall be subordinate to the lien of any such mortgage or mortgages hereafter placed upon the Properties subject to assessment.

Section 9. Exempt Property. All Common Area subject to this Declaration shall be exempted from the assessments, charges and liens created herein.

ARTICLE IX.

Architectural Standards and Control

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

No construction, which term shall include, without limitation, staking, clearing, excavation, grading, and other site work, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements hereof have been fully met and until the approval of the Architectural Review Committee has been obtained.

Section 1. Architectural Review Committee . The Architectural Review Committee (ARC) shall have exclusive jurisdiction over all construction on any portion of the Properties, including but not limited to the authority to review and approve all proposed Site plans showing where improvements are to be erected. The ARC shall prepare and, on behalf of the Board of Directors, shall promulgate Design and Construction Guidelines (“Guidelines”) and Application and Review Procedures (“Procedures”). The Guidelines and Procedures shall be those of the Association, and the ARC shall have sole and full authority to prepare and to amend the Guidelines and Procedures. It shall make both available to Owners, builders, and developers who seek to engage in development of or construction upon all or any portion of the Subdivision and who shall conduct their operations strictly in accordance therewith. As long as Declarant owns any Lot(s) which are subject to this Declaration or retains the right to add additional phases, the Declarant retains the right to appoint all members of the ARC, which shall consist of at least three (3), but no more than five (5) persons. The members of the ARC do not have to be Owners. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board of Directors shall appoint the members of the ARC. The ARC shall also have exclusive jurisdiction over modifications, additions, or alterations made on or to existing Lots, Buffer Areas, open spaces and Common Areas. The right of approval herein reserved and granted shall include, without limitation, the right to designate or re-designate which Lot line shall be the "front" in the case where a Lot is bordered by more than one street.

The ARC shall promulgate detailed standards and procedures governing its area of responsibility and practice. In addition thereto, the following shall apply: Plans and specifications showing the nature, kind, shape, color, size, materials and location of such modifications, additions, or alterations shall be submitted in advance to the ARC for approval as to design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his/her Dwelling or to paint the interior any color desired. In the event the ARC fails to approve or to disapprove such plans or to request additional information reasonably required within forty-five (45) days after submission, the plans shall be deemed approved; provided, however, that no such failure to act shall be deemed an approval of any matters specifically prohibited by any other provision of this Declaration. Refusal or approval of plans, specifications, and plot plans or any of them may be based on any grounds, including purely aesthetic grounds, which, in the sole and uncontrolled discretion of the ARC, may deem sufficient. The approvals required pursuant to this Article shall be in writing and are in addition to any approvals required by other applicable governmental authority.

All reasonable costs incurred by the ARC in reviewing and approving applications to the ARC shall be the responsibility of the applicant. Unless specifically waived by the ARC, all applications and submissions must be accompanied by a review fee of \$500.00 or such other sum as is established by the ARC from time to time.

Actual construction of Dwellings and other improvements shall be the responsibility of the Owner of the Lot and the Owner’s builder. Any permission granted for construction under this

covenant and any designation of approved licensed contractors shall not constitute or be construed as an approval, warranty or guaranty, expressed or implied, by the Declarant or the ARC or its designated agent of the structural stability, design or quality of any building or other improvement or of the contractor who constructs such buildings or other improvements.

Section 2. Buildings, Fences, Walls, Etc. No building, fence, wall, deck, trellis, gazebo, or other structure, and no change in topography, landscaping, or any other item originally approved by the ARC, shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to or change be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and locations of the same shall have been submitted to and approved in writing as to the harmony of the external design and location in relation to the surrounding structures and topography by the ARC. Any change in exterior appearance of any building, wall, fence, or other structural improvements and any change in the appearance of the landscaping shall be deemed an alteration requiring approval.

Section 3. Compliance with Stormwater Management Acts. All construction within Waterbridge shall comply with The Stormwater Management and Sediment Reduction Act, South Carolina Code §§ 48-14-10 et. seq. and The Erosion and Sediment Reduction Act of 1983, South Carolina Code §§ 48-18-10 et. seq. as implemented by the Office of Coastal Resources Management and the Department of Health and Environmental Control.

Section 4. Declarant's right to exercise Architectural Review Authority. Notwithstanding the above sections, Declarant, in Declarant's sole judgment and discretion, reserves the right and option to exercise Architectural Review Authority without establishing an ARC, until such time as Declarant relinquishes Class B membership status.

Section 5. Construction Bonds.

(a) Contractor Performance Bond. Prior to commencement of work, builders will be required to post a Contractor Performance Bond with the ARC in the amount of \$1000.00 or such other sum as is established by the ARC from time to time to ensure that the contractor, during construction, keeps the property in a neat, clean, workmanlike manner and to ensure that the contractor completes improvements in accordance with the approved plans and specifications. Should the same not be done at the end of any business day or the end of construction, as appropriate, some or all of the bond may be used to bring the contractor into compliance with approved plans, and for any necessary site maintenance. Any portion of the Contractor Performance Bond remaining at the end of construction and issuance of the certificate of occupancy will be refunded to builder/contractor.

(b) Road Bond. Prior to commencement of construction, the Contractor shall submit a \$1,500.00 road bond or such other sum as is established by the ARC from time to time (\$500.00 of which is non-refundable and is considered an impact fee) to ensure that streets and curbs in front of subject lot are maintained throughout the construction process in the same good quality condition as they were in when construction began and to ensure the proper reseeding, and clean-up of right-of-ways and drainage swales for any damage by contractor and its agents. Any portion of the remaining \$1,000.00 road bond not applied to necessary repairs will be refunded at the end of construction.

Section 6. Variances. The ARC may authorize variances from compliance with any of the architectural provisions of this Declaration or the Architectural Review Guidelines, including without limitation restrictions upon height, size or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and must be signed by at least two (2) members of the ARC and shall be effective upon delivery to the Owner. If such variances are granted, no violation of this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or the Architectural Review Guidelines for any purpose except as to the particular Lot and improvements and the particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of the Owner's Lot, including but not limited to zoning ordinances and setback requirements imposed by Horry County and/or the Carolina Forest design standards ordinances. The Owner must provide written documentation to the ARC, as part of the variance application, evidence of approval from all applicable zoning agencies outside of the Waterbridge development prior to construction in order to complete the variance approval procedure with the ARC.

ARTICLE X.

Exterior Maintenance, Reasonable Access and Maintenance of Common Area

Section 1. Exterior Maintenance. The Owner shall maintain the structures and grounds on each Lot at all times in a neat and attractive manner. Upon the Owner's failure to do so, the Declarant, or the Association (after the termination of Class B membership status of Declarant) may, at its option, after giving the Owner ten (10) days written notice sent to his last known address, or to the address of the subject premises, have the grass, weeds, shrubs and vegetation cut when and as often as the same is necessary in its judgment, and have dead or diseased trees, shrubs, vegetation or dangerously leaning trees or limbs removed from such Lot, and replaced, and may have any portion of the Lot resodded or landscaped, all of which shall not be deemed a trespass, and all expenses of the Association under this provision shall be a lien and charge against the Lot on which the work is done and the personal obligation of the then Owner of such Lot. The Declarant or the Association, and its assigns, may likewise, after giving the owner 10 days written notice sent as aforesaid, enter upon such Lot(s) to remove any trash, debris or garbage which has collected on said Lot(s) without such entrance and removal being deemed a trespass, all at the expense of the owner of said Lot. Upon the Owner's failure to maintain the exterior of any structure in good repair and appearance, the Association may, at its option, after giving the Owner thirty (30) days written notice sent to the Owner's last known address, make repairs and improve the appearance in a reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an assessment against the Lot on which the work was performed, collectible in a lump sum secured by a lien against the Lot as herein provided.

Section 2. Access at Reasonable Hours. For the purpose of performing its function under this or any other Article of the Declaration and to make necessary surveys in connection therewith, the Association, by its duly authorized agent and employees, or the Declarant during the period of development, shall have the right to enter upon any Lot at reasonable hours, on any day except Sundays and holidays, with reasonable prior notice.

Waterbridge is a gated community exclusively marketed by Declarant and its assigns. Declarant hereby reserves the right to set the hours during which access gates along the roadways of Waterbridge will be accessible to general traffic. This right shall expire twenty four months after Declarant releases all Class "B" voting rights as outlined in Article V, Section 4 of this Declaration.

Section 3. Maintenance of Common Area. It shall be the responsibility of the Association to maintain the Common Areas. However, should the Declarant (prior to conveyance to the Association) or the Association (after the termination of the Class B status of Declarant), decide to transfer any portion or all of the areas designated or to become, by conveyance, Common Area to governmental authority, as they have the right to do, such duty to maintain same shall cease as to that portion so transferred.

Section 4. Removal of Obstructions, Debris, and Materials. The Association may remove any obstructions of any nature located within road right-of-ways or other Common Area (including trees, shrubs and mailboxes) which, in the opinion of the Association, either might produce a hazard or might interfere with the maintenance of the roads or other Common Areas.

ARTICLE XI Phased Development

Section 1. Initial Phase. The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Horry County, South Carolina, and is more particularly described on Exhibit "A" attached hereto and made a part and parcel hereof.

Section 2. Additional Phases. The Declarant may, at its option, from time to time bring other land under the provisions hereof by recording a Supplemental Declaration(s) stating its intention to so incorporate additional real estate. Declarant may incorporate such additional land under the provisions hereof in any number of additional phases as it may so desire and may, in its discretion, change the character or nature of such future phases, including but not limited to changing the architectural theme, building materials, elevations, and minimum square footage requirements for buildings. Such Supplemental Declaration(s) shall not require the vote or consent of the Association or any Owner. Any such Supplemental Declaration(s) shall be effective upon the filing thereof in the public records of Horry County, South Carolina. Such Supplemental Declaration shall describe the real property to be brought under the provisions hereof. Declarant may bring such additional real estate under the terms hereof either in whole or in part and may do so in multiple phases. Upon the Declarant's election to incorporate additional real estate hereunder, all of such real estate so incorporated shall be as fully covered hereby as if a part of the original Subdivision. All property so incorporated shall be subject to all the

declarations, covenants, easements, liens, restrictions and duties as herein contained, together with such additional restrictions and obligations as Declarant may impose on the land being submitted to the provisions of this Declaration by such Supplemental Declaration(s). Declarant shall have the unilateral right to transfer to any other person or entity the said right to submit additional property to the provisions of this Declaration. Declarant shall have no obligation to develop any land adjoining the Subdivision in accordance with this Declaration and may develop same in any manner it may desire and further, Declarant, in the event that it should decide to develop any additional land located adjacent to the Subdivision, in its sole discretion, shall have no obligation to make same a part of the Subdivision or subject to this Declaration. THE DECLARANT SHALL BE UNDER NO OBLIGATION TO DEVELOP ADDITIONAL PHASES AND NONE OF THE REMAINING PORTION OF THE PROPERTY DESCRIBED HEREIN SHALL BE DEEMED A PART OF ANY SCHEME OF DEVELOPMENT UNTIL ACTUALLY BROUGHT UNDER THESE RESTRICTIONS AS HEREIN PROVIDED. THE RIGHT TO ADD FUTURE PHASES SHALL TERMINATE 15 YEARS FOLLOWING THE DATE OF THIS DECLARATION.

Section 3. Reservation of Additional Easements and Rights. Declarant reserves for itself and its successors and assigns as developer (and all conveyances by Declarant to Association of Common Area shall be deemed to automatically reserve) easements over, under and across all Common Area 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; said easements to be in addition to and not in lieu of any other rights or easements reserved by Declarant herein or in any supplement hereto or any other conveyance by or to Declarant or its predecessors in title.

Section 4. Extension of Roads. Declarant shall have the right, but shall have no obligation, to extend any street or road now or hereafter within the Subdivision, without seeking the approval of Association or any other party, for the purpose of serving additional phases of the Subdivision and/or for serving other parcels of property not included within the Subdivision.

Section 5. Voting Rights. As each phase, if any, is added to the Subdivision, the Lots comprising such additional phase shall be counted for the purpose of voting rights.

Section 6. Identification of Additional Phases. Nothing in this Declaration shall prohibit Declarant from naming or identifying any Phase or portions thereof by a name other than Waterbridge and any such other designation shall in no way prejudice the rights or obligations under this Declaration of any Owner of any Lot in any such section or Phase.

ARTICLE XII

Right of Repurchase by Declarant

Repurchases. When any Lot within Waterbridge is offered for sale by an Owner or successors in title to the Owner, the Declarant shall have the option to purchase such Lot at the price and on the terms of any bona fide offer for such Lot made in writing to the Owner at such time and submitted to the Declarant for verification. The Declarant shall have ten (10) days after

presentation of such offer to the Declarant to exercise this purchase option. If the Declarant declines to exercise this option, it shall execute a Waiver of Repurchase Option, said Waiver to be an instrument prepared by the Declarant, its successors or assigns, which shall also be executed by the prospective purchaser and be in recordable form. Should, however, such sale to a third party not be consummated within six (6) months of the date of offer transmitted to the Declarant, the terms and limitations of this Section shall again be imposed upon any sale by the Owner. If the Declarant shall elect to purchase such Lot, the transactions shall be consummated within thirty (30) days following delivery of notice by Declarant to the Owner of its decision to purchase, time being of the essence.

Notwithstanding the foregoing, the repurchase right will be subordinate to the rights of any holder of a first mortgage on a Lot within Waterbridge.

Sales or transfers by a Lot Owner to a relative or to an entity in which the Lot Owner owns a majority in interest shall be exempt from repurchase by Declarant. The right of repurchase shall, however, apply to all subsequent transfers or sales to third party purchasers for value.

ARTICLE XIII

Rights of Mortgagees

Rights of Mortgagees or Third Parties. Should a mortgagee or third party acquire the rights of Declarant, by way of foreclosure or otherwise in adjoining or neighboring property contained within the property contiguous to the property subject to this declaration, as same may exist from time to time, it shall be allowed full use of all rights, easements, rights-of-way and utilities contained within the Subdivision for the purpose of serving such adjoining or neighboring areas. These rights shall also inure to the benefit of Declarant should it retain or be the Owner of any portion of said property. Any of such parties may elect to bring additional phases under this Declaration.

ARTICLE XIV

Insurance and Casualty Losses

Section 1. Insurance. Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Areas. If blanket all-risk coverage is not reasonably available, then, at a minimum, an insurance policy providing fire and extended coverage shall be obtained. This insurance shall be in an amount sufficient to cover one hundred (100%) percent of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

The Board shall also obtain a public liability policy covering the Common Areas, Association, and its Members for all damage or injury caused by the negligence of Association or any of its Members or agents. The public liability policy shall have at least a One Million and

No/100 (\$1,000,000.00) Dollar single limit as respects bodily injury and property damage, a Two Million and No/100 (\$2,000,000.00) Dollar aggregate limit.

Premiums for all insurance required under this Section shall be common expenses of the Association. This policy may contain a reasonable deductible and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be a common expense of Association.

Cost of insurance coverage obtained by Association for the Common Area shall be included in the assessment.

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

- (a) All policies shall be written with a company licensed to do business in South Carolina which holds a Best's rating of A or better as is assigned a financial size category of XI or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating;
- (b) All policies on the Common Area shall be for the benefit of Association and Declarant shall be named as additional insured;
- (c) Exclusive authority to adjust losses under policies in force on the Common Areas obtained by Association shall be vested in Association's Board of Directors;
- (d) In no event shall the insurance coverage obtained and maintained by Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners; and
- (e) Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:
 - (i) a waiver of subrogation by the insurer as to any claims against Association's Board of Directors, its manager, and Owners and their respective tenants, servants, agents, and guests;
 - (ii) that no policy may be canceled, invalidated, or suspended on account of the conduct of any director, officer, or employee of Association or its duly authorized manager without prior demand in writing delivered to Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by Association, its manager, its Owner, or mortgage;
 - (iii) that any "other insurance" clause in any policy exclude individual Owner's policies from consideration; and

- (iv) that no policy may be canceled or substantially modified without at least ten (10) days' prior written notice to Association.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. However, no fidelity bond shall be required as long as the Class B Member exists. The amount of fidelity coverage shall be determined in the Directors' best business judgment but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

The Association may purchase officers' and directors' liability insurance, if reasonably available, and the Board of Directors of Association approves the purchase of same. However, every director and every officer of the Property Owners Association shall be indemnified by Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a party, or in which he/she may be become involved by reason of his/her being or having been a director or officer of Association, whether or not he/she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interest of Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

Section 2. Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

- (a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Areas or, in the event no repair or reconstruction is made, shall be retained by and for the benefit of Association and placed in a capital improvements account.
- (b) If it is determined, as provided in Section 4 of this Article, that the damage or destruction to the Common Areas for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in Subsection (a) above. However, repair or replacement of the affected Common Areas must be made unless prevented by law or governmental rule or regulation.

Section 3. Damage and Destruction.

- (a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Common Areas. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Common Areas to substantially the same condition in which they existed prior to the fire or other casualty.
- (b) Any damage or destruction to the Common Areas shall be repaired or reconstructed unless the Voting Members representing at least seventy-five (75%) percent of the total vote of the Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No mortgagee shall have the right to participate in the determination of whether the Common Areas damaged or destroyed shall be repaired or reconstructed.
- (c) In the event that it should be determined in the manner described above that the damage and destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then, and in that event, the affected portion of the Common Area shall be restored to their natural state and maintained by Association in a neat and attractive condition.

Section 4. Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of Lots owned; provided, if the damage or destruction involves a Lot(s), only Owners of the affected Lot(s) shall be subject to such assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE XV

Dispute Resolution and Limitation on Litigation

Section 1 Agreement to Avoid Litigation. The Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Subdivision, without the emotional and financial costs of litigation. Accordingly, each

Bound Party covenants and agrees that those claims, grievances or disputes described in Section 2 below (“Claims”) shall be resolved using the procedures set forth in Section 3 below in lieu of filing suit in any court.

Section 2. Claims Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Section 3 below.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 3 below:

- a. any suit by the Association against any Bound Party to enforce the provisions of Article VIII (Assessments for the Maintenance and Operation of Common Area and Facilities);
- b. any suit by the Association to obtain a temporary restraining order, or other mandatory or prohibitive equitable relief, and such other ancillary relief as permitted to enforce the provisions of Article II (Uses of Property) or IX (Architectural Standards and Control);
- c. Any suit by an Owner to challenge the actions of the Declarant, the Association, the ARC, or any other committee with respect to the approval or disapproval of plans and specifications in accordance with Article IX;
- d. Any suit by an Owner to challenge the enforcement or application of specific use restrictions promulgated in accordance with the procedures set forth in Article II;
- e. Any suit in which any indispensable party is not a Bound Party; and
- f. Any suit which otherwise would be barred by any applicable statute of limitations.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 3 below.

Section 3. Mandatory Procedures.

- a. Notice. Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”) (collectively the “Parties”) shall notify each Respondent in writing (the “Notice”), stating plainly and concisely:
 1. the nature of the Claim, including the Persons involved and Respondent’s role in the Claim;

2. the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
3. Claimant's proposed remedy; and
4. that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

b. Negotiation and Mediation.

1. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation.
2. If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of any Horry County, South Carolina dispute resolution center or such other independent agency providing similar services upon which the Parties mutually agree.
3. If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided however, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.
4. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.
5. Within five days after the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer,

Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.

c. Final and Binding Arbitration.

1. If the Parties do not agree in writing to a settlement of the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration of the American Arbitration Association or such rules as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided however, nothing herein shall release or discharge Respondent from any liability to Persons other than the Claimant.
2. This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of South Carolina. The arbitration award (the “Award”) shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of South Carolina.

Section 4. Allocation of Costs of Resolving Claims.

- a. Subject to Section 4(b), each Party shall bear its own costs, including any attorney’s fees incurred, and each Party shall secure equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding (“Post Mediation Costs”).
- b. Any Award which is equal to or more favorable to Claimant than Claimant’s Settlement Demand shall add Claimant’s Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent’s Settlement Offer shall award to such Respondent its Post Mediation Costs.

Section 5. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance with Section 3(b) and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party, thereafter fails to comply with the Award, then the other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in Section 3. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the non-complying Party (or if more than one non-complying Party, from all the Parties pro rata) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney’s fees and court costs.

Section 6. Litigation. No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by Members of the Association entitled to vote at a regular or special meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving the proceeding. This Section will not apply, however, to actions brought by the Association to enforce the provisions of this Declaration (including, without limitations, the foreclosure of liens); the imposition and collection of Assessments; proceedings involving challenges to ad valorem taxation; counterclaims brought by the Association in proceedings instituted against it; or actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members of the Association, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Article XV, if applicable.

Section 7. Miscellaneous Alternative Dispute Resolution Provisions.

- a. Conflicting Provisions. Any conflict or discrepancy between the terms and conditions set forth in this Article XV and any term, condition or procedure of the American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, procedures and remedies set forth herein will control.
- b. TIME IS OF THE ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this Article XV will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

ARTICLE XVI

General Provisions

Section 1. Time of Essence. It is agreed that time is of the essence with regard to these restrictions, protective covenants, limitations, and conditions.

Section 2. Enforcement. Subject to the provisions of Article XV hereof, in the event of a violation or breach of any of these restrictions by any Owner or agent, or agent of such Owner, Owners of Lots in the subdivision, or any of them, jointly or severally, Declarant, and/or Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any such event or to recover damages. In addition to the foregoing, Declarant, its successors and assigns, shall have the right, but shall be under no obligation, whenever there shall have been built on any Lot in the subdivision any structure which is in violation of these restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of Owner if, after thirty (30) days written notice of such violation, it shall not have been corrected by Owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservation, restriction, or condition contained in this Declaration, however, long continued, shall not be deemed a waiver of the rights to do so hereafter as to the same breach or as to a breach

occurring prior or subsequent thereto and shall not bar or affect its enforcement. Should Declarant or Association employ counsel to enforce any of the foregoing covenants, condition, reservations, or restrictions because of a breach of the same, all costs incurred in such enforcement, including a reasonable fee for Declarant/Association's counsel, shall be paid by Owner of such Lot or Lots in breach thereof. Any amount assessed hereunder shall constitute a lien on such Lot and shall be enforceable as herein provided. Failure of Declarant, Association, or any Owner to enforce any covenant or restriction contained herein shall not be deemed a waiver of the right to do so thereafter. In addition, the Board of Directors shall have the authority to enforce the Covenants and Restrictions, including reasonable rules and regulations as outlined in the By-Laws.

Section 3. Fines. In addition to all other remedies, in the sole discretion of the Board of Directors of the Association, a reasonable fine or fines may be imposed upon an Owner for failure of an Owner, his family, guests, invitees, Lessees or employees to comply with any covenant, restriction, rule or regulation, provided notice and hearing procedures set out in Article III, Section 23 of the By-laws are followed. Once imposed, fines shall be treated as an assessment subject to the provisions for the collection of assessments as set forth in Article VIII, Section 6 of this Declaration.

Section 4. Responsibility of Declarant. Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In addition, nothing contained in this Declaration shall be deemed to be a representation by Declarant with regard to the requirements of any governmental authority and it shall be the duty of each Owner to comply with any such requirements in addition to the provisions of this Declaration.

Section 5. Rule Against Perpetuities. In the event that any of the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then, in the event, such term shall be reduced to a period of time which shall not violate the rule against perpetuities or any other law of the State of South Carolina, and such provision shall be fully effective for said reduced period of time.

Section 6. Binding Effect. All covenants, conditions, limitations, restrictions, easements, and affirmative obligations set forth in this Declaration shall be binding on the Owners of the Lot(s) and their respective heirs, successors, and assigns, and run with the land. All rights, easements and agreements reserved by or granted to Declarant herein shall inure to the benefit of Declarant, its successors and assigns including, without limitation, the right to develop and submit additional phases. Declarant reserves the right in addition to all other rights of Declarant, to assign its rights of consent and approval as set out in this Declaration and any amendment hereto or supplement thereof, to the Association, or any assignee of Declarant's development rights. At such time as Declarant, its successors and assigns no longer owns any Lots or property in the Subdivision, any right of approval reserved to Declarant by this Declaration shall be exercised by the Association.

Section 7. The Project. The term "Waterbridge", "Project", "Properties" or any synonymous term shall be deemed to mean the Lots designated as Lots 1 through 593 on the recorded plat of the Project, together with any common areas designated as such. No areas lying outside of these Lots, designated areas and streets shall be considered a part of the Project unless and until such area has been submitted to the terms and provisions of this Declaration in accordance with the terms hereof.

Section 8. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by Declarant, Association, or Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors, and assigns. The covenants and restrictions of this Declaration may be terminated only by agreement of Owners to which at least ninety percent (90%) of the votes in the Association are allocated.

Section 9. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner of the records of Association at the time of such mailing.

Section 10. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 11. Amendment. These covenants, restrictions, easements, charges, and liens of this Declaration may be amended, changed, added to, derogated, or deleted at any time and from time to time upon the execution and recordation of any instrument executed by Owners holding not less than two-thirds (2/3) vote of the membership in Association, provided, that so long as the Declarant is the Owner of any Lot affected by this Declaration, the Declarant's consent must be obtained. Further, the provisions for voting of Class A and Class B Members as hereinabove contained in this Declaration shall also be effective in voting for changes in this Declaration.

Section 12. Amendment Prior to First Conveyance by Declarant. At any time prior to the closing of the first conveyance of a Lot by Declarant, the Declarant, and any mortgage holder, if any, may amend this Declaration by mutual consent. The closing of the first sale shall mean transfer of title and delivery of a deed and not execution of a contract of sale or a like document.

Section 13. Assignment of Declarant Rights. Declarant reserves the right to assign its rights to a successor or assign who also assumes Declarant's responsibilities.

Section 14. Effective Date. This Declaration shall become effective upon its recordation in the Office of the Register of Deeds for Horry County, South Carolina.

Section 15. Plat. Reference to Exhibit A, "plat", "map" or other term synonymous therewith shall mean and include Exhibit A as recorded herewith and all subsequent revisions

EXHIBIT "A"

ALL AND SINGULAR that certain pieces, parcels or lots of land, situate, lying and being in Horry County, South Carolina, being shown and described as Lots 1 through 593 on "Final Plat of Waterbridge, Phase I, Conway Township, Horry County, South Carolina" prepared for South Carolina Coastal Development I, Inc., by DDC Engineers, Inc., dated June 9, 2006, last revised July 19, 2006, and recorded July 28, 2006 in the Office of the Register of Deeds for Horry County in Plat Book 215 at pages 230 and 230a through 230k (12 Sheets), which plat is incorporated herein and made a part hereof by reference.

TOGETHER WITH the streets shown as: Waterbridge Boulevard, Fiddlehead Way, Starlit Way, Seabury Lane, Summer Rose Lane, Blue Indigo Lane, Hydrangea Drive, Cottage Shell Drive, Sourgrass Lane, Yellow Morel Way, Sweet Olive Lane, Silkgrass Lane, Catbird Circle, Lavender Lane, Painted Trillium Court, Rachel Carson Parkway, Clematis Court, Moss Bridge Lane, Singing Rose Drive, Plumgrass Trace and Summersweet Lane; open areas shown as: Open Space #1, Open Space #2, Open Space #3, Open Space #4, Open Space #5, Open Space #6, Open Space #7, Open Space #8, Open Space #9, Open Space #10, Open Space #11, and area shown as Amenity Area on the above described plat.

EXHIBIT "B"

Setback Lines (Lots 1 – 593 inclusive)

Side yards: Ten (10') feet.

Front yards: Twenty (20') feet.

Rear yards: Fifteen (15') feet

Corner side: Fifteen (15') feet.

NOTE: Additional easements depicted on plat of record apply.

STATE OF SOUTH CAROLINA
SECRETARY OF STATE
NONPROFIT CORPORATION
ARTICLES OF INCORPORATION

JUL 11 2006

TYPE OR PRINT CLEARLY IN BLACK INK


SECRETARY OF STATE OF SOUTH CAROLINA

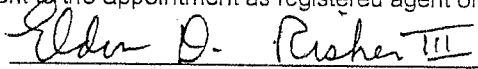
Pursuant to Section 33-31-202 of the South Carolina Code of Laws, as amended, the undersigned corporation submits the following information:

1. The name of the nonprofit corporation is Waterbridge Homeowners Association, Inc.
2. The initial registered office of the nonprofit corporation is 2024 Corporate Centre Dr., Suite 206

<u>Myrtle Beach</u>	<u>Horry</u>	<u>Street Address</u> <u>South Carolina</u>	<u>29577</u>
City	County	State	Zip Code

The name of the registered agent of the nonprofit corporation at that office is
Eldon D. Risher, III
Print Name

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


Agent's Signature

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
10800 Sikes Place, Suite 250, Charlotte, NC 28277

<u>10800 Sikes Place, Suite 250</u>	<u>Charlotte</u>	<u>NC</u>	<u>28277</u>
Street Address	City	State	Zip Code

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

Exhibit "C"

060712-0019
FILED: 07/11/2006
WATERBRIDGE HOMEOWNERS ASSOCIATION, INC.
Filing Fee: \$25.00 ORIG

Mark Hammond
South Carolina Secretary of State

exclusively for such purposes.

- 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 33-31-202(c) of the 1976 South Carolina Code of Laws, as amended, the applicable comments thereto, and the instructions to this form)

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

Eldon D. Risher, III, 2024 Corporate Centre Drive, Suite 206, Myrtle Beach, SC 29577

Name	Address	Zip Code

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

11. Each incorporator must sign the articles.

Eldon D. Risher III
Signature of incorporator

Signature of incorporator

Signature of incorporator

FILING INSTRUCTIONS

1. Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed.
2. If space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form, or prepare this using a computer disk, which will allow for expansion of space on the form.
3. This form must be accompanied by the filing fee of \$25.00 payable to the "Secretary of State."

Return to: Secretary of State
P.O. Box 11350
Columbia, SC 29211
4. If this organization is a Political Association it must also be accompanied by the First Annual Report of Corporations and an additional \$25.00 fee is required.

NOTE

THE FILING OF THIS DOCUMENT DOES NOT, IN AND OF ITSELF, PROVIDE AN EXCLUSIVE RIGHT TO USE THIS CORPORATE NAME ON OR IN CONNECTION WITH ANY PRODUCT OR SERVICE. USE OF A NAME AS A TRADEMARK OR SERVICE MARK WILL REQUIRE FURTHER CLEARANCE AND REGISTRATION AND BE AFFECTED BY PRIOR USE OF THE MARK. FOR MORE INFORMATION, CONTACT THE TRADEMARKS DIVISION OF THE SECRETARY OF STATE'S OFFICE AT (803) 734-1728.

BY-LAWS
OF
WATERBRIDGE HOMEOWNERS ASSOCIATION, INC.

Article I
Name, Principal Office and Definitions

Section 1. Name. The name of the Association shall be Waterbridge Homeowners Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of South Carolina shall be located in the County of Horry. The Association may have such other offices, either within or without the State of South Carolina as the Board of Directors may determine or as the affairs of the Association may require.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in that Declaration of Protective Covenants, Restrictions, Easements, Charges and Liens for Waterbridge (as amended, renewed or extended from time to time, and hereinafter sometimes referred to as the "Declaration"), unless the context shall prohibit.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have two (2) classes of membership, Class "A" and Class "B", as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Voting Members as may be designated by the Board of Directors either within the Properties or as convenient thereto as possible and practical.

Section 3. Annual Meetings. The first meeting of the Voting Members, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The next annual meeting shall be set by the Board so as to occur no more than ninety (90) days and no less than sixty (60) days before the close of the Association's fiscal year. Subsequent regular annual meetings of the Voting Members shall be held within thirty (30) days of the same day of the same month of each year thereafter at an hour set by the Board. Subject to the foregoing, the annual meeting shall be held at a date and time as set by the Board of Directors.

Exhibit "D"

Section 4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Voting Members who represent at least five (5%) percent of the total membership of the Association. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Voting Members shall be delivered either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than ten (10) nor more than thirty (30) days before the date of such meeting, by or at the direction of the President or the Secretary of the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member or alternate shall be deemed waiver by such Voting Member of notice of the time, date and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. The required quorum at the reconvened meeting shall be one-half of the required quorum at the preceding meeting.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration and Articles of Incorporation, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. Voting Members may vote in person or by proxy.

Section 10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners or other group as the context may indicate totaling more than fifty (50%) percent of the total number.

Section 11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by alternate of the Voting Members representing fifty-one (51%) percent of the total vote of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein. So long as a quorum is present at the opening of the meeting, business may be transacted until adjournment notwithstanding the withdrawal of enough Voting Members to leave less than a quorum in attendance. Further, at any adjourned meeting at which a quorum is present at the reconvening of such meeting, any business may be transacted at the original meeting and notwithstanding the withdrawal of enough Voting Members to leave less than a quorum.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Voting Members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the Voting Members.

Article III
Board of Directors
Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body: Composition. The affairs of the Association shall be governed by a Board of Directors as defined in the Declaration. Each Director shall have one (1) vote. Except as provided in Section 2 of this Article, the Directors shall be Members. In the case of an Owner which is a corporation or partnership, the person designated in writing to the secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Directors During Class "B" Control. The Directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(i) Four months after the conveyance by Declarant of all Lots in Waterbridge PDD, including any undeveloped acreage in the PDD sold and conveyed by the Declarant to unrelated third parties; or

(ii) Fifteen (15) years from date of recordation of this Declaration; or

(iii) when, in its discretion, the Class "B" member so determines and executes and records an instrument forfeiting its Class "B" Membership.

Within thirty (30) days of one of the foregoing events, the Class "B" member shall call a meeting, as provided in Article II, Section 4, of these By-Laws for special meetings, to advise the membership of the termination, of the Class "B" member's control or, in the alternative, shall notify each member by U.S. Mail that the Class "B" Membership has terminated.

The Directors selected by the Class "B" member pursuant to this Section need not be Members as provided in Section 1 of this Article.

Section 3. Veto. This Section 3 may not be amended without the express, written consent of the Class "B" member, as long as the Class "B" membership exists.

So long as the Class "B" membership exists, the Class "B" member shall have a veto power over all actions of the Board and any committee, as is more fully provided in this Section. This veto power shall be exercisable only by the Class "B" member, its successors, and assigns who specifically take this power in a recorded instrument. The veto power shall be as follows:

No action authorized by the Board of Directors or any committee shall become effective, nor shall any action, policy, or program be implemented until and unless:

(a) The Class "B" member shall have been given written notice of all meetings and proposed actions approved at meetings of the Board or any committee by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies as to the Board of Directors meetings with this Article III, Sections 10 and 11, of these By-Laws as to regular and special meetings of the Directors and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board, any committee, or the Association. The Class "B" member and its representatives or agents shall make its concerns, thoughts, and suggestions known to the members of the subject committee and/or the Board. The Class "B" member shall have and is hereby granted a veto power over any such action, policy, or program authorized by any committee or Board or the Association or any individual member of the Association if Board, Committee, or Association approval is necessary for said action. This veto may be exercised by the Class "B" member, its representatives, or agents at any time within ten (10) days following the meeting held pursuant to the terms and provisions hereof. Any veto shall not extend to the requiring of any action

or counteraction on behalf of any committee, or the Board or the Association.

Section 4. Number of Directors. The number of Directors in the Association shall not be less than three (3) nor more than seven (7), as provided below. The initial Board shall consist of three (3) members as identified in the Articles of Incorporation. Except during the period of Class "B" control as provided in Section 2 of this Article, directors shall be elected from and shall represent the Voting Members.

Section 5. Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Voting Members to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 6. Election and Term of Office. At the first annual meeting of the membership after the termination of the Class "B" Control and at each annual meeting of the membership thereafter, directors shall be elected by the Voting Members. Directors shall be elected to serve staggered terms as follows: One (1) director shall be elected to serve for a term of three (3) years; One (1) director shall be elected to serve for a term of two (2) years; and One (1) director shall be elected to serve for a one (1) year term. If additional directors should be added, they will be elected for such term as the Voting Members shall select. Members of the Board of Directors shall hold office until their respective successors shall have been elected to serve any number of consecutive terms.

Section 7. Removal of Directors and Vacancies. Except with respect to directors selected by the Class "B" Member, Directors may be removed, with or without cause, by a majority vote of the Voting Members. Any director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected to fill the vacancy by the Voting Members responsible for such removal.

Any director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board and it may appoint a successor. Any director appointed by the Board shall serve for the remainder of the term such successor was appointed to fill.

Section 8. Voting Procedure for Directors. At any election of directors to the Board of Directors, each Voting Member may cast, in respect to each vacancy, as many votes as he or she is

entitled to exercise under Article IV of the Declaration. The candidates receiving the largest number of votes shall be elected.

B. Meetings.

Section 9. Organizational Meetings. The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the time and place of the meeting shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by a majority of directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid, (c) by telephone communication, either directly to the director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given by use of the director's telephone number and shall be sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered, telephoned, or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such a meeting may

adjourn the meeting until such time and place as they may determine. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Members holding a majority of the total vote of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 15. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. Subject to the provisions of Section 17 of this Article, all meetings of the Board shall be open to all Voting Members, but Voting Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Voting member may speak.

Section 17. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Voting Members or the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these By-Laws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and shall be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the Common Expenses shall be payable in equal monthly installments, or as determined by the Board of Directors;

(c) providing for the operation, care, upkeep, and maintenance of all of the Common Areas or other areas for which the Association has maintenance responsibility;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area or other areas from which the Association has maintenance responsibility, in accordance with the other provisions of the Declaration and these By-Laws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, including the imposition of reasonable fines and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its members and not chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Owners and mortgagees, their duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set

and announced by the Board of Directors for the general knowledge of the owners. All books and records shall be kept in accordance with generally accepted accounting principles;

(m) making available to any prospective purchaser of a Lot, any Owner of a Lot, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules governing the Lot, and all other books, records, and financial statements of the Association; and

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties.

Section 19. Management Agent.

(a) The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these By-Laws, other than the powers set forth in subparagraphs (a), (b), (f), (g), and (i) of Section 18 of this Article. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

(b) No management contract may have a term in excess of two (2) years.

Section 20. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls shall conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods and services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; unless it benefits the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the month in which the first Lot is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding

period on an accrual basis;

(ii) a variance report reflecting the status of all Association ledger accounts in an "actual" versus "approved" budget format;

(iii) a balance sheet as of the last day of the preceding period; and

(iv) a delinquency report listing all Owners who are delinquent in paying the assessments at the time of the report and describing the status of any action to collect such installments which remain delinquent (A monthly installment of the assessment shall be considered to be delinquent on the fifteenth (15th) day of each month unless otherwise determined by the Board of Directors) and

(g) an annual report as of the end of the fiscal year consisting of at least the following shall be distributed to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall be prepared on an audited, reviewed, or unaudited basis, as determined by the Board, by an independent certified public accountant for any fiscal year in which the gross income of the Association exceeds Fifty Thousand and No/100 (\$50,000.00) Dollars. If said report is not prepared by an independent certified public accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

Section 21. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair and restoration of the Common Areas without the approval of the membership; provided, however, the Board shall obtain Voting Member approval in the same manner provided in Article VIII, Section 4, of the Declaration for special assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed five (5%) percent of the budgeted gross expenses of the Association for that fiscal year.

Section 22. Rights of the Association. With respect to the Common Areas, and in accordance with the Articles of Incorporation and By-Laws of the Association, the Association shall have the right to contract with any Person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or neighborhood and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of two-thirds (2/3) of all Directors of the Association.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) executed during the period of Class "B" control unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

Notwithstanding anything to the contrary contained herein, the Association, through its Board of Directors, shall have the right to enter into a declaration of easement and covenant to share costs or similar arrangement whereby the Association assumes maintenance responsibility for property which it does not own, or grants easements to entities which are not Members, in consideration for payment by the owner of such property or such nonmembers of all or a portion of the costs associated with such maintenance or use.

Section 23. Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations adopted hereunder; provided, however, nothing herein shall authorize the Association or the Board of Directors to limit ingress and egress to or from a Lot. In the event that any occupant of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, except the suspension of voting rights for nonpayment of assessments, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee, if any, or Board of Directors for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested in a timely manner, the hearing shall be held in executive session affording the Owner a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association, by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

ARTICLE IV Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

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

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

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

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

Section 6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE V
Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and conduct all hearings held pursuant to Article III, Section 23 of these By-Laws.

ARTICLE VI
Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rule of Order (current edition) shall govern the conduct of Association Proceedings when not in conflict with South Carolina law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of South Carolina law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of South Carolina law, the Declaration, the Articles of Incorporation and the By-Laws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration and By-Laws, membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Mortgagee, Member of the Association, or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(b) Rules for inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member or Voting Member; or

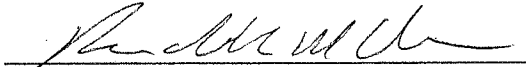
(b) if to the Association, the Board of Directors, or the managing agent, at the Principal Office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Prior to the conveyance of the first Lot, Declarant may unilaterally amend these By-Laws. After such conveyance, the Declarant may unilaterally amend these By-Laws so long as it still owns property described in Exhibit "A" to the Declaration for development as part of the Properties and so long as the amendment has no material adverse effect upon any right of any Member. Thereafter and otherwise, these By-Laws may be amended only by the affirmative vote (in person or by alternate) or written consent of Voting Members representing seventy-five (75%) percent of the total votes of the Association, including seventy-five (75%) percent of the votes of Members other than the Declarant. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. No amendment shall be effective until recorded in the public records of Horry County, South Carolina.

[Signatures on following page]

IN WITNESS WHEREOF, the undersigned Waterbridge Homeowners Association, Inc. has caused this instrument to be executed this 11th day of July 2006.

WATERBRIDGE HOMEOWNERS
ASSOCIATION, INC. (Seal)

By: 
Randolph M. Allen, President

**UNANIMOUS CONSENT OF THE
BOARD OF DIRECTORS OF
WATERBRIDGE HOMEOWNERS ASSOCIATION, INC.
IN LIEU OF ORGANIZATIONAL MEETING**

The undersigned, being all of the members of the Initial Board of Directors of Waterbridge Homeowners Association, Inc., a South Carolina nonprofit corporation (the "Corporation"), do hereby unanimously consent and agree to the following resolutions, being corporate action to be hereafter taken:

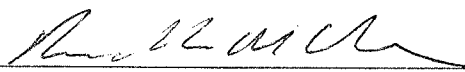
RESOLVED, that the Certificate of Incorporation of the Corporation heretofore issued by the Secretary of State of South Carolina be and hereby is approved and adopted, and the Secretary of the Corporation is directed to file the Certificate of Incorporation in the Minute Book of the Corporation.

RESOLVED, that the By-Laws and the forms attached to this Consent be and hereby are approved and adopted as the By-Laws of the Corporation, and the Secretary of the Corporation is directed to file the By-Laws in the Minute Book of the Corporation; and

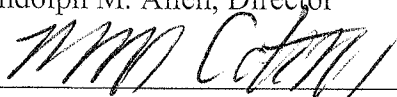
FURTHER RESOLVED, that the persons named below be and hereby are elected to serve as officers of the Corporation in the capacities indicated opposite their respective names, such officers to serve until their successors are elected and qualify or otherwise as provided in the By-Laws.

<u>NAME</u>	<u>OFFICE</u>
Randolph M. Allen	President
Brian Cotner	Vice President
Amon McCormack	Secretary
Amon McCormack	Treasurer

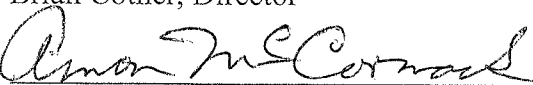
WITNESS the following signatures this 31st day of July, 2006.



Randolph M. Allen, Director



Brian Cotner, Director



Amon McCormack, Director