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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE FARM AT CAROLINA FOREST

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BALLERY V. SKIPPER
REGISTRAR OF DEEDS

THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION
IN ACCORDANCE WITH SECTIONS 15-48-10, ET SEQ. SC CODE OF LAWS (1976,
AS AMENDED)

DEED
2697 0128

Willcox Buyck & Williams, P.A.
1661 Glenss Bay Road
Surfside Beach, SC 29575

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE FARM AT CAROLINA FOREST**

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION IN ACCORDANCE WITH SECTIONS
15-48-10, ET SEQ., S.C. CODE OF LAWS (1976, AS AMENDED)**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 12 day of February, 2004, by D.R. Horton, Inc., a Delaware Corporation with an address of P.O. Box 2830, Murrells Inlet, SC 29576 (hereinafter the "Declarant").

Article I Creation of the Community

1.1. Purpose and Intent.

Declarant, as the owner of the real property, described in Exhibit "A," intends by Recording this Declaration to create a general plan of development for the residential community known as "The Farm at Carolina Forest". This Declaration provides a flexible and reasonable procedure for the future expansion of The Farm at Carolina Forest to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising The Farm at Carolina Forest. An integral part of the development plan is the creation of The Farm at Carolina Forest Homeowners Association, Inc. ("Association"), an association comprised of all Owners of real property in The Farm at Carolina Forest, to own, operate, or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents.

1.2. Binding Effect.

The property described in Exhibit "A," and any additional property which is made a part of The Farm at Carolina Forest in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed, and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of The Farm at Carolina Forest, their heirs, successors, successors in-title, and assigns.

This Declaration, as it may be amended and supplemented from time to time; shall remain in effect and shall be enforceable by Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of Twenty (20) years from the date this Declaration is Recorded. After such time, this Declaration shall be extended automatically for successive periods of Ten (10) years each, unless an instrument signed by a majority of the then Owners has been Recorded within the year preceding any extension, agreeing to terminate this Declaration, in which case it shall terminate as of the date specified in such instrument. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. Governing Documents.

The Governing Documents create a general plan of development for The Farm at Carolina Forest. Additional restrictions or provisions which are more restrictive than the provisions of this Declaration may be imposed on any portion of The Farm at Carolina Forest, in which case, the more restrictive provisions will be controlling. However, no Person shall record any additional covenants, conditions, or restrictions affecting any portion of The Farm at Carolina Forest without Declarant's written consent, so long as Declarant owns any portion of the real property described in Exhibit "A" or "B". Thereafter, Owners representing at least Seventy-five (75%) Percent of the Association's total votes must consent. Any instrument Recorded without the required consent is void and of no force and effect.

All provisions of the Governing Documents shall apply to all Owners and to all occupants of their Units, as well as their respective tenants, guests, and invitees. Any lease on a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents.

If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

Article II. Concepts and Definitions

The terms used in the Governing Documents generally shall be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

"Architectural Guidelines": The architectural, design, and construction guidelines and review procedures adopted pursuant to Article V, as they may be amended.

"Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contracts, or agreements.

"Articles of Incorporation" or "Articles": The Articles of Incorporation for The Farm at Carolina Forest Homeowners Association, Inc., a South Carolina nonprofit corporation.

"Association": The Farm at Carolina Forest Homeowners Association, Inc., a South Carolina nonprofit corporation, its successors or assigns.

"Base Assessment": Assessments levied on all Units subject to assessment under Article IX to fund Common Expenses, as determined in accordance with Section 9.1.

"Board of Directors" or "Board": The body responsible for administering the Association, selected as provided in the By-Laws and serving the same role as the board of directors under South Carolina corporate law.

"By-Laws": The By-Laws of The Farm at Carolina Forest Homeowners Association, Inc., attached for informational purposes as Exhibit "D," including all amendments thereto.

"Common Area": All real and personal property, including easements, which the Association owns, leases, or otherwise holds possessory or use rights in for the Owners' common use and enjoyment.

"Common Expenses": The actual and estimated expenses the Association incurs or expects to incur for all Owners' general benefit, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Declarant Control Period for initial development or other original construction costs unless approved by Members representing a majority of the total vote of the Association, excluding votes held by Declarant.

"Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing in The Farm at Carolina Forest, or the minimum standards established pursuant to the Architectural Guidelines, Rules and Regulations, and Board resolutions, whichever is the highest standard. Declarant shall establish initially such standard, and

it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within The Farm at Carolina Forest change.

"Declarant": D.R. Horton, Inc., a Delaware corporation, or any successor or assign which is designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

"Declarant Control Period": The period of time during which Declarant is entitled to appoint a majority of the members of the Board as provided in the By-Laws and as long as Class II Membership exists as provided herein. Notwithstanding its right to appoint and remove officers and directors of the Association, Declarant reserves the right to approve or disapprove specified actions of the Association as provided in the By-Laws.

"Declaration": This Declaration of Covenants, Conditions, and Restrictions for The Farm at Carolina Forest, as it may be amended or supplemented from time to time.

"The Farm at Carolina Forest" or "Community": The real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article XI.

"Governing Documents": A collective term referring to this Declaration, any applicable Supplemental Declaration, the By-Laws, the Articles, the Architectural Guidelines, and the Rules and Regulations, as each may be amended.

"Limited Common Area": A portion of the Common Area reserved for the exclusive use of one or more, but less than all, of the Units.

"Master Plan": The land use plan for the development of The Farm at Carolina Forest Subdivision approved by the County or Horry, South Carolina, as it may be amended, which includes all of the property described in Exhibit "A" and all or a portion of the property described in Exhibit "B." Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property described in Exhibit "B" from the Master Plan bar its later submission to this Declaration as provided in Article XI.

"Member": A Person subject to membership in the Association pursuant to Section 7.3.

"Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. "Mortgagee" shall refer to a beneficiary or holder of a Mortgage. A "First Mortgage" shall be a Recorded Mortgage having first priority over all other Mortgages encumbering a Unit. "First Mortgagee" shall refer to a beneficiary or holder of a First Mortgage.

"Neighborhood": A separately developed and denominated residential area within the Community which has been so designated on Exhibit "A" hereof or in one or more Supplementary Declarations. By way of illustration and not limitation, a townhouse development, cluster home development, or single-family detached housing development might each be designated as a separate Neighborhood. The Declarant shall have the right, but not the obligation, to designate separate Neighborhood status and change the Neighborhood status of any previously designated Neighborhood for any property in the Community. A Neighborhood may (but is not required to) have a separate incorporated mandatory membership Neighborhood association.

"Neighborhood Assessments": Assessments levied in accordance with Section 9.4.

"Neighborhood Expense": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may be authorized pursuant to this Declaration or in the Supplementary Declaration(s) applicable to such Neighborhood(s).

"Owner": One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) shall be considered the Owner for purposes of this Declaration.

"Person": An individual, corporation, partnership, trustee, or any other legal entity.

"Record," "Recording," or "Recorded": The appropriate recordation or filing of any document in the Office of the Register of Deeds of Horry County, South Carolina, or such other place which is designated as the official location for recording deeds and similar documents affecting title to real estate. The date of Recording shall refer to that time at which a document, map, or plat is Recorded.

"Rules and Regulations": The initial rules and regulations set forth in Exhibit "C," as they may be supplemented, modified, and repealed pursuant to Article IV.

"Special Assessment": Assessments levied in accordance with Section 9.2.

"Specific Assessment": Assessments levied in accordance with Section 9.3.

"Supplemental Declaration": A Recorded instrument which subjects additional property to this Declaration pursuant to Article XI, designates Neighborhoods pursuant to Article XII, and/or imposes additional restrictions and obligations on the land described in such instrument.

"Townhome Unit": Townhome Units are Units. Moreover, a Townhome Unit consists of any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site for a townhome that will be attached by one or more party walls to another townhome. Where the dwelling on a Townhome Unit is attached by a party wall to one or more other dwellings, the boundary between Townhome Units shall be a line running along the center of the party wall separating the Townhome Units. The ownership of each Townhome Unit shall include the exclusive right to use and possession of any and all portions of the heating and air conditioning units that are appurtenant to and serve each Townhome Unit (including, but not limited to, compressors, conduits, wires and pipes) and any driveway, porch, deck, patio, steps, wall, roof, foundation, sunroom, or any similar appurtenance as may be attached to a Townhome Unit when such Townhome Unit is initially constructed.

"Unit": A portion of The Farm at Carolina Forest, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached single-family residence. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a building within a condominium or townhome structure containing multiple dwellings for individual sale, each such dwelling shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for residential use for such parcel on the Master Plan or the site plan approved by Declarant, whichever is more recent. After improvements are constructed, the portion encompassed by such

plan shall contain the number of Units determined as set forth in the preceding paragraph and any portion not encompassed by such plan shall continue to be treated in accordance with this paragraph.

Article III. Use, Occupancy, and Transfer

3.1. General.

Every Unit in the Community shall be subject to the use restrictions and rules as set forth in this Article. Each Owner, by acceptance of a deed or other instrument granting an interest in any Unit, acknowledges and understands that the use of such Unit is subject to Rules and Regulations and restrictions on occupancy and transfer, as they may be expanded, modified, or otherwise amended in accordance with the procedures set forth in Article XVII.

3.2. Restrictions on Use.

The Farm at Carolina Forest shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center, models, or sales office for any real estate broker retained by Declarant or builders approved by Declarant to assist in the sale of real property within The Farm at Carolina Forest, offices for any property manager retained by the Association, or business offices for Declarant, approved builders, or the Association) consistent with the Governing Documents. Notwithstanding the above, home business use ancillary to the primary residential use of a Unit is permitted subject to the Rules and Regulations.

3.3. Restrictions on Occupancy.

All occupants of a single Unit shall be a member of a single housekeeping unit. The number of occupants in each Unit shall be limited to a reasonable number based on the Unit's facilities and size and its fair use of the Common Area.

Article IV. Conduct

4.1. Framework for Regulation.

The Governing Documents establish, as part of the general plan of development for The Farm at Carolina Forest, a framework of affirmative and negative covenants, easements, and restrictions to govern The Farm at Carolina Forest. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technology which inevitably will affect The Farm at Carolina Forest, its Owners, and residents. Toward that end, this Article establishes procedures for modifying and expanding the initial Rules and Regulations set forth in Exhibit "C."

4.2. Regulation Making Authority.

(a) Board Authority. Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt, repeal, and modify regulations governing matters of conduct and aesthetics and the activities of Members, residents, and guests within The Farm at Carolina Forest, including those Rules and Regulations set forth in Exhibit "C". The Board shall send notice by mail to all

Members concerning any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

(b) Declarant's Authority. Notwithstanding the above provision, during the Declarant Control Period, the Declarant shall have the unilateral right to repeal, modify or expand any of the initial Rules and Regulations set forth in Exhibit "C" without prior notice to the Board or to Members. However, any such amendment shall not materially adversely affect the substantive rights of any Owners, nor shall it adversely affect title to any Unit without the consent of the affected Owner(s).

(c) Members' Authority. Alternatively, Members representing more than Fifty (50%) percent of the total votes in the Association, at an Association meeting duly called for such purpose, may vote to adopt regulations which modify, cancel, limit, create exceptions to, or expand the Rules and Regulations then in effect. Provided however, that such action shall not be valid unless and until Declarant provides its written approval which approval or denial shall be granted in Declarant's sole and exclusive discretion, so long as Declarant owns any portion of the real property described in Exhibit "A" or "B".

(d) Notice; Member Opportunity To Disapprove. Notice of any Board resolution or Member action adopting, repealing, or modifying regulations shall be sent to all Members at least Thirty (30) days prior to the effective date. Subject to Declarant's disapproval rights under the By-Laws or this Section 4.2, the resolution or Member action shall become effective on the date specified in the notice unless (i) Members petition for a special meeting, in accordance with the By-Laws, to reconsider such resolution, and (ii) the resolution is disapproved at the meeting by Members representing more than Fifty (50%) percent of the total votes in the Association.

(e) Conflicts. Nothing in this Article shall authorize the Board or the Members to modify, repeal, or expand the Architectural Guidelines or other provisions of this Declaration. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.

(f) Common Area Administrative Rules. The procedures required under this Section shall not apply to the enactment and enforcement of Board resolutions or administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board shall exercise business judgment and act in accordance with the business judgment rule, as described in the By-Laws, in the enactment, amendment, and enforcement of such administrative rules and regulations.

(g) Limitations. Except as may be contained in this Declaration either initially or by amendment or in the initial Rules and Regulations set forth in Exhibit "C," all Rules and Regulations shall comply with the following provisions:

(i) Signs and Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling. No rules shall regulate the content of political signs; however, rules may regulate the time, place, and manner of posting such signs (including design criteria) and limit to a reasonable number the number of signs that may be posted. Each Owner may erect or post one "for sale," "for rent," or "garage sale" sign within the Community during the time that the Owner's Unit is being offered for sale or for rent or to advertise a sale, after receiving approval from the Board or the Architectural Review Committee, provided that no sign shall be larger than 18" x 24" and such

Owners shall be responsible for removing such sign in a timely manner and shall be subject to enforcement actions for failing to do so.

(ii) Household Composition. No rule established pursuant to this Article shall interfere with the Owners' freedom to determine the composition of their households. Section 3.3 shall govern restrictions on occupancy.

(iii) Activities Within Dwellings. No rule established pursuant to this Article shall interfere with the activities carried on within the confines of dwellings, except that the Association may restrict or prohibit any activities that create monetary costs for the Association or other Owners; that create a danger to the health or safety of others; that generate excessive noise, parking congestion or traffic; that create unsightly conditions visible outside the dwelling; or that create an unreasonable source of annoyance to other Owners.

(iv) Swimming Pools. No swimming pools either in-ground or above-ground shall be constructed, erected, maintained, placed or permitted upon any Unit; provided however, that jacuzzis or personal spas may be maintained upon a Unit with the prior written approval of the Architectural Review Committee according to the procedures set forth herein.

(v) Mining and Drilling Prohibition. No oil, mineral, sand, natural gas or irrigation drilling, refining, quarrying or mining operation of any kind shall be permitted upon or in any Unit, and no derrick or other structure designed for use in boring, drilling or digging for oil, minerals, sand or natural gas shall be stored, erected, maintained or permitted on any Property within the Community.

(vi) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article IX.

(vii) Alienation. No rule promulgated pursuant to this Section shall prohibit leasing or transfer of any Unit or require consent of the Association or Board for leasing or transfer of any Unit; however, the Association or the Board may require a minimum lease term of up to six (6) months.

(viii) Abridging Existing Rights. No rule shall require an Owner to dispose of personal property that was in or on a Unit prior to the adoption of such rule and which was in compliance with all rules previously in force. This dispensation shall apply only for the duration of such Owner's ownership of the Unit personally, and this right shall not run with title to any unit.

(ix) Reasonable Rights To Develop. No rule or action by the Association shall unreasonably impede Declarant's right to develop the Community in accordance with the rights reserved to Declarant in this Declaration.

The limitations in subsections (i) through (ix) of this subsection 4.2(f) shall limit only regulation making authority exercised under this Section; they shall not apply to amendments to this Declaration adopted in accordance with Article XVIII.

4.3. Owners' Acknowledgment and Notice to Purchasers.

All Owners and prospective purchasers are given notice that use of their Units and the Common Area are limited by the Rules and Regulations, as they may be amended, expanded, and otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision, that the Rules and Regulations may change from time to time, and that the current Rules and Regulations may not be set forth in a Recorded instrument. **All purchasers of Units are on notice that the Association may have adopted changes to the Rules and Regulations.** The Association shall provide a copy of the current Rules and Regulations to any Member or Mortgagee upon request and payment of the reasonable cost of such copy.

Article V. Architecture and Landscaping

5.1. General.

No structure or thing, including but not limited to fences, shall be placed, erected, or installed upon any Unit and no improvements or other work (including staking, clearing, excavation, grading, and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place on such Unit except pursuant to approval and in compliance with this Article and the Architectural Guidelines.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint, or redecorate the interior of his or her Unit without approval. However, modifications to the interior of a Unit visible from outside the structure shall be subject to approval.

Any improvements constructed on a Unit shall be designed by and built in accordance with the plans and specifications of a licensed architect unless otherwise approved by Declarant or its designee in its sole discretion.

This Article shall not apply to Declarant's activities or to the Association's activities during the Declarant Control Period.

5.2. Architectural Review.

(a) By Declarant. Each Owner, by accepting a deed or other instrument conveying any legal or equitable interest in a Unit, acknowledges that, as the developer and owner of real estate in the vicinity of and within The Farm at Carolina Forest, Declarant has a substantial interest in ensuring that improvements within the Community enhance Declarant's reputation and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that he or she shall not commence any activity within the scope of this Article on his or her Unit unless and until Declarant or its designee has given its prior written approval for such activity, which approval may be granted or withheld in Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue or as long as Declarant owns any portion of the real property described in Exhibit "A" or "B" or has the right to expand The Farm at Carolina Forest pursuant to Section 11.1, unless earlier terminated in a written instrument executed and Recorded by Declarant.

Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to any other Person or committee. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (ii) Declarant's right to veto any decision which Declarant determines, in its sole and exclusive discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, the jurisdiction of any other Person or committee shall be limited to such matters as are specifically delegated to it by Declarant.

(b) Architectural Review Committee. Upon delegation by Declarant or upon expiration or termination of Declarant's rights under this Article, the Association, acting through an architectural review committee appointed by the Board ("ARC"), shall assume jurisdiction over architectural matters. The ARC shall consist of at least three, but not more than seven, Persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be representatives of Members, and may, but need not, include architects, engineers, or similar professionals, whose compensation, if any, the Board shall establish from time to time.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Association or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

(c) Reviewer. For purposes of this Article, the entity having jurisdiction over architectural matters in a particular case shall be referred to as the "Reviewer."

(d) Fees: Assistance. The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals.

5.3. Guidelines and Procedures.

(a) Architectural Guidelines. Declarant may prepare Architectural Guidelines applicable to Units which may contain general provisions applicable to all Units as well as specific provisions which vary among the Units according to location, Neighborhood, use, or other factors. The Architectural Guidelines are intended to provide guidance to Owners regarding matters of particular concern to the Reviewer in considering applications hereunder. The Architectural Guidelines are not the exclusive basis for the Reviewer's decisions, and compliance with the Architectural Guidelines does not guarantee approval of any application. Further, the Architectural Guidelines may be more restrictive than guidelines followed by Horry County or as set forth in the International Builder's Code.

Declarant shall have sole and full authority to amend the Architectural Guidelines as long as it owns any portion of the real property described in Exhibit "A" or "B" or has a right to expand The Farm at Carolina Forest pursuant to Section 11.1, notwithstanding a delegation of reviewing authority, unless Declarant also delegates the power to amend. Upon termination or delegation of Declarant's right to amend, the ARC shall have the authority to amend the Architectural Guidelines with the Board's consent. Any amendments to the Architectural Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the

Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

The Association shall maintain a copy of the Architectural Guidelines, as they may exist from time to time, and shall make them available to Members or Owners for inspection and copying upon reasonable notice during the Association's business hours. In Declarant's discretion, such Architectural Guidelines may be Recorded, in which event the Recorded version, as it may be amended, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time.

(b) Procedures. Except as the Architectural Guidelines otherwise specifically provide, no activity described in Section 5.1 shall commence on any Unit until an application for approval has been submitted to and approved by the Reviewer. Such application shall include plans and specifications showing site layout, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Guidelines and the Reviewer may require the submission of such additional information as deemed necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based solely on aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability or attractiveness of particular improvements. Subject to Declarant's veto power described below, the Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment. Such determinations shall not be subject to review so long as they are made in good faith and in accordance with the procedures described in this Article.

The Reviewer shall make a determination on each application within Thirty (30) days after receipt of a completed application and all required information. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; (iii) disapprove the application; or (iv) request further or additional information. The Reviewer may, but shall not be obligated to, specify the reasons for any objections or offer suggestions for curing any objections.

Until expiration of Declarant's rights under this Article, the ARC shall notify Declarant in writing within three business days after the ARC has approved an application. The notice shall be accompanied by a copy of the application and any additional information which Declarant may require. Declarant shall have Ten (10) days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARC and the applicant.

In any event, the Reviewer shall notify the applicant in writing of a final determination within Forty-five (45) days after its receipt of a completed application and all required information. In the event that the Reviewer fails to respond in a timely manner, approval shall be deemed to have been given, subject to Declarant's veto right. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Architectural Guidelines unless the Reviewer has granted a variance pursuant to Section 5.5.

Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

If construction does not commence on a project for which plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to reapply for approval before commencing construction of any proposed improvements. Once construction is commenced, it shall be

diligently pursued to completion. All work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant, or any aggrieved Member.

The Reviewer may by resolution exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

5.4. No Waiver of Future Approvals.

Each Owner acknowledges that the Persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features until work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or plans, or in connection with any other matter requiring approval, shall not constitute a binding precedent in any other matter or waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

5.5. Variances.

The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

5.6. Limitation of Liability.

The standards and procedures this Article establishes are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community; they do not create any duty to any Person. Review and approval of any application pursuant to this Article may be based on aesthetic considerations only. The Reviewer shall not bear any responsibility for ensuring (a) the structural integrity or soundness of approved construction or modifications, (b) compliance with building codes and other governmental requirements, (c) that Units are of comparable quality, value, size, or of similar design, aesthetically pleasing, or otherwise acceptable to neighboring property owners, (d) that views from any other Units or the Area of Common Responsibility are protected, or (e) that no defects exist in approved construction.

Declarant, the Association, the Board, any committee, or any member of any of the foregoing shall not be held liable for soil conditions, drainage, or other general site work; any defects in plans revised or approved hereunder; any loss or damage arising out of the actions, inaction, integrity, financial condition, or quality of work of any contractor or its subcontractors, employees, or agents; or any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the Association shall defend and indemnify the Board, the ARC, and any members thereof as provided in Section 8.7.

5.7. Certificate of Compliance.

Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that such Owner's Unit has no known violations of this Article or the Architectural Guidelines. The Association shall either grant or deny such request within Thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

5.8. View Impairment.

Neither Declarant nor the Association guarantee or represent that any view over and across any portion of the Community or any adjacent property will be preserved without impairment. Any additions or changes, whether occurring in the course of developing or maintaining the Community, may diminish or obstruct any view from Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Article VI. Maintenance and Repair

6.1. Maintenance of Single Family Detached Units.

The maintenance provisions set forth in this Section 6.1 apply to all Units except Townhome Units (Maintenance of Townhome Units shall be done in accordance governing documents for Townhome Units). Each Owner shall maintain his or her Unit and all landscaping, irrigation systems, and other improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard, and all applicable covenants, unless the Association assumes such maintenance responsibility pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

Except as provided in a Supplemental Declaration, each Owner shall also be responsible for maintaining and irrigating the landscaping within that portion of any adjacent Common Area or public right-of-way lying between the Unit boundary and any wall, fence, or curb located on the Common Area or right-of-way within Twelve (12) feet of the Unit boundary; however, there shall be no right to remove or add trees, shrubs, or similar vegetation from this area without prior approval pursuant to Article V.

6.2. Responsibility for Repair and Replacement.

Unless the Governing Documents or other instruments creating and assigning maintenance responsibility specifically provide otherwise, responsibility for maintenance shall include responsibility for repair and replacement as necessary to maintain the property to a level consistent with the Community-Wide Standard.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct such structures in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article V. Alternatively, the Owner shall clear the damaged portions of the Unit and maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

Article VII. The Association and its Members

7.1. Function of Association.

The Association is the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Association also is the primary entity responsible for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and South Carolina law.

7.2. Board of Directors.

The Board shall govern the Association as more particularly described in the By-Laws. Except as to matters specifically requiring Members' approval as set forth in the Governing Documents, the Board may exercise all rights and powers granted to the Association without membership approval.

7.3. Membership.

(a) Qualification. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 7.3(b) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners under this Declaration and the other Governing Documents. The membership rights of an Owner that is not an individual may be exercised by any officer, director, partner, member, manager of a limited liability company, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

(b) Voting Rights. Voting rights of the Members shall be appurtenant to the ownership of the Units. There shall be two classes of Members with respect to voting which are as follows:

(i) Class I Members. Class I Members shall be all Owners, except Class II Member. As to all matters with respect to which Members are given the right to vote under the Governing Documents, each Member shall be entitled to one vote for each Unit he or she owns. No vote shall be exercised for any property that is exempt from assessment under Section 9.10. In any situation where a Class I Member is entitled to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

(ii) Class II Member. The sole Class II Member shall be the Declarant. At the time Declarant records a subdivision plat in the records of Horry County, South Carolina, for any of the real property described in Exhibit "A" or "B", or made subject to this Declaration pursuant to Section 10.1 hereof, Declarant shall have voting rights under this section of all Units shown on such Plat(s). As to all matters with respect to which Members are given the right to vote under the Governing Documents, the Declarant shall be entitled to ten (10) votes per Unit owned and, in addition, shall be entitled to appoint the members of the Board until termination of the Class II Membership. The Class II Membership shall cease to exist and shall be converted to Class I Membership only upon the earlier of the following:

- (1) The conveyance by Declarant of all of the Units within the real property described in Exhibit "A" or "B" or made subject to this Declaration pursuant to Section 10.1 hereof; or

- (2) A date selected by Declarant as evidenced by a recorded instrument, but not later than twenty (20) years after the recording of this Declaration.

(c) Transfer of Membership. Membership in the Association is appurtenant to Unit ownership and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon a transfer of title to such Unit, and then only to the transferee. Any prohibited transfer of an Association membership shall be void and of no force or effect. Any transfer of title or interest to a Unit shall operate automatically to transfer the appurtenant membership rights in the Association to the new Owner.

Article VIII. Association Powers and Responsibilities

8.1. Acceptance and Control of Association Property.

(a) The Association may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the provisions of Sections 16.2 and 17.2. Declarant shall transfer the initial Common Area to the Association prior to the conveyance of a Unit to any Person other than a builder.

(b) Declarant and its designees may convey to the Association personal property and fee title, leasehold, or other property interests in any real property, improved or unimproved, described in Exhibit "A" or "B." The Association shall accept and maintain such property at its expense for the Members' benefit, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Upon Declarant's written request, the Association shall reconvey to Declarant any unimproved portions of the Community originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make adjustments in property lines.

(c) The Association shall be responsible for management, operation, and control of the Common Area, subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association. The Board may adopt such reasonable rules regulating use of the Common Area as it deems appropriate.

8.2. Maintenance of Area of Common Responsibility.

The Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

- (a) all portions of and structures situated on the Common Area, including but not limited to the private streets serving The Farm at Carolina Forest, if any;
- (b) landscaping within public rights-of-way within or abutting The Farm at Carolina Forest;
- (c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract, covenant, or agreement for maintenance thereof entered into by, or for the benefit of, the Association;

(d) all lakes, ponds, streams, or wetlands located within The Farm at Carolina Forest which serve as part of the stormwater drainage system, and improvements and equipment installed therein or used in connection therewith;

(e) any part of the irrigation system for The Farm at Carolina Forest, if any, installed by Declarant and located within The Farm at Carolina Forest and all improvements and equipment used in connection therewith, including irrigation ditches, head gates, and siphons;

(f) any Community Systems installed in Units by Declarant and located within the Community;

(g) any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from Declarant to the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property it does not own, including, without limitation, publicly-owned property, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

Neither Declarant nor the Association guarantees that drainage will flow off the Area of Common Responsibility on the intended drainage course. Neither Declarant nor the Association shall bear any responsibility for ensuring that drainage follows intended drainage patterns off the Area of Common Responsibility.

The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Members representing at least Seventy-five (75%) percent of the votes in the Association and, so long as Declarant owns property in the Farms at Carolina Forest or has the right unilaterally to annex property, Declarant agrees in writing to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with Declarant's prior written approval so long as Declarant owns any property described in the attached Exhibit "A" or "B".

The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense or a Neighborhood expense; provided, the Association may seek reimbursement from the Owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other Recorded covenants, or agreements with the Owner(s) thereof.

8.3. Insurance.

(a) Required Coverages. The Association shall obtain and continue in effect the following types of insurance, if reasonable available, or if not reasonable available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance for all insurable improvements on the Common Area and within the Area of Common Responsibility to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. All property insurance policies the Association obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes. The Association shall be deemed trustee of all Members' interests in all insurance proceeds paid to the Association under any such policies and shall have full power to receive and to deal with such proceeds. The insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried, except as otherwise provided in this Section;

(ii) commercial general liability insurance on the Area of Common Responsibility. Coverage shall include, without limitation, liability for personal injuries and activities in connection with the ownership, operation, maintenance, and other use of the Area of Common Responsibility. The Board shall use its business judgment in deciding upon per occurrence limits for such coverage and shall consider any applicable secondary mortgage guidelines relating to such coverage. The liability insurance shall name, as separately protected insureds, Declarant, any property manager, the Association, the Board, the ARC, and their respective representatives, members, agents, and employees with respect to any liability arising out of the maintenance or use of the Area of Common Responsibility;

(iii) workers' compensation insurance and employers' liability insurance, if and to the extent required by law;

(iv) directors' and officers' liability coverage;

(v) commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and,

(vi) such additional insurance as the Board, in its business judgment determines advisable.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses unless the Board reasonably determines that other treatment of the premiums is more appropriate. The Association shall include such premiums in the assessments it levies. The Board shall review the limits of all Association insurance policies at least once a year and shall adjust the policy limits as the Board deems necessary or appropriate.

(b) Policy Requirements. The Association shall arrange for a periodic review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with replacement costs in the Horry County area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment pursuant to Section 9.3.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in South Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate and carries a Best rating of AA or better;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members;

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(iv) contain an inflation guard endorsement;

(v) include an agreed amount endorsement, if the policy contains a coinsurance clause;

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association or interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);

(vii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer conditioning recovery on account of an act or omission of any one or more Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(viii) include an endorsement precluding the insurer from denying a claim by an Owner or conditioning recovery under the policy based upon or due to the negligent acts or omissions of the Association or any other Owner.

(c) In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners (as a class) as additional insureds for claims arising in connection with the ownership, existence, use, or management of the Common Area and provide:

(i) a waiver of subrogation as to any claims against the Association's board of directors, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash; and

(iii) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal.

8.4. Repair and Reconstruction of Association Property.

The Association shall have the authority and the duty to repair or reconstruct Common Area or other property which the Association is obligated to insure ("Insured Property") that is damaged or destroyed unless such repair or reconstruction would be illegal under any state or local ordinance governing health or safety, or Members representing Seventy-five (75%) percent of the total vote of the Association vote not to repair or reconstruct.

Except as otherwise provided in this Section, the Board diligently shall pursue to completion the repair or reconstruction of that part of the Insured Property damaged or destroyed. The Association may take all necessary or

appropriate action to affect such repair or reconstruction. Such repair or reconstruction shall be in accordance with the original plans and specifications unless other plans are approved by a vote of the Board.

The proceeds of any insurance collected shall be available to the Association for the purpose of repair or reconstruction of Insured Property. If the proceeds of insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, then the Board, pursuant to Section 9.2, may levy in advance a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in Article IX. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction. The insurance proceeds held by the Association and the amounts received from the assessments provided for in Article IX constitute a fund for the payment for costs of repair or reconstruction after casualty. If a balance exists after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners of the Units in proportion to the contributions made by each Owner to the Association.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the Association shall clear the affected property of all debris and ruins and thereafter shall maintain such improvements in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The cost of removal and landscaping shall be paid for with insurance proceeds. The Association shall retain the remaining proceeds in its general or other funds or shall allocate or distribute such funds as the Board determines appropriate, provided any such distribution of insurance proceeds shall be proportionate to the Members' interests.

8.5. Compliance and Enforcement.

(a) Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violating the Governing Documents after notice and an opportunity for a hearing in accordance with the procedures set forth in the Bylaws. Such sanctions may include, without limitation:

(i) imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest, or invitee of an Owner violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; however, if the violator does not pay the fine within the time period the Board sets, the Owner shall pay the fine upon notice from the Board.);

(ii) suspending an Owner's right to vote;

(iii) suspending any services the Association provides to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association;

(iv) exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(v) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit that violates Article V and to restore the Unit to its previous condition and, upon the Owner's failure to do so, the Board or its designee shall have the right to enter the property, remove the violation, restore the property to substantially the same condition as previously existed, and levy a Specific Assessment against the Owner's Unit in accordance with Section 9.3. Any such action shall not be deemed a trespass;

(vi) precluding any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of Article V and the Architectural Guidelines from continuing or performing any further activities in the Community; and,

(vii) levying a Specific Assessment against an Owner in the manner provided in Section 9.3 to collect any costs the Association incurs in curing any violation, plus a reasonable administrative fee to discourage noncompliance, or to collect any fine that remains unpaid for a period of 10 days or more.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of complying with the procedures set forth in the By-Laws:

(i) exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and

(ii) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails to perform his or her maintenance responsibility properly, the Association may Record a notice of violation or perform such maintenance responsibilities and assess all costs the Association incurs against the Unit and the Owner as a Specific Assessment pursuant to Section 9.3. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

(b) The decision to pursue enforcement action in any particular case shall be left to the Board's discretion, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

(i) the Association's position is not strong enough to justify taking any or further action;

(ii) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with applicable law;

(iii) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

(iv) that it is not in the Association's best interests based upon hardship, expense or other reasonable criteria to pursue enforcement action, as determined in the Board's discretion.

8.6 Implied Rights; Board Authority.

The Association may exercise any right or privilege given to it expressly by the Governing Documents or reasonably implied from or reasonably necessary to effectuate any such right or privilege.

The Board may institute, defend, settle or intervene on the Association's behalf in mediation, binding or non-binding arbitration, litigation or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents or any other civil claim or action. However, the Governing Documents shall

not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its Members.

In exercising the Association's rights and powers. Making decisions on the Association's behalf and conducting the Association's affairs, Board members shall be subject to and their actions shall be judged in accordance with the standards set forth in the By-Laws.

8.7 Indemnification of Officers, Directors, and Others.

Subject to South Carolina law, the Association shall indemnify every officer, director and committee member against all damages, and expensed, including attorneys fees reasonably incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member except that such obligation to indemnify shall be limited to those actions for strict liability is limited under this Sections.

The officers, directors and committee members shall not be liable for any mistake of judgment , negligent or otherwise, except for their own individual willful misfeasance malfeasance misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members). The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

8.8. Security.

The Association may, but shall not be obligated to, maintain or support certain activities, structures, or devices within The Farm at Carolina Forest designed to make The Farm at Carolina Forest safer than it otherwise might be. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within The Farm at Carolina Forest, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

Each Owner acknowledges, understands, and covenants to inform its tenants and all occupants of its Unit that the Association, its Board and committees, and Declarant are not insurers of safety within The Farm at Carolina Forest and that each Person using The Farm at Carolina Forest assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

8.9. Provision of Services.

The Association may provide or provide for services and facilities for the Members, their guests, lessees, and invitees, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, security, caretaker services, transportation, fire protection, utilities, including access to fiber optics networks, and similar services and facilities. Nothing herein shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board, in its discretion, shall be

permitted to modify or cancel existing services provided unless otherwise required by the Governing Documents. No Owner shall be exempt from the obligation to pay for such services, if provided to all Owners as a Common Expense, based upon non-use or any other reason.

8.10. Relations with Other Properties.

The Association may enter into contractual agreements or covenants to share costs with any neighboring property to address issues of an area-wide concern. Examples of issues which may be addressed include road and right-of-way maintenance, drainage issues, open space, and to contribute funds for, among other things, shared or mutually beneficial property or services for a higher level of Common Area maintenance.

(a). Beach Club and Amenities Center. All Members of the Association shall be entitled to access and use a Beach Club and Amenities Center, which shall include parking, constructed or caused to be constructed by LandBank Fund VII, LLC, its successor or assigns, located in the Myrtle Beach area (the "Beach Club"). Upon the completion of the Beach Club, the Association shall assess each Member its proportionate share of reasonable maintenance fees charged in connection with the use of the Beach Club. Each Member's share of said fee shall be calculated based upon the number of property owners who may be entitled to use the Beach Club and shall be included as a part of the Base Assessment as set forth in Article IX, Section 9.1.

Article IX. Association Finances

9.1. Budgeting and Allocating Common Expenses.

Until the Association first levies assessments, Declarant shall be responsible for all Common Expenses. Thereafter, assessments for Common Expenses shall be levied at least annually in accordance with this Article.

At least Sixty (60) days before the beginning of each fiscal year, the Board shall prepare and approve a budget of the estimated Common Expenses for the coming year. The budget shall include any contributions to be made to a reserve fund for repair and replacement of capital assets, based on a separate reserve budget which takes into account the number and nature of replaceable assets, the expected life of each asset, and each asset's expected repair or replacement cost. The budget shall reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 9.5. After the Declarant Control Period terminates, the annual Base Assessments shall not be increased by an amount greater than twenty (20%) percent of the annual Base Assessment of the immediately preceding calendar year.

The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 9.5 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by paying any deficit between the Common Expenses and Association funds collected pursuant to the current year's budget, or any portion of any such deficit (in addition to any amounts paid by Declarant under Section 9.7), which may be a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such deficit payment shall be disclosed as a line item in the income portion of the budget. Payment of such deficit, or portion thereof, in any year

shall not obligate Declarant to continue payment of such deficit in future years, unless otherwise provided in a written agreement between the Association and Declarant.

9.2. Special Assessments.

In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of a majority of the Board and the consent of Declarant during the Declarant Control Period. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.3. Specific Assessments.

The Board shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which the Association may offer (which might include the items identified in Section 8.9). The Association may levy Specific Assessments for special services in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the By-Laws, before levying any Specific Assessment under this subsection (b).

9.4. Neighborhood Assessments.

The Board may levy assessments against the property in a particular Neighborhood to fund actual and estimated expenses incurred by the Association for the primary benefit of property within such Neighborhood. Neighborhood assessments shall be levied as specifically budgeted from time to time by the Board of Directors for expense items such as maintenance, insurance, or special services. In addition, the Board shall levy a Neighborhood Assessment upon the request of the Owners holding two-thirds (2/3) of the total association vote applicable to Units within a Neighborhood.

9.5. Authority to Assess Owners; Time of Payment.

Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following the sale of a Unit to a Person other than Declarant and the issuance of a certificate of occupancy for a residential dwelling on such Unit. The first annual Base Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless

the Board provides otherwise, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

9.6 Personal Obligation for Assessments.

Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Community, covenants and agrees to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of South Carolina law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be each Owner's personal obligation and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

The Board's failure to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his or her Unit or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

9.7. Budget Deficits During Declarant Control.

During the Declarant Control Period, Declarant may (but shall not be required to):

(a) Advance funds to the Association sufficient to satisfy the deficit, if any, between the Association's actual operating expenses and the sum of the Base, Special, Neighborhood, and Specific Assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of Declarant. Declarant's failure to obtain a promissory note shall not invalidate the debt;

(b) Cause the Association to borrow any amount from a third party at the then prevailing rates for such a loan in the local area of the Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Area or any of the improvements maintained by the Association shall be given in connection with such loan; or

(c) Acquire property for, or provide services to, the Association or the Common Area. Declarant shall designate the value of the property or the services provided, and such amounts, at Declarant's request, shall be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

9.8. Statement of Account.

Upon written request of any Member, Mortgagee, prospective Mortgagee, or prospective purchaser of a Unit, the Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Unit, the amount of the current periodic assessment and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered to the requesting Person personally or by certified mail, first-class postage prepaid, return receipt requested. The Association may require the payment of a reasonable processing fee for issuance of such statement.

Such statement shall bind the Association in favor of Persons who rely upon it in good faith. Provided such request is made in writing, if the request for a statement of account is not processed within Fourteen (14) days of receipt of the request, all unpaid assessments that became due before the date of making such request shall be subordinate to the lien of a Mortgagee that acquired its interest after requesting such statement.

9.9. Lien for Assessments.

Subject to the limitations of any other applicable provisions of South Carolina law, the Association shall have a statutory lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges, and costs of collection (including attorneys' fees). Such lien shall be perfected upon the Recordation of this Declaration.

Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; (b) the lien or charge of any Recorded First Mortgage made in good faith and for value; and (c) labor or material men's liens, to the extent required by law.

Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of Mortgages under South Carolina law. All such costs and expenses of any such foreclosure shall be secured by the lien being foreclosed.

The Association may bid for the Unit, as applicable, at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had the Association not acquired it. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien, or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the First Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure, except as otherwise provided in this Section. Uncollected assessments shall be deemed Common Expenses collectible from Owners of all Units subject to assessment under Section 9.5, including such acquirer, its successors, and assigns. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 9.5, including such acquirer, its successors, and assigns.

9.10. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Specific Assessments, Special Assessments, and Neighborhood Assessments:

- (a) all Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility; and
- (b) any property dedicated to and accepted by any governmental authority or public utility; and
- (c) any and all property owned by the Declarant.

9.11 Capitalization of Association

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to Two Hundred Fifty and no/100 (\$250.00) Dollars per Unit. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the operating account of the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws, including expenses incurred by Declarant in providing infrastructure or other Common Area. This amount may be increased or decreased in the sole and exclusive discretion of the Board; provided, however, that in no event shall this initial contribution equal more than the annual Base Assessment for the year in which the acquisition of title by the first Owner, other than Declarant, occurs.

Upon transfer of legal or equitable title of any Unit, other than property owned by the Association or Declarant, from one Owner to another Owner, a contribution shall be made by or on behalf of the purchaser to the Association for the working capital of the Association in an amount equal to Two Hundred Fifty and no/100 (\$250.00) Dollars per Unit. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the operating account of the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

Article X. Expansion of the Community

10.1. Expansion by Declarant.

Until all property described in Exhibit "B" owned by Declarant has been subjected to this Declaration or Twenty (20) years after the Recording of this Declaration, whichever is earlier, Declarant reserves the right, but not the obligation, to subject unilaterally to the provisions of this Declaration all or any portion of the real property described in Exhibit "B" which Declarant currently owns or to which Declarant may obtain title in the future. Declarant may transfer or assign this right to subject property, provided that the transferee or assignee is the developer of owns at least a portion of the real property described in Exhibit "A" or "B" and that Declarant memorializes such transfer by executing a written, Recorded instrument.

Declarant shall subject any additional property by Recording a Supplemental Declaration describing the property being subjected. Such Supplemental Declaration shall not require the Members' consent but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the Recording of such Supplemental Declaration unless otherwise provided therein.

10.2. Expansion by the Association.

As long as Declarant owns no property or portion thereof as described in the attached Exhibit "A" or "B", the Association may subject any real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Members representing Sixty-seven (67%) percent of the total votes in the Association.

The Association shall subject such property by Recording a Supplemental Declaration describing the property being subjected. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, by the owner of the subjected property. Any such subjection of property shall be effective upon Recording unless otherwise provided therein.

10.3. Withdrawal of Property.

So long as Declarant owns any portion of property described in Exhibit "A" or "B," Declarant reserves the unilateral right to amend this Declaration to withdraw any portion of the Community from the coverage of this Declaration whether originally described in Exhibit "A" or added by Supplemental Declaration; however, the withdrawal of any property shall require the consent of the affected property owner(s), if other than Declarant. If the property is Common Area, the Association shall consent to such withdrawal upon Declarant's request.

10.4. Additional Covenants and Easements.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," Declarant unilaterally may subject any portion of the property submitted to this Declaration to additional covenants and easements. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the subjection of the property and shall require the written consent of the owner(s) of such property, if other than Declarant. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

10.5. Effect of Filing Supplemental Declaration.

A Supplemental Declaration shall be effective upon Recording unless such Supplemental Declaration specifies otherwise. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

10.6. Amendment.

This Article shall not be amended without Declarant's prior written consent so long as Declarant owns any portion of the property described in Exhibit "A" or "B."

Article XI. Development Rights and Protections

11.1. Reasonable Rights To Develop.

Declarant and/or builders may be undertaking the work of constructing improvements to and upon the Community, including Units. The completion of such construction and the sale or other disposal of the Units is essential to the establishment and welfare of The Farm at Carolina Forest as a residential community. Therefore, so long as Declarant owns any portion of the property described in Exhibit "A" or "B" for development or sale, nothing in this Declaration or the other Governing Documents shall be understood or construed to:

- (a) prevent Declarant, approved builders, or their contractors or subcontractors from doing in The Farm at Carolina Forest or on any Unit whatever is reasonably necessary or advisable in connection with the commencement or completion of the above-described work;
- (b) prevent Declarant or its representatives from erecting, constructing, and maintaining on any part of The Farm at Carolina Forest such structures as reasonably may be necessary for the conduct of its business of completing the work, establishing The Farm at Carolina Forest as a residential community, and disposing of the Units by sale, lease, or otherwise;
- (c) prevent Declarant from maintaining such signs and conducting such activities on any part of The Farm at Carolina Forest owned by Declarant or the Association as Declarant may deem to be reasonably necessary for the sale, lease, or disposition of Units; or
- (d) prevent Declarant from placing and utilizing on Units or other property which it owns one or more mobile trailers or temporary structures as sales offices or for construction activities.

Nothing in this Section shall give Declarant the right to damage any Unit or other property not owned by Declarant.

11.2. Marketing and Sales Activities.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," Declarant and builders authorized by Declarant may construct, relocate, maintain, and carry on upon any Unit Declarant owns or upon portions of the Common Area, such facilities and activities as may be reasonably required, convenient, or incidental to the construction, marketing, or sale of Units, as determined in Declarant's sole opinion. Such facilities and activities may include, without limitation, business offices, signs, model units, and sales offices. There shall be no limit on the number or size of such facilities. Declarant and authorized builders shall have easements for access to and use of such facilities. Declarant reserves the right to remove any personal property used in connection with its activities on the Common Area upon termination of its rights under this Section.

11.3. Construction of Improvements.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing, and installing such improvements to the Common Area as it deems appropriate as determined in Declarant's sole discretion.

Every Person that acquires any interest in The Farm at Carolina Forest acknowledges that The Farm at Carolina Forest is a planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge, or otherwise object to changes in the Master Plan.

11.4. Right To Approve Additional Covenants.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," no Person shall Record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Community without Declarant's review and written consent. Any instrument Recorded without such consent shall be void and of no force and effect unless Declarant subsequently consents in a Recorded instrument.

11.5. Right To Transfer or Assign Declarant Rights.

Any or all of Declarant's rights or obligations set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons; however, the transfer shall not reduce an obligation or enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless Declarant executes a written, Recorded instrument. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety. In such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

11.6. Exclusive Rights To Use Name of Development.

No Person shall use the name "The Farm at Carolina Forest" or any derivative of such name in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "The Farm at Carolina Forest" in printed or promotional matter where such term is used solely to specify that particular property is located within The Farm at Carolina Forest, and the Association shall be entitled to use the words "The Farm at Carolina Forest" in its name.

11.7. Right to Approve Changes in Community Standards.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," no amendment to or modification of any Rules and Regulations or Architectural Guidelines shall be effective without Declarant's prior written approval.

11.8. Easement to Inspect and Right to Correct.

(a) Easement. Declarant reserves for itself and such other Persons as it may designate perpetual non-exclusive easements throughout The Farm at Carolina Forest to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning, or correcting any portion of The Farm at Carolina Forest, including Units and the Area of Common Responsibility. Declarant shall have the right to redesign or correct any part of The Farm at Carolina Forest, including Units and the Area of Common Responsibility.

(b) Right of Entry. Entry onto a Unit shall be after reasonable notice, except in an emergency. Entry into a structure on a Unit shall be only after Declarant notifies the Unit's Owner and agrees with the Owner regarding a reasonable time to enter the structures on such Unit to perform such activities.

(c) Damage. Declarant shall promptly repair any damage to a Unit or the Area of Common Responsibility resulting from the exercise of the easement or right of entry described in subsections (a) and (b) of this Section at its own expense. The exercise of these easements shall not unreasonably interfere with the use of any Unit and entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.9. Neighborhoods.

Declarant, acting in its sole and absolute discretion, retains the right, but not the obligation, as long as it has the right unilaterally to annex property, to establish separately developed residential Neighborhoods, recreational areas, and amenity areas, or some, all, or none of these, within the Community, to designate Limited Common Area for the exclusive use of one or more, but less than all Neighborhoods. Every Unit situated within a designated Neighborhood may be subjected to additional covenants, conditions, restrictions, and additional assessments for services provided to Units within such designated Neighborhood. Such additional covenants may be set forth in this Declaration of a Supplemental Declaration.

Any Neighborhood may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods, or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood, the Association shall provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be as a Neighborhood assessment.

Article XII. Easements

12.1. Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying an interest in such property to the Association; and
- (c) The Board's right to:
 - (i) adopt and enforce rules regulating use and enjoyment of the Common Area;
 - (ii) dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration; and
 - (iii) mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Sections 16.2 and 17.2.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

12.2. Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement, settling, or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

12.3. Easements To Serve Additional Property.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area, including all private roads, for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

So long as Declarant owns any property described in Exhibit "A" or "B," Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees and their agents, employees, designees, invitees, and guests, an easement over the Common Area for the purposes of enjoyment, use, access, and development of property located adjacent to Common Area and owned by Declarant, its successors, or assigns, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

12.4. Easements for Maintenance, Emergency and Enforcement.

Declarant grants to the Association easements over The Farm at Carolina Forest as necessary to enable the Association to fulfill its maintenance responsibilities under Section 6.1 and Article 10. Specifically, the Association shall have a right of entry upon and easement of access through every Unit, but not through a structure, for the purpose of maintaining any property or improvement for which the Association has maintenance responsibility. The Association also shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

12.5. Easements for Pond and Wetland Maintenance and Flood Water.

So long as Declarant owns any portion of the property described in Exhibit "A" or "B," Declarant further reserves for itself, its successors, assigns, and designees, and grants to the Association and its successors, assigns, and designees in perpetuity, a nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within One Hundred (100) feet of bodies of water and wetlands within The Farm at Carolina Forest, in order to (a) temporarily flood and back water upon and maintain water over such portions of The Farm at Carolina Forest; (b) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

Declarant, hereby reserves for itself, its successors, and assigns, an exclusive right and easement to draw water from lakes, ponds, and streams within the Farm at Carolina Forest for purposes of irrigation and such other purposes as Declarant shall deem desirable.

No Person shall exercise an easement pursuant to this Section in violation of, or for any purpose which violates local, state, or federal laws or regulations.

12.6. Easements for Irrigation System.

So long as Declarant owns any property described in Exhibit "A" or "B," Declarant reserves for itself, its successors, assigns, and designees, and grants to the Association and its successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon every Unit and the Common Area to install, operate, maintain, and replace irrigation systems or portions thereof, including irrigation ditches, head gates, and siphons. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any of The Farm at Carolina Forest abutting or containing irrigation systems to the extent reasonably necessary to exercise their rights under this Section. Notwithstanding the above, Unit Owners are responsible for maintaining irrigation systems exclusively serving their Unit.

12.7. Easement for Utilities and Community Systems.

Declarant reserves to itself and grants to the Association and all utility providers, perpetual non-exclusive easements throughout the Community (but not through a structure) to the extent reasonably necessary to:

- (a) install utilities and infrastructure to serve the Community, and drainage systems;
- (b) inspect, maintain, repair, and replace the utilities, infrastructure, and other improvements described above; and,
- (c) access and read utility meters.

Article XIII. Dispute Resolution and Limitation on Litigation.

13.1 Consensus for Association Litigation.

Except as provided in this Section, the Association shall not commence a judicial or administrative proceeding without the approval of Members representing at least Seventy-five (75%) percent of the total votes of the Association. This Section shall not apply, however, to (a) actions brought by the Association to enforce the Governing Documents (including, without limitation, the foreclosure of liens); (b) the collection of assessments; (c) proceedings involving challenges to *ad valorem* taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Prior to the Association or any Member commencing any judicial or administrative proceeding to which Declarant is a party and which arises out of an alleged defect at The Farm at Carolina Forest or any improvement constructed upon The Farm at Carolina Forest, Declarant shall have the right to meet in good faith and discuss the subject of the proceeding with the Members or the particular Member, and to access, inspect, correct the condition of or redesign any portion of The Farm at Carolina Forest, including any improvement as to which a defect is alleged. In addition, the Association or the Member shall notify the builder who constructed such improvements prior to retaining any other expert witness or for other litigation purposes.

13.2. Alternative Method for Resolving Disputes.

Declarant, the Association, its officers, directors and committee members, all Persons subject to this Declaration, any builder within The Farm at Carolina Forest, and any Person not otherwise subject to the Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving The Farm at Carolina Forest without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to use good faith efforts to resolve those claims, grievances, or disputes described in Section 13.3 ("Claims") using the procedures set forth in Section 13.4 hereof.

13.3 Claims.

Unless specifically exempted below, all Claims 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 Farm at Carolina Forest (other than matters of aesthetic judgment under Article V, which shall not be subject to review) shall be subject to the provisions of Section 13.4.

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 13.4:

- (a) any suit by the Association against any Bound Party to enforce the provisions of Article IX;
- (b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article III, Article IV, and Article V;
- (c) any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(d) any suit in which any indispensable party is not a Bound Party; and

(e) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 13.4(a) unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 13.4.

13.4. 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:

(i) the nature of the Claim, including the Persons involved and Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises)

(iii) Claimant's proposed remedy; and

(iv) that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) 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 negotiation.

(ii) If the Parties do not resolve the Claim within Thirty (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 Thirty (30) additional days to submit the Claim to mediation under an independent agency providing dispute resolution services in Horry County or surrounding areas.

(iii) If Claimant does not submit the Claim to mediation within such time, 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; however, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within Thirty (30) days after submission of the matter to the mediation, 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.

(v) Within five (5) days of the Termination of Mediation, the Claimant shall make a final written 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, Claimants' 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.

(i) If the Parties do not agree in writing to a settlement of the Claim within Fifteen (15) days of the Termination of Mediation, the Claimant shall have Fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration contained in Exhibit "E" 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; however, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant.

(ii) This subsection (c) is an agreement to arbitrate and is specifically enforceable under any applicable arbitration laws of the State of South Carolina. The arbitration award ("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 South Carolina laws.

13.5. Allocation of Costs of Resolving Claims.

(a) Subject to Section 13.5(b), each Party shall bear its own costs, including attorneys' fees, and each Party shall share 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 that 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 that is equal to or less favorable to Claimant than any Respondents' Settlement Offer shall award such Respondent its Post Mediation Costs.

13.6. Enforcement of Resolution.

If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 13.4 and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with an Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 13.4. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one noncomplying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

Article XIV. Mortgagee Provisions

The following provisions are for the benefit of holders, insurers, and guarantors of First Mortgages on Units in The Farm at Carolina Forest. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

14.1. Notices of Action.

An institutional holder, insurer, or guarantor of a First Mortgage which provides a written request to the Association, such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an ("Eligible Holder"), shall be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of The Farm at Carolina Forest or which affects any Unit on which there is a First Mortgage held, insured, or guaranteed by such Eligible Holder;
- (b) any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage or such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within sixty (60) days of receiving notice of such violation;
- (c) any lapse, cancellation or material modification of any insurance policy the Association maintains; or
- (d) any proposed action which would require the consent of a specified percentage of Eligible Holders.

14.2. Other Provisions for First Lien Holders.

To the extent not inconsistent with South Carolina law:

- (a) any restoration or repair of The Farm at Carolina Forest after a partial condemnation or damage due to an uninsurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless Eligible Holders representing at least fifty-one (51%) percent of the votes of Units subject to Mortgages held by Eligible Holders elect otherwise; and
- (b) termination of the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders representing at least fifty-one (51%) percent of the votes of Units subject to Mortgages held by Eligible Holders.

14.3. No Priority.

No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the First Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

14.4. Notice to Association.

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

14.5. Failure of Mortgagee To Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within

thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

14.6. Construction of Article XIV.

Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the By-Laws, or South Carolina law for any of the acts set out in this Article.

Article XV. Changes in Common Area

15.1. Condemnation.

If a Unit or portion thereof shall be taken by eminent domain, compensation and the Owner's interests in the Common Area shall be evenly allocated. If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least Sixty-seven (67%) percent of the total votes in the Association and of Declarant, during the Declarant Control Period) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

(a) If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining Common Area to the extent available, unless within Sixty (60) days after such taking Declarant, during the Declarant Control Period, and Members representing at least Seventy-five (75%) percent of the total votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 8.4 regarding funds for restoring improvements shall apply.

(b) If the taking or conveyance does not involve any improvements on the Common Area, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

15.2. Transfer, Partition, or Encumbrance of Common Area.

(a) Except as this Declaration otherwise specifically provides, the Common Area shall not be judicially partitioned or subdivided into Units, nor shall the ownership of the Common Area be otherwise divided or encumbered in any manner after conveyance to the Association, except upon the approval of Members representing at least Eighty (80%) percent of the total votes in the Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant during the Declarant Control Period.

(b) The Association shall have the authority, subject to approval of Members representing a majority of the total votes in the Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant, during the Declarant Control Period, to transfer portions of the Common Area and improvements thereon to appropriate governmental entities or tax-exempt organizations for the maintenance, operation, and preservation thereof; provided, any such transfer shall not relieve such Common Area from the rights and benefits of the Association and the Members as provided in this Declaration and shall otherwise be subject to the provisions of this Declaration.

Article XVI. Miscellaneous

16.1 Control of Declarant.

NOTWITHSTANDING ANY OTHER LANGUAGE OR PROVISION TO THE CONTRARY IN THIS DECLARATION OR OTHER GOVERNING DOCUMENTS, Declarant hereby retains the right to appoint and remove any member or members of the Board and any officers of the Association as provided in this Section 16.1 and for the term set forth in this Declaration and of the By-laws. Every grantee of any interest in the Community by acceptance of a deed or other conveyance of such interest, agrees that Declarant shall have the authority to appoint and remove directors and officers of the Association in accordance with the foregoing provisions of this Section and the provisions of this Declaration and of the By-Laws. The provisions of this Section are supplemental to, and not in substitution of rights retained by Declarant pursuant to this Declaration or other Governing Documents.

16.2 HUD/VA Approval.

Until the termination of the Declarant Control Period, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described in Exhibit "B"; dedication, conveyance, or mortgaging of Common Area; or material amendment of this Declaration or the By-Laws. The granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a conveyance within the meaning of this Section.

16.3. Actions Requiring Owner Approval.

If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs insures or guarantees the Mortgage on any Unit, then, during the Declarant Control Period, the following actions shall require the prior approval of Members representing not less than Sixty-seven (67%) percent of the total votes in the Association and the consent of Declarant: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described in Exhibit "B"; and dedication, conveyance, or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 15.2 or this Section, the Association may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area without the membership's approval.

16.4. Amendment.

This Declaration may be amended unilaterally at any time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Units subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, the Department of Housing and Urban Development, the Veterans Administration, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on Units subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage loans on the Units subject to this Declaration; however, any such

amendment shall not adversely affect title to any Unit unless such Unit's Owner consents in writing. Further, during the Declarant Control Period, Declarant may unilaterally amend this Declaration for any other purpose; however, any such amendment shall not materially adversely affect the substantive rights of any Owners hereunder, nor shall it adversely affect title to any Unit without the consent of the affected Owner(s).

In addition, this Declaration may be amended for so long as Declarant owns any portion of the property described in Exhibit "A" or "B" or has the right to annex additional property. If Declarant no longer owns any property in the Community and no longer has the right to annex additional property, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least two-thirds (2/3) of the Units.

16.5. Validity and Effective Date of Amendment.


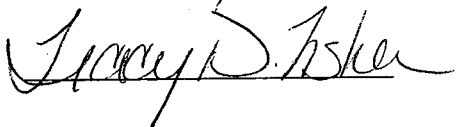
No amendment may remove, revoke, or modify any Declarant right or privilege without Declarant's written consent (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the By-Laws, it shall be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party shall affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless it specifies a later effective date. Any procedural challenge to an amendment must be made within one year of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

WITNESSES:

DECLARANT:

D.R. HORTON, INC.
a Delaware Corporation

By: 

R. Doug Brown
Asst. Vice President

STATE OF SOUTH CAROLINA)
) Probate
COUNTY OF HORRY)

PERSONALLY appeared before me the undersigned witness, who, being duly sworn, says that he saw the within-named, D.R. Horton, Inc., the Grantor, by its duly authorized officer, R. Doug Brown sign and seal and, as the act and deed of said corporation, deliver the within instrument, and that he with the other witness named above, witnessed the execution thereof.

Sworn to before me this the 12th
Day of February, 2004. [Signature]
Notary Public for South Carolina
My Commission Expires: 9-16-13

Christine Gyzkowsky

EXHIBIT "A"

Land Initially Submitted

ALL AND SINGULAR, all that certain piece, parcel or tract of land situate lying and being in the County of Horry, State of South Carolina in Conway Township containing **113.710 ± acres** and being more fully shown on a plat entitled **"Boundary Survey of Phase I The Farm at Carolina Forest for D.R. Horton"**, prepared by Survey Technology, Inc. dated December 6, 2002 revised January 14, 2003 and recorded March 14, 2003 in the Office of the ROD for Horry County in Plat Book 188 at Page 201. Said tract of land having such courses, distances, shapes, metes and bounds as will more fully appear by reference to the aforesaid map which is incorporated herein and made a part hereof.

This being the identical property conveyed to D.R. Horton, Inc. by deed of LandBank Fund VII LLC dated March 13, 2003 and recorded March 14, 2003 in Deed Book 2574 at Page 150 in the Office of the ROD for Horry County.

HORRY COUNTY ASSESSOR
TMS #164-00-01-059
Map Blk Parcel 2-1704 pg (Parcel G)

AND

ALL AND SINGULAR., all those certain pieces, parcels or tracts of land situate lying and being in the County of Horry, State of South Carolina in Conway Township being more fully described as follows: **Parcel A** containing 3.222 acres, more or less, and **Parcel B** containing 21.524 acres, more or less and **Parcel C** containing 19.0 acres, more or less; and **Parcel D** containing 2.298 acres, more or less and **Parcel E** containing 21.026 acres, more or less and **Parcel G** containing 5.590 acres, more or less said **parcels totaling 72.66 acres, more or less**, all a more particularly shown on that certain plat entitled **"Boundary Survey of a Portion of Tract 22A"**, prepared by Survey Technology, Inc. dated January 9, 2004 and recorded January 16, 2004 in the Office of the ROD for Horry County in Plat Book 195 at Page 39. Said tracts of land having such courses, distances, shapes, metes and bounds as will more fully appear by reference to the aforesaid map which is incorporated herein and made a part hereof.

This being the identical property conveyed to D.R. Horton, Inc. by deed of LandBank Fund VII LLC dated January 22, 2004 and recorded January 23, 2004 in Deed Book 2688 at Page 1434 in the Office of the ROD for Horry County.

TMS #164-00-01-034

HORRY COUNTY ASSESSOR
164-00-01-081, 079, 082, 078, 077
Map Blk Parcel

EXHIBIT "B"

Land Subject to Annexation

HORRY COUNTY ASSESSOR

164-00-01-034
Map Blk Parcel 2-11-04
pa

ALL AND SINGULAR, all that certain piece, parcel or tract of land situate lying and being in the County of Horry, State of South Carolina in Conway Township containing **445.223 ± acres** and being more fully shown on a plat entitled **"Boundary Survey of A Portion of Tract 22 Carolina Forest for International Paper Realty Corporation"**, prepared by Survey Technology, Inc. dated October 25, 2002 and recorded _____, 2002 in the Office of the ROD for Horry County in Plat Book _____ at Page _____. Said tract of land having such courses, distances, shapes, metes and bounds as will more fully appear by reference to the aforesaid map which is incorporated herein and made a part hereof.

AND

ALL AND SINGULAR, all that certain piece, parcel or tract of land situate lying and being in the County of Horry, State of South Carolina in Conway Township containing **7073± acres** and being designated as the remainder of Carolina Forest as more fully shown on a plat entitled **Survey of Carolina Forest for International Paper Realty Corporation** dated March 21, 1996, prepared by Survey Technology Inc.

EXHIBIT "D"

By-Laws for the Farm at Carolina Forest Homeowners Association, Inc.