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BALLERY V. SKIPPER
REGISTRAR OF DEEDS

**DECLARATION OF
COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
BELLEGROVE PRESERVE**

2627-143

TABLE OF CONTENTS

<u>Article</u>	<u>Page</u>
I. <u>EXHIBITS</u>	2
II. <u>DEFINITIONS</u>	2
III. <u>PLAN OF DEVELOPMENT; ASSOCIATION PROPERTY; RULES AND REGULATIONS:</u> ..	5
A. PLAN OF DEVELOPMENT.....	5
B. ASSOCIATION PROPERTY.....	6
IV. <u>ASSOCIATION MEMBERSHIP AND GOVERNANCE</u>	11
A. MEMBERSHIP AND VOTING RIGHTS.....	11
B. BOARD	12
C. DURATION OF ASSOCIATION	12
V. <u>COVENANT TO PAY ASSESSMENT FOR OPERATING EXPENSES; ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS</u>	12
A. AFFIRMATIVE COVENANT TO PAY OPERATING EXPENSE.....	12
B. ESTABLISHMENT OF LIENS.....	12
C. COLLECTION OF ASSESSMENTS.....	13
D. COLLECTION BY DECLARANT	13
E. RIGHTS OF DECLARANT AND INSTITUTIONAL MORTGAGEES TO PAY ASSESSMENTS AND RECEIVE REIMBURSEMENTS.....	13
F. RENTAL AND RECEIVER.....	13
G. ASSIGNMENT OF CLAIM AND LIEN RIGHTS	14
H. UNPAID ASSESSMENTS CERTIFICATE	14
I. APPLICATION OF PAYMENTS.....	14
VI. <u>METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS</u>	14
A. DETERMINING AMOUNT OF ASSESSMENTS.....	14
B. ASSESSMENT PAYMENTS.....	15

	C. SPECIAL ASSESSMENT	15
	D. INDIVIDUAL EXPENSE ASSESSMENTS	15
	E. LIABILITY OF CONTRIBUTING OWNERS FOR INDIVIDUAL ASSESSMENTS.....	16
	F. DECLARANT FUNDING DURING GUARANTEE PERIOD.....	16
	G. WORKING CAPITAL CONTRIBUTION.....	17
	H. EXEMPT PROPERTY	17
	I. OPERATING EXPENSES	17
VII.	<u>INSURANCE AND CONDEMNATION</u>	20
	A. CASUALTY INSURANCE.....	20
	B. <u>PUBLIC LIABILITY INSURANCE</u>	20
	C. FIDELITY COVERAGE.....	20
	D. OTHER INSURANCE	20
	E. CANCELLATION OR MODIFICATION	20
	F. CONDEMNATION	20
VIII.	<u>EASEMENTS</u>	21
	A. RECOGNITION OF EXISTING EASEMENTS.....	21
	B. GRANT AND RESERVATION OF EASEMENTS	21
	C. ASSIGNMENTS.....	23
IX.	<u>MAINTENANCE AND REPAIR</u>	24
	A. BY THE ASSOCIATION.....	24
	B. BY THE LOT OWNERS.....	24
X.	<u>ARCHITECTURAL CONTROL</u>	25
	A. COMMITTEE.....	25
	B. PURPOSE.....	26
	C. DEVELOPMENT STANDARDS	26
	D. REQUIREMENT OF COMMITTEE APPROVAL	26

E.	OBTAINING COMMITTEE APPROVAL.....	26
F.	SCOPE OF REVIEW.....	27
G.	VARIANCE FROM STANDARDS.....	27
H.	ENFORCEMENT.....	27
I.	SUBCOMMITTEES AND DELEGATION OF AUTHORITY.....	28
XI.	<u>USE RESTRICTIONS</u>	28
A.	RESIDENTIAL USE.....	28
B.	PERMITTED NON-RESIDENTIAL ACTIVITIES.....	28
C.	TIME SHARING AND VACATION MULTIPLE OWNERSHIP PLANS.....	29
D.	NUISANCES.....	29
E.	OUTSIDE STORAGE OF PERSONAL PROPERTY.....	29
F.	PARKING AND VEHICULAR RESTRICTIONS.....	29
G.	NO IMPROPER USES.....	30
H.	TRASH AND OTHER MATERIALS.....	30
I.	LEASES.....	30
J.	TEMPORARY BUILDINGS.....	31
K.	GARAGES.....	31
L.	ANIMALS AND PETS.....	31
M.	ADDITIONS AND ALTERATIONS.....	31
N.	INCREASE IN INSURANCE RATES.....	32
O.	AIR CONDITIONING UNITS.....	32
P.	CLOTHESLINES AND OUTSIDE CLOTHES DRYING.....	32
Q.	OUTSIDE ANTENNAS AND SATELLITE DISHES.....	32
R.	FLAGPOLES.....	32
S.	GARBAGE CONTAINERS, OIL AND GAS TANKS, AIR CONDITIONERS.....	32
T.	SIGNS.....	32

U. WINDOW TREATMENTS.....	33
V. SOLAR ENERGY SYSTEMS	33
W. LAKES.....	33
X. SWIMMING POOLS.....	33
Y. FENCES AND WALLS	33
Z. MAILBOXES	33
AA. SURFACE WATER MANAGEMENT.....	33
BB. WETLAND AREAS AND WETLAND BUFFER AREAS	34
CC. TREES	34
DD. BUILDING SETBACKS, BUILDING LOCATION.....	34
EE. DAMAGE AND DESTRUCTION.....	34
FF. SUBDIVISION AND PARTITION.....	34
GG. CONSTRUCTION.....	35
HH. SEPTIC TANKS; WELLS.....	35
II. EXCLUSION OF ABOVE GROUND UTILITIES.....	35
JJ. EXEMPTION OF DECLARANT; DEVELOPMENT AND CONSTRUCTION ACTIVITIES OF DECLARANT.....	35
XII. <u>SUBJECTING ADDITIONAL PROPERTY TO THIS DECLARATION</u>.....	35
A. ADDITIONAL PROPERTY ACQUIRED BY DECLARANT	35
B. ASSOCIATION PROPERTY WITHIN ANNEXED PROPERTY.....	36
C. WITHDRAWAL.....	36
XIII. <u>ENFORCEMENT; NON-MONETARY DEFAULTS; ASSOCIATION REMEDIES;</u>	36
A. ENFORCEMENT	36
B. NON-MONETARY DEFAULTS.....	37
C. FINES	37
D. NEGLIGENCE	38

E.	RESPONSIBILITY OF AN OWNER FOR OCCUPANTS, TENANTS, GUESTS, AND INVITEES	38
F.	RIGHT OF THE ASSOCIATION TO EVICT TENANTS, OCCUPANTS, GUESTS AND INVITEES	38
G.	NO WAIVER.....	38
H.	RIGHTS CUMULATIVE.....	38
XIV.	<u>AMENDMENT AND MODIFICATION</u>	39
A.	PRIOR TO TURNOVER DATE	39
B.	AFTER THE TURNOVER DATE.....	39
C.	SCRIVENER'S ERRORS	39
D.	AMENDMENT TO DECLARANT'S RIGHTS	39
E.	HUD-FHA-VA APPROVAL PRIOR TO TURNOVER DATE	40
F.	CERTIFICATION AND RECORDING OF AMENDMENTS.....	40
G.	AMENDMENTS TO SATISFY LENDING REQUIREMENTS.....	40
XV.	<u>GENERAL PROVISIONS</u>	40
A.	CONFLICT WITH OTHER ASSOCIATION DOCUMENTS	40
B.	NOTICES.....	40
C.	CAPTIONS, HEADINGS AND TITLES	40
D.	CONTEXT	41
E.	SEVERABILITY	41
F.	CERTAIN RIGHTS OF DECLARANT.....	41
G.	ASSOCIATION'S INDEMNIFICATION.....	41
H.	DISPUTES AS TO USE.....	42
I.	DELEGATION	42
J.	TERM	42
K.	RIGHTS OF MORTGAGEES.....	42

L. APPROVAL OF ASSOCIATION LAWSUITS BY OWNERS 43
M. COMPLIANCE WITH PROVISIONS 43
N. RIGHTS AND REQUIREMENTS OF GOVERNMENTAL AUTHORITIES 43
O. CERTAIN RIGHTS OFF LLC 44

Exhibit A Legal Description of the Current Development Property
Exhibit B Legal Description of the Future Development Property
Exhibit C Site Plan for the Property

**DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
FOR
BELLEGROVE PRESERVE**

THIS DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS FOR BELLEGROVE PRESERVE ("Declaration") is made this 20th of July, 2003, by CENTEX HOMES, a Nevada general partnership ("Declarant"), joined in by BELLGROVE, LLC, a South Carolina limited liability company ("LLC").

WHEREAS, Declarant is the owner in fee simple of the real property more particularly described on Exhibit A (the "Current Development Property") attached hereto and made a part hereof.

WHEREAS, LLC is the owner in fee simple of the real property more particularly described on Exhibit B (the "Future Development Property"), and is under contract to sell the Future Development Property to Declarant.

WHEREAS, the Current Development Property and the Future Development Property are herein collectively referred to as the "Property" on which Declarant is developing a community to be known as "BelleGrove Preserve" (referred to as "BelleGrove Preserve" or the "Subdivision") in multiple separate stages as hereinafter set forth; and

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities established to create a South Carolina non-profit corporation known as the BelleGrove Preserve Property Owners Association, Inc., to which there have been and will be delegated and assigned: (i) certain powers and duties of ownership, operation, administration, maintenance and repair of portions of the Property, including, but not limited to, the "Association Property" (as hereinafter defined); (ii) the enforcement of the covenants and restrictions contained herein; and (iii) the collection and disbursement of the "Operating Expenses" (as hereinafter defined); and

WHEREAS, in order to develop and maintain BelleGrove Preserve as a planned residential community and to preserve the values and amenities of such community, it is necessary to declare, commit and subject the Property and the improvements now or hereafter constructed thereon to certain land use covenants, restrictions, reservations, regulations, burdens, liens, and easements; and to delegate and assign to the Association certain powers and duties of ownership, administration, operation, maintenance and enforcement; and

WHEREAS, LLC is joining in the execution of this Declaration in order to evidence LLC's consent and agreement to subject the Future Development Property to the terms, provisions, covenants, and restrictions herein.

NOW, THEREFORE, in consideration of the premises and covenants herein contained, Declarant, with the consent and joinder of LLC, hereby declares that the Property shall be owned, held, used, transferred, sold, conveyed, demised and occupied subject to the covenants, restrictions, easements, reservations, regulations, burdens and liens hereinafter set forth, all of which shall run with the Property and any part thereof and which shall be binding upon all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns.

ARTICLE I
EXHIBITS

The following exhibits are attached to and made a part of this Declaration:

<u>Exhibit A</u>	Legal Description of the Current Development Property
<u>Exhibit B</u>	Legal Description of the Future Development Property
<u>Exhibit C</u>	[INTENTIONALLY OMITTED]

ARTICLE II
DEFINITIONS

“Additional Property” means any real property which is contiguous to the Property and now owned or hereafter acquired by Declarant or its successors, which may be subjected to the terms of this Declaration in accordance with the provisions of Section A of Article XII.

“Amendment(s)” mean(s) any and all amendments to this Declaration, all of which shall be consecutively numbered beginning with the “First Amendment to the Declaration of Covenants, Restrictions and Easement for BelleGrove Preserve”, and so forth, provided that the failure to so consecutively number such amendments shall not impair their validity.

“Articles” mean the Articles of Incorporation of the Association.

“Assessments” mean the assessments for which all Residential Owners are obligated to pay to the Association as set forth in Articles V and VI, and any and all other assessments which are levied by the Association as permitted or contemplated by the Association Documents.

“Association” means the BelleGrove Preserve Property Owners Association, Inc., a South Carolina non-profit corporation.

“Association Documents” mean in the aggregate this Declaration, the Articles and Bylaws, and all of the instruments and documents referred to or incorporated therein, including, but not limited to, amendments to any of the foregoing, as applicable.

“Association Property” means the lands, systems, facilities, personal property, equipment, rights and easements which may be deeded, leased, granted, reserved, assigned or transferred to the Association, as described in this Declaration, or as designated Association Property by the Declarant prior to the Turnover Date, and thereafter by the Association, together with all improvements thereon and equipment, facilities and rights associated therewith.

“BelleGrove Preserve” or the “Subdivision” means the single-family residential community planned for development on the Property in multiple separate stages.

“Board” means the Board of Directors of the Association.

“Bylaws” means the Bylaws of the Association.

“Committee” means the Architectural Control Committee for the Property as established and empowered as provided in Article X of this Declaration.

“Contributing Lot” means any Lot which (a) has been issued a certificate of occupancy for a Dwelling constructed thereon by the appropriate governmental agency, or (b) is designated a Contributing Lot by the Declarant in the deed of conveyance or any other instrument recorded in the Public Records, upon which an affirmative covenant to pay Assessments, as more particularly set out in Article V hereof, is imposed.

“Contributing Owner” means the Owner of a Contributing Lot.

“County” means Horry County, South Carolina.

“Development Agreement” means the Development Agreement for ‘Carolina Forest’ enacted as Ordinance No. 68-67 by Horry County, dated December 12, 1997, recorded in Deed Book 1998 at Page 740.

“Declarant” means Centex Homes, a Nevada general partnership, and any successor or assign thereof which acquires any Lot or other portion of the Property from Declarant for the purpose of development and to which Centex specifically assigns all or part of the rights of Declarant hereunder by an express written assignment recorded in the Public Records of the County.

“Declaration” means this document and any amendments and supplements hereto.

“Director” means a member of the Board.

“Final Plat” means a final subdivision plat or recombination plat approved by the County consistent with the Site Plan for a portion of the Property and recorded in the Public Records of the County.

“Dwelling” means a residential dwelling unit in BelleGrove Preserve intended as an abode for one family constructed upon a Lot.

“Improvement” means any building, fence, wall, patio area, driveway, walkway, antenna, satellite dish, sign, mailbox, pool, tennis court, deck, or other structure or improvement, including landscaping, which is constructed, made, installed, attached, placed or developed within or upon, or removed from, any portion of the Property, or any change, alteration, addition or removal of any such structure or improvement other than normal maintenance and repair which does not materially alter or change the exterior appearance, condition and color of same.

“Institutional Mortgagee” means any lending institution holding an interest in a Dwelling or Lot pursuant to a first mortgage covering a Dwelling or Lot. Institutional Mortgagees shall include, but not be limited to (i) the successors and assigns of such lending institutions, (ii) any “secondary mortgage market institution” who typically purchase, insure or guaranty mortgages (such as the Federal National Mortgage Association, the Veterans Administration (“VA”), the Federal Housing Administration (“FHA”), the Department of Housing and Urban Development (“HUD”), and similar entities), (iii) Declarant, if Declarant holds a mortgage on any portion of the Property.

“Interest” means the maximum nonusurious interest rate allowed by law on the subject debt or obligation, and if no such rate is designated by law, then twelve percent (12%) per annum.

“Lake” means a portion of the Property shown on the Site Plan or a Final Plat as a delineated parcel of real property that contains all or any portion of a lake, pond, lagoon, retention or detention area, or similar body of water.

“Legal Fees” means reasonable fees for attorney and paralegal services incurred in connection with: (i) negotiation and preparation for litigation, whether or not an action is actually begun, through and including all trial and appellate levels and post-judgment proceedings; (ii) collection of past due Assessments including, but not limited to, preparation of notices and liens; and (iii) court costs through and including all trial and appellate levels and post-judgment proceedings.

“Lot” means a portion of the Property as shown on a Final Plat, upon which a Dwelling is permitted to be erected.

“Member” means a member of the Association.

“Operating Expenses” mean the expenses for which Contributing Owners are liable to the Association as described in Article VI and any other Association Documents and include, but are not limited to, the costs and expenses incurred by the Association in administering, operating, reconstructing, maintaining, financing, repairing, replacing, insuring, or improving the Association Property.

“Owner” means the owner of the fee simple title to a Lot and includes Declarant for so long as Declarant is the owner of the fee simple title to a Lot, but excluding those having such interest merely as security for the performance of any obligation and excluding purchasers under executory contracts of sale of a Lot.

“Person” means a natural individual or any other entity with the legal right to hold title to real property.

“Property” means collectively, the Current Development Property and the Future Development Property more particularly described on Exhibit A and Exhibit B. The term “Property” shall also mean any additional real property made subject to this Declaration as provided for in Article XII, by the recordation of a Supplement.

“Public Records” means the Register of Deeds Office for Horry County, South Carolina, or such other authorized County office in which deeds and other land records and documents are filed for record.

“PUD Developer” means International Paper Realty Corporation, a Delaware corporation and any successor or assign who acquires the rights and obligations of International Paper Realty Corporation in the Development Agreement.

“Recreation Center” means that portion of the Property and all Improvements thereon shown on the Site Plan or a Final Plat as a recreation center or amenity center, which shall be used for recreation and social purposes.

“Site Plan” means the plan entitled “BelleGrove Preserve, Phasing Plan/Site Plan” dated September 27, 2002, approved by or on file with the County and if applicable, the PUD Developer, for the real property comprising the Property, as such Site Plan may be supplemented or amended from time to time to reflect modifications which are approved by the County, and if applicable the PUD Developer.

“Storm Water Management System” means the drainage areas, drainage easements, retention areas, storm water piping systems, drains, catch basins and other related apparatus and facilities intended to provide storm water management and control for the Property.

“Total Planned Lots” means the total number of Lots planned for BelleGrove Preserve as shown on the Site Plan as such may exist from time to time and as may be updated from time to time with the approval of the County. For the purposes hereof, the term “Total Planned Lots” shall mean four hundred sixty-three (463) Lots, as such number may be adjusted to reflect changes in the Site Plan which are approved by the County.

“Turnover Date” means the earlier of (i) three (3) months following the date when seventy-five percent (75%) of the Total Planned Lots have been improved with a Dwelling and conveyed to an Owner other than a successor Declarant for use as a primary residence, (ii) the date designated by Declarant in a document recorded in the Public Records in which Declarant relinquishes its control of the Association to the members at large, or (iii) the date that is ten (10) years following the date this Declaration is first recorded in the Public Records.

ARTICLE III
PLAN OF DEVELOPMENT;
ASSOCIATION PROPERTY; RULES AND REGULATIONS

A. Plan of Development

1. Subdivision. Declarant plans to develop the Subdivision in multiple stages. The real property which initially shall be subject to this Declaration is more particularly described on Exhibit A and Exhibit B and is planned to contain a total of four hundred sixty-three (463) Lots and the Association Property located on the Property. The initial development phase (or phases) of the Property is (or are) planned to consist of one hundred eighteen (118) Lots and the Association Property shown or to be shown on the applicable Final Plats. The subsequent development phases of the Property are currently planned to consist of three hundred forty five (345) Lots and the Association Property shown or to be shown on the applicable Final Plats for such phases. The Property shall also include Association Property, including a recreational area or areas, utility systems, drainage systems and other Improvements serving the Property and as are, from time to time, denominated as such in this Declaration by the Declarant on the Site Plan or a Final Plat or in any deed, lease, use agreement, Supplement or memorandum thereof filed in the Public Records.

Declarant’s general plan of development of BelleGrove Preserve contemplates the construction of Dwellings on the Lots and other residential Improvements other portions of the Property which will enhance BelleGrove Preserve and benefit the Owners of all Lots, however there is no obligation imposed by this Declaration on the Declarant to build a Dwelling on any particular Lot. Declarant’s general plan of development further contemplates that such Dwellings shall be whatever types of structures Declarant may choose to build (subject to the Development Agreement and the

applicable zoning and density requirements of the applicable governmental authorities). Declarant's general plan of development of BelleGrove Preserve is reflected by the Site Plan and may also include whatever facilities and amenities Declarant considers in its sole judgment to be appropriate to the community. Declarant reserves the right to increase or decrease the number of Lots permitted by the Site Plan as approved by the County, and if applicable, the PUD Developer, in accordance with the Development Agreement and all other applicable law, and such change shall not require an amendment to this Declaration.

2. Carolina Forest. The Property is subject to the Development Agreement and shall be developed by Declarant in compliance with the Development Agreement. The PUD Developer has certain rights of approval regarding the plan of development for the Property and has established development guidelines for all property being developed in the master planned community known as "Carolina Forest", of which the Property is a part. The PUD Developer has established the Carolina Forest Property Owners Association, Inc. ("Carolina Forest Association") as the entity responsible for maintaining certain common features and amenities pursuant to an unrecorded document entitled "Infrastructure Maintenance Agreement (Carolina Forest)" entered into between the PUD Developer and the Carolina Forest Association, which affects all of the land subject to the Development Agreement, including the Property (the "Carolina Forest Declaration"). The primary purpose of the Carolina Forest Association and Carolina Forest Declaration is to provide for the ownership and maintenance of the Carolina Forest main entrance area at the intersection of Highway 501 and Carolina Forest Boulevard, and a conservation area or "animal corridor" located in Carolina Forest (which conservation area may be conveyed by the Carolina Forest Association to a third party non-profit corporation or a governmental authority for ownership and maintenance).

B. Association Property. The Association Property is for the use, enjoyment, and benefit of the Association, the Owners, and the residents of the Property, and their respective guests and invitees, tenants, the Institutional Mortgagees, and, subject to the ordinances of the County and other applicable governmental authorities, any other person authorized to use the Association Property or any portion thereof by Declarant or the Association for all proper and reasonable purposes and uses for which such Association Property is intended. Use and enjoyment of the Association Property is subject to the terms of this Declaration, and the terms of any easement, restriction, reservation or limitation of record affecting the Association Property or contained in the deed or instrument conveying the Association Property to the Association.

1. Storm Water Management System. Certain portions of the Storm Water Management System shall consist of Association Property, including the Lake, and other portions may be owned by the County or other applicable governmental authority. The Association shall use and maintain those portions of the Storm Water Management System owned by the Association substantially in the same fashion as constructed by Declarant.

2. Public Roadways Within the Subdivision. Prior to the Turnover Date, the Declarant, and thereafter the Association, shall have the right to dedicate any portion of the roadways ("Roadways" or a "Roadway") and/or entryways within the Subdivision to the State of South Carolina or any political subdivision thereof for the purpose of granting public access thereto and over said Roadway and/or entryway and for the purpose of having said political subdivision assume responsibility for maintenance of such roadways and/or entryways. The Declarant further reserves the right to impose upon the Association the requirement of maintaining any such dedicated roadway

and/or entryway until such time as it is brought up to standards acceptable to such governmental authority and maintenance thereof is assumed by such governmental authority; provided, however, Declarant may, in its sole discretion, reserve an easement over any such public roadway and/or entryway to be primarily maintained by such governmental authority for the purpose of doing additional maintenance to said public areas and to maintain landscaping along the unpaved portions thereof, and thereafter denominate in a Site Plan or Supplemental Declaration that said easement will constitute Association Property to be maintained by the Association. The Board may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section C of Article VI, in an amount sufficient to provide funds required to bring any Roadway and/or entryway up to standards acceptable to any governmental authority for the assumption by it of maintenance of a said Roadway.

3. Landscape Areas. Any portion of the Property shown on a Final Plat as a landscape area, landscape buffer, green area, landscape easement or otherwise established for landscape and buffer use ("Landscape Areas") shall be used and maintained by the Association substantially in the same fashion as constructed by Declarant. To the extent that any portion of a Landscape Area is located upon any Lot, an easement upon the applicable portion of such Lot is hereby reserved in favor of Declarant and the Association as provided in Section B.8 of Article VIII.

4. Entryway and Signage Areas. Any portion of the Property shown on a Final Plat as an entryway area or easement ("Entryway Area") or signage area or easement ("Signage Area") shall be used and maintained by the Association in substantially the same fashion as landscaped and constructed by Declarant. To the extent that any portion of an Entryway Area or Signage Area is located upon any Lot, an easement upon the applicable portion of such Lot is hereby reserved in favor of Declarant and the Association as provided in Section B.8 of Article VIII.

5. Sidewalks, Pedestrian Access Areas and Street Lighting. The Association shall maintain any common sidewalks, walkways or other areas specifically limited for pedestrian access within the Property, except to the extent any sidewalks or pedestrian access areas are owned or maintained by the appropriate governmental authority. The Association shall have no obligation to maintain any sidewalk or walkway exclusively serving only one Lot or located upon a Lot. Any pedestrian access areas not located in a Roadway or on a Lot and shown on any Final Plat shall be owned and maintained by the Association substantially in the same fashion as constructed by Declarant. The Association shall also maintain any common street lighting within the Property other than any street lighting exclusively serving one Lot, and shall maintain and pay for any utility services used in connection with such common street lighting, except to the extent such common street lighting is maintained by governmental authorities or a public utility provider. .

6. Recreation Center. That portion of the Subdivision shown on the Site Plan or a Final Plat as a recreation center, recreation area, amenity, amenity site, or amenity area ("Recreation Center") shall be part of the Association Property and shall be used for recreational purposes by the Association, Declarant and the Lot Owners and their family members, guests, invitees and lessees. Individuals entering the Recreation Center must carry identification which may be checked by an agent or employee of the Association. Such portion, if any, of the Recreation Center upon which Declarant has constructed, or hereinafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located or to be located thereon. The Recreation Center shall be used for recreational purposes and such proper ancillary uses as may be determined by Declarant (who shall have the right to determine such uses until the Association

assumes such right after the Turnover Date). All remaining portions of the Recreation Center shown on the Site Plan, including, but not limited to, the swimming pool, shall always be kept and maintained by the Association for recreational uses or beautification and attendant uses (e.g., parking spaces within the Recreation Center shall be used for proper purposes by those using the recreational facilities while using such facilities) and shall be used for such purposes and not for residential, commercial or industrial construction of any kind. The Recreation Center shall be maintained, administered and ultimately owned by the Association.

Declarant shall construct Improvements upon the Recreation Center area consisting of a swimming pool, cabana, tennis courts, playground, and adjacent parking spaces (the "Recreation Center Improvements"). Declarant shall construct the Recreation Center Improvements and convey the Recreation Center Improvements and Recreation Center land to the Association. Declarant shall commence construction of the Recreation Center Improvements on or before the date which is twenty four (24) months following the date this Declaration is recorded in the Public Records. Declarant shall thereafter diligently pursue such construction to completion. If Declarant conveys the Recreation Center land to the Association prior to Declarant's completion of the Improvements thereon, such conveyance shall be subject to an exclusive right and easement in favor of Declarant to use and enter upon the Recreation Center land to construct the Recreation Center Improvements. Declarant's obligation to complete the Recreation Center Improvements are hereby declared to be a covenant and obligation running with the portion of the Property owned by Declarant.

Until the Turnover Date, Declarant shall have and hereby reserves the right, but shall not be obligated, to construct additional recreational facilities upon the Recreation Center land. Until the Turnover Date, the decision as to whether to construct additional recreational facilities and the construction thereof shall be in the sole discretion of Declarant.

NEITHER DECLARANT OR THE ASSOCIATION SHALL BE OBLIGATED TO PROVIDE SUPERVISORY PERSONNEL FOR THE RECREATION CENTER, INCLUDING, BUT NOT LIMITED TO, LIFEGUARDS. ANY INDIVIDUAL USING THE RECREATION CENTER SHALL DO SO AT HIS OWN RISK AND HEREBY HOLDS DECLARANT AND THE ASSOCIATION HARMLESS FROM AND AGAINST ANY CLAIM OR LOSS ARISING FROM SUCH USE.

7. Lakes. The Lakes shall always be kept and maintained as an area for water retention, drainage and water management purposes in compliance with applicable governmental and water management district requirements. The Lakes shall be a part of the Association Property and shall be maintained, administered, and owned by the Association (except for those portions to be maintained by the Owners of certain Lots which abut a Lake). Declarant hereby reserves and grants an easement in favor of the Association and Declarant throughout all portions of the Property for the purpose of maintaining and administering such Lakes and no Owner shall do any act, which may interfere with the performance of the Association in its obligations hereunder. Declarant and the Association shall have an easement over all portions of the Property as is reasonably necessary to access and maintain the Lakes as provided in Sections B.5 and B.12 of Article VIII and as designated on a Final Plat. Owners of any Lots which share a boundary with a Lake shall have the obligation to maintain the embankment portion of the abutting Lake located between the rear lot line of the subject Owner's Lot

and the water's edge of the Lake as provided in Section B.4 of Article IX. All Owners shall be subject to the restrictions on the use of the Lakes as provided in Article XI.

8. Other Property. In addition to the Association Property specifically described in this Section B of Article III, Association Property shall also consist of such other property, real or personal, and interests therein as may be determined by Declarant to be of use or benefit to the Association, its Members or BelleGrove Preserve and designated as Association Property by Declarant.

9. Maintenance of Other Property benefiting the Association. In addition to the Association Property specifically set forth in this Declaration, the maintenance responsibility of the Association may include, without limitation, any landscaping on public roadways or other property adjacent to the Property selected by the Board for maintenance and determined by the Board as benefiting BelleGrove Preserve with the approval of the owner of such property or the governmental authority responsible for maintenance of same.

10. Right to Add Additional Improvements. Such portions of the Association Property upon which Declarant has constructed, or hereinafter constructs, Improvements shall be kept and maintained for use in a manner consistent with the nature of such Improvements located, or to be located thereon. Until the Turnover Date, Declarant reserves the right, but shall not be obligated, to construct additional facilities upon the Association Property. Until the Turnover Date, the decision as to whether to construct additional facilities and the construction thereof shall be in the sole discretion of Declarant.

11. Administration and Costs of Maintenance. All costs associated with operating and maintaining the Association Property shall be the obligation of the Association, and such costs shall be an Operating Expense. The Association Property shall be conveyed to the Association in accordance with the provisions of Section B. 14 of this Article III. The administration, management, operation and maintenance of the Association Property shall be the responsibility of the Association, all as is provided herein and in the other Association Documents.

12. Private Use. The Association Property is not for the use and enjoyment of the public, but is expressly reserved for the private use and enjoyment of Declarant, the Association, and the Lot Owners in BelleGrove Preserve, their family members, guests, invitees and lessees, and any other Person authorized to use the Association Property or any portion thereof by Declarant or the Association but only in accordance with this Declaration and the laws of the Town and the applicable governmental authorities.

13. Declarant's Rights to Use Association Property. Declarant hereby expressly reserves the right for Declarant to use the Association Property and the Lots in connection with the sale and marketing by Declarant of Dwellings in BelleGrove Preserve, including, but not limited to, the holding of sales and marketing meetings, sales promotions and related activities.

14. Conveyance of Association Property. Declarant agrees that title to the Association Property shall be conveyed to the Association by deeds, bills of sale, easements or leases, as applicable, and the Association is obligated to accept such deeds, bills of sale, easements or leases to the Association Property, as applicable, subject to: (i) the terms and provisions of this Declaration; (ii) all applicable Association Documents; (iii) real estate taxes for the year of such conveyance; (iv) all applicable zoning ordinances; and (v) utility and drainage easements. While Declarant shall have the

right to convey or cause to be conveyed all or such portions of the Association Property as Declarant shall from time to time determine, the conveyance of any Association Property upon which Declarant constructs Improvements shall be effectuated within two (2) years after Declarant completes such Improvements thereon. Provided, however, if the Property is subject to the requirements of the VA, the FHA, the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, if such agency requires, the conveyance of Association Property shall be effectuated no later than the date that HUD insures the first mortgage in the portion of the Property in which the Association Property is located. The Association is required to accept all such conveyances of the Association Property or portions thereof and the personal property and improvements appurtenant thereto. The Association hereby agrees to accept the Association Property and the personal property and Improvements appurtenant thereto "AS IS", without any representation or warranty, expressed, implied, in fact or by law, as to the condition or fitness of the Association Property or portions thereof and the personal property and improvements thereon, subject to the obligation of Declarant to convey the Association Property to the Association free of any liens or encumbrances, including, but not limited to, any mortgages or materialmen's liens for any work performed by or on behalf of the Declarant for the completion of the Improvements to the Association Property. It is the purpose of this provision to provide that the Association will be responsible for all maintenance of Association Property when Improvements thereto (if any) have been completed, notwithstanding the fact that the Declarant is not obligated to deed or grant an easement for such Association Property until two (2) years after Improvements have been completed thereon. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance in the Public Records to the Association, title or such other interest in property conveyed will vest in and to the Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Association.

The Association Property shall not be mortgaged or conveyed by the Association without the approval of two-thirds (2/3) of the Members (other than Declarant), and if applicable as provided in Section P of Article XV, the approval of LLC. All rights of the mortgagee shall be subordinate to the rights of the Association and its Members. Easements granted or permitted in the Association Property pursuant to Article VIII shall not be considered to be a conveyance of such Association Property and shall not require the approval or consent of the Owners or any other party or Person.

In addition, if prior to the Turnover Date, the Property is subject to the requirements of VA, FHA, the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, the Association Property cannot be mortgaged or conveyed by the Association without the prior approval of HUD or VA, as is applicable and required.

15. Rules and Regulations. The Association shall, from time to time, impose rules and regulations regulating the use and enjoyment of the Association Property. The rules and regulations so promulgated shall, in all respects, be consistent with the provisions of the Association Documents. The right to use the Association Property shall be subject to the rules and regulations established by the Association. The rules and regulations shall not apply to Declarant or LLC as an Owner.

ARTICLE IV
ASSOCIATION MEMBERSHIP AND GOVERNANCE

A. Membership and Voting Rights. Each Member shall be entitled to the benefit of, and be subject to, the provisions of the Association Documents. The qualification of Members of the Association, the manner of their admission to membership, the manner of the termination of such membership and the manner of voting by Members shall be established and terminated as set forth below:

16. Membership in the Association for Owners other than Declarant shall be established by the acquisition of ownership of fee title to a Lot as evidenced by the recording of an instrument of conveyance in the Public Records. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Membership in the Association shall not apply to the Future Development Property until the Future Development Property is subject to a Final Plat subdividing the Future Development Property into Lots, at which time the successor owner (or successor owners) of the Lots in the Future Development Property shall become a Member (or Members). Upon termination of ownership, an Owner's membership shall automatically terminate and be automatically transferred to the new Owner of the Lot. Where title to a Lot is acquired by conveyance from a party other than Declarant by means of sale, gift, inheritance, devise, judicial decree or otherwise, the person, persons or entity thereby acquiring such Lot shall not be a Member until such Owner or his closing attorney notifies the Association in writing of such change in ownership. However, if the Lot so acquired is a Contributing Lot as defined in this Declaration, the person, persons or entity thereby acquiring such Lot shall be deemed to be a Contributing Owner upon the acquisition of such Lot and liable to the Association for Assessments attributable to such Lot in accordance with the provisions of Article V and VI, regardless of the membership status of such Contributing Owner.

17. The Association shall have two (2) classes of voting membership:

i. "Class A Members" shall be all Members other than Declarant, and each Class A Member is entitled to one (1) vote for each Lot owned.

ii. "Class B Member" shall be Declarant, which shall be entitled to three (3) votes for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the Turnover Date.

On the Turnover Date, Class A Members, including Declarant, shall assume control of the Association and elect the Board.

18. The designation of different classes of membership is for the purposes of establishing the number of votes applicable to certain Lots, and nothing herein shall be deemed to require or allow voting solely by an individual class on any matter which requires the vote of Members, unless otherwise specifically set forth in Association Documents.

19. No Member may assign, hypothecate or transfer in any manner his membership in the Association except as an appurtenance to his Lot.

20. Any Member who conveys or loses title to a Lot by sale, gift, devise, bequest, judicial decree or otherwise shall, immediately upon such conveyance or loss of title, no longer be a Member with respect to such Lot and shall lose all rights and privileges of a Member resulting from ownership

of such Lot, but shall remain personally liable to the Association for any unpaid Assessments levied upon the subject Lot which accrue during the period of such Person's ownership of the Lot.

21. There shall be only one (1) vote for each Lot, except for Class B Members as set forth herein. If there is more than one Member with respect to a Lot as a result of the fee interest in such Lot being held by more than one person, then all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves. In the event of disagreement, the decision of Members holding a majority of interest in such Lot shall govern. Fractional voting shall not be allowed. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of any co-owner shall be conclusively presumed to be the majority vote of the Owners of that Lot.

22. Unless a higher percentage is required by this Declaration, the Bylaws, or the Articles, a quorum shall consist of persons entitled to cast at least twenty percent (20%) of the total number of votes of the Members.

B. Board. The Association shall be governed by the Board, which shall be appointed, designated or elected, as the case may be, as set forth in the Bylaws.

C. Duration of Association. The duration of the Association shall be perpetual, as set forth in the Articles.

ARTICLE V

COVENANT TO PAY ASSESSMENTS FOR OPERATING EXPENSES; ESTABLISHMENT OF LIENS; COLLECTION OF ASSESSMENTS

A. Affirmative Covenant to Pay Operating Expenses. There is hereby imposed upon each Contributing Lot and Contributing Owner (with the exception of Declarant for so long as Declarant pays the Deficit during the Guarantee Period referred to in Section F of Article VI) the affirmative covenant and obligation to pay to the Association (in the manner herein set forth) all Assessments, including, but not limited to, the Individual Lot Assessments, Special Assessments and Individual Expense Assessments. Each Owner by acceptance of a deed or other instrument of conveyance conveying a Lot within the Property from Declarant, whether or not it shall be so expressed in such deed or instrument, shall be obligated and agrees to pay to the Association all Assessments for Operating Expenses in accordance with the provisions of the Association Documents.

B. Establishment of Liens. Any and all Assessments made by the Association in accordance with the provisions of the Association Documents with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Contributing Lot against which each such Assessment is made. Each Assessment against a Contributing Lot, together with Interest thereon, including, but not limited to, Legal Fees, shall be the personal obligation of the Contributing Owner of such Contributing Lot. Provided, however, where an Institutional Mortgagee of record obtains title to a Contributing Lot as a result of foreclosure of its first mortgage or deed in lieu of foreclosure, such Institutional Mortgagee, its successors or assigns, shall not be liable for the share of Assessments pertaining to such Contributing Lot or chargeable to the former Contributing Owner thereof which became due prior to such party's acquisition of title, unless the Assessment against

the Contributing Lot in question is secured by a claim of lien for Assessments recorded prior to the mortgage which was foreclosed or with respect to which a deed in lieu of foreclosure was given.

C. Collection of Assessments. If any Contributing Owner shall fail to pay any Assessment (or installment thereof) charged to such Contributing Owner within fifteen (15) days after the same becomes due, then the Association, through its Board, shall have any and all of the following remedies to the extent permitted by law, which remedies are cumulative and which remedies are not in lieu of, but are in addition to, all other remedies available to the Association:

1. To accelerate the entire amount of any Assessments for the remainder of the calendar year notwithstanding any provisions for the payment thereof in installments.

2. To advance on behalf of the Contributing Owner(s) in default funds to accomplish the needs of the Association up to and including the full amount for which such Contributing Owner(s) is liable to the Association and the amount or amounts of monies so advanced, together with Interest and all costs of collection thereof, including, but not limited to, Legal Fees, may thereupon be collected by the Association and such advance by the Association shall not waive the default.

3. To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in like manner as a foreclosure of a mortgage on real property.

4. To file an action at law to collect said Assessment plus Interest and Legal Fees, without waiving any lien rights or rights of foreclosure in the Association.

5. To charge Interest on such Assessment from the date it becomes due, as well as a late charge of Twenty-Five Dollars (\$25.00) to defray additional collection costs.

D. Collection by Declarant. If event for any reason the Association shall fail to collect the Assessments, then, in that event, Declarant shall at all times have the right (but not the obligation) prior to the Turnover Date: (i) to advance such sums as the Association could have advanced as set forth above; and (ii) to collect such Assessments and, if applicable, any such sums advanced by Declarant, using the remedies available to the Association against a Contributing Owner as set forth in Section C of Article XIII, which remedies are hereby declared to be available to Declarant.

E. Rights of Declarant and Institutional Mortgagees to Pay Assessments and Receive Reimbursement. Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and at their sole option, to pay any of the Assessments which are in default and which may or have become a charge against any Contributing Lots. Further, Declarant and any Institutional Mortgagees shall have the right, but not the obligation, jointly or singly, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required items of Operating Expenses on behalf of the Association where the same are overdue and where lapses in policies or services may occur. Declarant and any Institutional Mortgagees paying overdue Operating Expenses on behalf of the Association will be entitled to immediate reimbursement from the Association plus Interest and any costs of collection including, but not limited to, Legal Fees.

F. Rental and Receiver. If an Owner remains in possession of his Dwelling and the claim of lien of the Association against his Lot is foreclosed, the court, in its discretion, may require the Owner to pay a reasonable rental for the Dwelling, and the Association is entitled to the appointment of a receiver to collect the rent while the foreclosure action is pending.

G. Assignment of Claim and Lien Rights. The Association, acting through its Board, shall have the right to assign to any third party its claim and lien rights for the recovery of any unpaid Assessments and any other monies owed to the Association.

H. Unpaid Assessments Certificate. Within fifteen (15) days after written request by any Owner or any Institutional Mortgagee holding or making a mortgage encumbering any Lot, the Association shall provide the Owner or Institutional Mortgagee a written certificate as to whether or not the Owner of the Lot is in default with respect to the payment of Assessments or with respect to compliance with the terms and provisions of this Declaration, and any person or entity who relies on such certificate in purchasing or in making a mortgage loan encumbering any Lot shall be protected thereby.

I. Application of Payments. Any payments made to the Association by any Owner shall first be applied towards any sums advanced and paid by the Association for taxes and payment on account of superior mortgages, liens or encumbrances which may have been advanced by the Association in order to preserve and protect its lien, next toward Legal Fees incurred by the Association incidental to the collection of assessments and other moneys owned to the Association by the Owner and/or for the enforcement of its lien; next towards interest on any Assessments or other moneys due to the Association, as provided herein, and next towards any unpaid Assessments owed to the Association, in the inverse

ARTICLE VI METHOD OF DETERMINING ASSESSMENTS AND ALLOCATION OF ASSESSMENTS

A. Determining Amount of Assessments. The total anticipated Operating Expenses for each calendar year shall be set forth in the budget ("Budget") prepared by the Board (and if applicable, approved by LLC pursuant to Section P of Article XV) as required under the Association Documents. The total anticipated Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) shall be apportioned equally among the Contributing Lots by dividing the total anticipated Operating Expenses as reflected by the Budget, other than those Operating Expenses which are properly the subject of a Special Assessment (adjusted as hereinafter set forth), by the total number of Contributing Lots (as evidenced by the issuance of a certificate of occupancy), with the quotient thus arrived at being the "Individual Lot Assessment". Provided, however, the first Budget and all subsequent Budgets prepared during the Guarantee Period referred to in Section F of Article VI, shall be based upon a full build-out of the Subdivision and the Individual Lot Assessment shall be determined by dividing the amount of the total anticipated Operating Expenses at full build-out by a number equal to 75% of the number Total Planned Lots (as may be adjusted from time to time), subject to reduction during the period prior to the completion of the Recreation Center Improvements. Provided however, until the Recreation Center Improvements are completed, the amount of the Individual Lot Assessment shall be reduced by subtracting the expenses associated with the maintenance, operation, repair and replacement of the Recreation Center from the amount of the total anticipated Operating Expenses used to calculate the amount of the Individual Lot Assessment. Upon completion of the Recreation Center, the expenses associated with the Recreation Center described above, shall be included in the total amount of Operating Expenses used to calculate the amount of the Individual Lot Assessment, thereby adjusting the amount of the Individual Lot Assessment to the amount reflected by the full "build-out" Budget for the applicable period. Any assessment for legal expenses incurred by the Association to begin legal proceedings against Declarant shall be deemed an Operating Expense which is properly the subject of a Special Assessment and not the subject of a regular Individual Lot Assessment.

B. Assessment Payments. The Individual Lot Assessments shall be payable in advance in monthly, quarterly, annual or semi-annual installments with the due dates being established by the Board. When a Contributing Lot not in existence when the Assessment was determined (“New Improved Lot”) comes into existence during a period with respect to which an Assessment or installment thereof has already been assessed, the New Improved Lot shall be deemed assessed the amount of such Assessment or installment thereof which was assessed against Lots which qualified as Contributing Lots in existence at the time of such Assessment, prorated from the date the New Improved Lot comes into existence through the end of the period in question. If the due date for such Assessment or installment thereof occurred on or prior to the date the New Improved Lot came into existence, said prorated amount thereof shall be immediately due and payable on the date the New Improved Lot comes into existence.

C. Special Assessment. “Special Assessments” include, in addition to other Assessments designated as Special Assessments in the Association Documents and whether or not for a cost or expense which is included within the definition of “Operating Expenses,” those Assessments which are levied for capital improvements which include the costs (whether in whole or in part) of constructing or acquiring improvements for, or on, the Association Property or the cost (whether in whole or in part) of reconstructing or replacing such improvements. It is recognized and declared that Special Assessments shall be in addition to, and are not part of, any “Individual Lot Assessment”. Any such Special Assessments assessed against Contributing Lots and Contributing Owners thereof shall be paid by such Contributing Owners in addition to any other assessments. Special Assessments shall be assessed in the same manner as the Individual Lot Assessment. Special Assessments shall be paid in such installments or in a lump sum as the Board shall, from time to time, determine. Except for any Special Assessments that are expressly permitted by any of the provisions of this Declaration, in any fiscal year of the Association after the Turnover Date, the levying of any Special Assessment shall require the affirmative assent of at least two-thirds (2/3) of the Contributing Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Except for any Special Assessments that are expressly permitted by any of the provisions of this Declaration, in any fiscal year of the Association prior to the Turnover Date, the levying of any Special Assessment which exceeds ten percent (10%) of the budgeted Operating Expenses of the Association for that fiscal year, shall require the affirmative assent of at least two-thirds (2/3) of the Contributing Owners represented in person or by proxy at a meeting called and held in accordance with the Bylaws. Otherwise, prior to the Turnover Date, the levying of a Special Assessment in an amount that is ten percent (10%) or less of the budgeted Operating Expenses of the Association for the applicable period, shall require the approval of a majority of the Board of Directors.

D. Individual Expense Assessments. Individual Expense Assessments include any Assessment levied against a Contributing Owner as a result of such Contributing Owner’s or any such Contributing Owner’s family members, guests, invitees or lessees and their family members, guests and invitees use, maintenance, or treatment of the Association Property or Lots or such Person’s failure to comply with the Association Documents, including, but not limited to, non-compliance of Dwellings and any other Improvements or personal property contained therein with the standards set forth in the Association Documents, or as adopted from time to time by the Association. The amount of the Individual Expense Assessment(s) shall be equal to the amount of any additional costs and expenses incurred by Declarant or the Association which would not have been incurred if the Contributing Owner or the Contributing Owner’s family members, guests, invitees or lessees and their family members, guests and invitees had been in compliance with the Association Documents. The Individual Expense Assessment and any late charges relating thereto shall be assessed and collected and enforced in the same manner as any other Assessments hereunder as provided herein. Individual Expense Assessments shall be in addition

to and not part of any other Assessment, any such Individual Expense Assessment assessed against a Contributing Owner shall be paid by such Contributing Owner in addition to any other Assessment..

Individual Expense Assessments shall be in addition to and not part of any other Assessment, any such Individual Expense Assessment assessed against a Lot Owner shall be paid by such Lot Owner in addition to any other Assessment.

E. Liability of Contributing Owners for Individual Assessments. By the acceptance of a deed or other instrument of conveyance of a Lot in the Property, each Owner thereof acknowledges that each Contributing Lot and the Contributing Owners thereof are jointly and severally liable for their own Individual Lot Assessment and their applicable portion of any Special Assessments as well as for all Individual Expense Assessments for which they are liable as provided for herein. Provided that during the Guarantee Period referred to in Section F of this Article VI, any Contributing Lot owned by Declarant shall not be subject to Assessment so long as Declarant pays the Deficit as provided in such Section. Contributing Owners further recognize and covenant that they are jointly and severally liable with the Contributing Owners of all Contributing Lots for the Operating Expenses (subject to any specific limitations expressly provided for herein). Accordingly, each Owner who is or becomes a Contributing Owner recognizes that if the other Contributing Owners fail or refuse to pay their Individual Lot Assessment or any portion thereof or their respective portions of any Special Assessments or any Individual Expense Assessments, then the remaining Contributing Owners may be responsible for increased Individual Lot Assessments or Special Assessments or other Assessments due as a result of the nonpayment by such other Contributing Owners. Each Contributing Owner further recognizes and accepts that such increased Individual Lot Assessment or Special Assessment or other Assessment can and may be enforced by the Association and Declarant in the same manner as all other Assessments hereunder as provided in the Association Documents.

F. Declarant Funding During Guarantee Period. Declarant covenants and agrees with the Association and the Contributing Owners that for the period commencing with the date of recordation of this Declaration and ending upon the sooner to occur of the following: (i) the date upon which three hundred (300) Lots have become Contributing Lots, or (ii) the date that is five (5) years after the date of first recordation of this Declaration ("Guarantee Period"), that (a) the Individual Lot Assessment will be determined by spreading the total anticipated Operating Expenses at full build-out as set forth in the Budget, by a number equal to 75% of the number of Total Planned Lots (as may be adjusted from time to time, and subject to the reduction provided for during the period prior to completion of the Recreation Center Improvements pursuant to Section A of this Article), and (b) Declarant will pay the "Deficit," being the difference, if any, between the Operating Expenses (other than those Operating Expenses which are properly the subject of a Special Assessment) incurred by the Association during the Guarantee Period, and the amounts assessed as Individual Lot Assessments (referred to below) against the Contributing Lots and the "Working Capital Contributions" set forth below, which will be used to defray initial start up expenses. Thus, during the Guarantee Period, Declarant shall not be obligated to pay any Assessments with respect to any Contributing Lots owned by Declarant. Declarant hereby reserves the right to extend the Guarantee Period to a date ending not later than the Turnover Date at Declarant's sole election by providing written notice to the Association of such election at least thirty (30) days prior to the expiration of a Guarantee Period. After the Guarantee Period terminates, Declarant shall be obligated to pay Assessments for any Contributing Lots owned by Declarant.

Declarant's obligation to fund the Deficit during the Guarantee Period as set forth above, together with Interest thereon and costs of collection, including, but not limited to, Legal Fees, are hereby declared to be a charge and continuing lien upon each Lot owned by Declarant. Said lien shall be effective only from and after the time of the recordation in the Public Records of the County of a written, acknowledged statement by the Association setting forth the amount due to the Association as of the date the statement is signed. Upon full payment of all sums secured by that lien, Declarant shall be entitled to a satisfaction of the statement of lien in recordable form.

G. Working Capital Contribution. Each Owner who purchases a Lot improved with a Dwelling from Declarant shall pay to the Association at the time legal title is conveyed to such Owner a "Working Capital Contribution". The Working Capital Contribution shall be an amount equal to a two months' share of the Maximum Annual Assessment Amount. The purpose of the Working Capital Contribution is to ensure that the Association will have cash available for initial start-up expenses including, but not limited to Operating Expenses, to meet unforeseen expenditures or to acquire additional equipment and services deemed necessary or desirable by the Board. Working Capital Contributions are not advance payments of Individual Lot Assessments and shall have no effect on future Individual Lot Assessments.

H. Exempt Property. Operating Expenses shall be assessed only against Contributing Lots which are subject to Assessment under the provisions hereof, and all other portions of the Property shall be exempt there from, including, but not limited to: the Association Property; any and all Lots or other portions of the Property which may from time to time be withdrawn from the provisions of this Declaration by Declarant; the Future Development Property, any Lot or portion of the Property which is not by definition a Contributing Lot; and any Contributing Lots owned by Declarant during the Guarantee Period.

I. Operating Expenses. The Assessments for Operating Expenses of the Association are payable by each Contributing Owner to the Association notwithstanding the fact that Declarant may not have yet conveyed title to the Association Property to the Association. The following operating expenses of the Association are hereby declared to be Operating Expenses which the Association is obligated to assess and collect and which the Contributing Owners are obligated to pay as provided herein or as may be otherwise provided in the Association Documents:

1. Taxes. Any and all taxes levied or assessed at any and all times by any and all taxing authorities including all taxes, charges, assessments and impositions and liens for public Improvements, special charges and assessments and water drainage districts, and in general all taxes and tax liens which may be assessed against the Association Property and against any and all personal property and Improvements, which are now or which hereafter may be placed thereon, including any interest, penalties and other charges which may accrue thereon shall be considered Operating Expenses. Any and all taxes levied or assessed against the Lots shall be the obligation of the respective Owners thereof.

2. Utility Charges. All charges levied for utilities providing services for the Association Property whether supplied by a private or public firm shall be considered Operating Expenses. It is contemplated that this obligation will include all charges for water, gas, electricity, telephone, sewer and any other type of utility or any other type of service charge. All charges levied for utilities providing services to the Lots shall be the obligation of the respective Owners thereof.

3. Insurance. The premiums on any policy or policies of insurance required to be maintained under this Declaration and the premiums on any policy or policies the Association determines to maintain even if not required to be maintained by the specific terms of this Declaration shall be Operating Expenses.

4. Destruction of Buildings or Improvements on the Association Property. Any sums necessary to repair or replace, construct or reconstruct damages caused by the destruction of any building upon the Association Property by fire, windstorm, flood or other casualty regardless of whether or not the same is covered in whole or in part by insurance shall be Operating Expenses. In the event insurance money shall be payable, such insurance money shall be paid to the Association who shall open an account with a banking institution doing business in the County, for the purpose of providing a fund for the repair and reconstruction of the damage and the procedures for disbursement of any such insurance proceeds or funds shall be in accordance with the applicable and/or additional provisions of the Planned Community Act (if any). The Association shall pay into such account, either in addition to the insurance proceeds or in the event there are no insurance proceeds, such sums as may be necessary so that the funds on deposit will equal the costs of repair and reconstruction of the damage or destruction. The sums necessary to pay for the damage or destruction as herein contemplated shall be considered Operating Expenses but shall be raised by the Association under the provisions for Special Assessments as provided in Section C of this Article VI and subject to the limitations therein set forth with respect to Special Assessments. The Association agrees that it will commence the Special Assessments process to provide the funds for the cost of reconstruction or construction within ninety (90) days from the date the destruction takes place and shall go forward with all deliberate speed so that the construction or reconstruction, repair or replacement, shall be completed within a reasonable period of time from the date of damage.

5. Maintenance, Repair and Replacements. Operating expenses shall include all expenses necessary to keep and maintain, repair and replace any and all buildings, other Improvements, personal property and furniture, fixtures and equipment upon the Association Property, including landscaping, lawn and sprinkler service, in a manner consistent with the development of BelleGrove Preserve and in accordance with the covenants and restrictions contained herein, and in conformity with all orders, ordinances, rulings and regulations of any and all federal, state, County and local governments having jurisdiction over the Property as well as the statutes and laws of the State of South Carolina and the United States. This shall include any expense attributable to the maintenance and repair and replacement of pumps or other equipment, if any, located upon or servicing BelleGrove Preserve pursuant to agreements with utility corporations. Any expenses for replacements which would not be in the nature of normal repair and maintenance shall be the subject of a Special Assessment as provided in Section C of Article VI and subject to the limitations thereon set forth with respect to Special Assessments. If the Association is permitted by the owner of property in close proximity to the Property or the governmental authority responsible for maintaining same to provide additional maintenance for such property, and the Board elects to do so in order to enhance the overall appearance of the Property, then the expense thereof shall be an Operating Expense.

6. Indemnification. The costs of fulfilling the covenant of indemnification set forth in Article XV shall be deemed to be Operating Expenses, but shall specifically exclude any expenses which may be incurred by Declarant to avoid the performance of any of the obligations to be kept and performed by Declarant, or any liability which may be incurred by an Owner as the Owner of a Lot.

7. Administrative and Operational Expenses. The costs of administration of the Association including, but not limited to, any secretaries, bookkeepers and other employees necessary to carry out the obligations and covenants of the Association shall be deemed to be Operating Expenses. In addition, it is contemplated that the Association may retain a management company or

companies or contractors (any of which management companies or contractors may be, but are not required to be, a subsidiary, affiliate or an otherwise related entity of Declarant) to assist in the operation of the Association Property and other obligations of the Association hereunder. The fees or costs of this or any other management company or contractors so retained shall be deemed to be part of the Operating Expenses hereunder. All contracts with management companies shall contain a provision that allows the Association to unilaterally terminate the contract without cause after ninety (90) days notice.

8. Compliance with Laws. The Association shall take such action as it determines necessary or appropriate in order for the Association Property and the Improvements thereon to be in compliance with all applicable laws, statutes, ordinances and regulations of any governmental authority, whether federal, state, county or local, including, without limitation, any regulations regarding zoning requirements, setback requirements, drainage requirements, sanitary conditions and fire hazards, and the cost and expense of such action taken by the Association shall be an Operating Expense.

9. Failure or Refusal of Lot Owners to Pay Individual Lot Assessments. Funds needed for Operating Expenses due to the failure or refusal of Contributing Owners to pay the Assessments levied shall, themselves, be deemed to be Operating Expenses and properly the subject of an Assessment; provided, however, that any Assessment for any such sums so needed to make up a deficiency due to the failure of Lot Owners to pay a Special Assessment shall, itself, be deemed to be a Special Assessment subject to the limitations thereon with respect to Lots owned by Declarant.

10. Extraordinary Items. Extraordinary items of expense under this Declaration such as expenses due to casualty losses and other extraordinary circumstances shall be the subject of a Special Assessment.

11. Costs of Reserves. The funds necessary to establish an adequate reserve fund ("Reserves") for periodic maintenance, repair, and replacement of the Association Property and the facilities and Improvements thereupon in amounts determined sufficient and appropriate by the Board from time to time shall be an Operating Expense. Reserves shall be deposited in a separate account to provide such funds and reserves. The monies collected by the Association on account of Reserves shall be and shall remain the exclusive property of the Association and no Lot Owner shall have any interest, claim or right to such Reserves or any fund composed of same.

12. Assessments payable to Carolina Forest Association. The Association is or shall be a "member" of the Carolina Forest Association (as the term "member" is defined in the Carolina Forest Declaration). The Carolina Forest Declaration obligates all members of the Carolina Forest Association for the payment of assessments to the Carolina Forest Association for the purpose of funding the expenses incurred by that association in performing its obligations under the Carolina Forest Declaration for the maintenance of certain common amenities benefiting the land subject thereto. The assessments payable by the Association to the Carolina Forest Association shall be an Operating Expense of the Association. Any information provided by Declarant or the Association to an Owner regarding the Carolina Forest Association assessments or other matters involving this association and the Declaration are provided without any promises or representations regarding the amount or use of the assessments payable to the Carolina Forest Association. Neither Declarant nor the Association has any control or responsibility over those assessments, which are established by the board of directors of the Carolina Forest Association as provided in the Carolina Forest Declaration.

13. Miscellaneous Expenses. The cost of all items or costs or expenses pertaining to or for the benefit of the Association, the Association Property or the Lots, or any part thereof, not herein specifically enumerated and which is determined to be an appropriate item of Operating Expense by the Board shall be an Operating Expense.

ARTICLE VII
INSURANCE AND CONDEMNATION

The Association shall purchase and maintain the following insurance coverage subject to the following provisions, and the cost of the premiums therefore shall be a part of the Operating Expenses:

A. Casualty Insurance. Property and casualty insurance in an amount equal to the then full replacement cost (exclusive of land, foundation, excavation and other items normally excluded from such coverage) of all improvements and personal property which is owned, or to be owned, by the Association and now or hereafter located upon the Association Property, which insurance shall provide protection against such risks as are customarily covered with respect to areas similar to the Association Property in developments similar to BelleGrove Preserve in construction, location and use.

B. Public Liability Insurance. A comprehensive policy of public liability insurance naming the Association and, until Declarant's ownership of Lots within the Property ceases, Declarant, as named insureds thereof insuring against any and all claims or demands made by any person or persons whomsoever for injuries received in connection with or arising from the operation, maintenance and use of the Association Property and any improvements located thereon, and for any other risks insured against by such policies. Such policy shall have limits of: not less than One Million Dollars (\$1,000,000) for damages incurred or claimed by any one person for any one occurrence; not less than One Million Dollars (\$1,000,000) for damages incurred or claimed for any one occurrence; and not less than Fifty Thousand Dollars (\$50,000) for property damage per occurrence with no separate limits stated for the number of claims.

C. Fidelity Coverage. Adequate fidelity coverage to protect against dishonest acts of the officers and employees of the Association and the Directors and all others who handle or are responsible for handling funds of the Association shall be maintained in the form of fidelity bonds, and the coverage amounts and other bond requirements shall be determined by the Board in its reasonable discretion.

D. Other Insurance. Such other forms of insurance and in such coverage amounts as the Association shall determine to be required or beneficial for the protection or preservation of the Association Property and any improvements now or hereafter located thereon or in the best interests of the Association.

E. Cancellation or Modification. All insurance policies purchased by the Association shall provide that they may not be canceled for any reason, including but not limited to non-payment of premiums,) and that they may not be substantially modified unless the insurer gives at least ten (10) days prior written notice to the Association and to each first mortgage holder named in the mortgagee clause of the policies in question.

F. Condemnation. In the event the Association receives any award or payment arising from the taking of any Association Property or any part thereof as a result of the exercise of the right of condemnation or eminent domain, the net proceeds thereof shall first be applied to the restoration of such

taken areas and improvements thereon to the extent deemed advisable by the Association, and the remaining balance thereof, if any, shall be placed in a Reserve fund of the Budget.

ARTICLE VIII
EASEMENTS

A. Recognition of Existing Easements. Each Owner, by acceptance of a deed or other instrument of conveyance, recognizes and consents to the easements reserved and/or granted with respect to the Property under this Declaration.

B. Grant and Reservation of Easements. Declarant and LLC hereby reserve and grant the following perpetual easements over and across the Property as covenants running with the Property for the benefit of the Owners, the Association, Declarant and LLC, as hereinafter specified for the following purposes:

1. Utility and Services Easements. Easements in favor of governmental and quasi-governmental authorities, utility companies, telecommunications companies, cable television companies, ambulance or emergency vehicle companies, garbage collection, and mail carrier companies, over and across all Roadways existing from time to time within the Property, and over, under, on and across the Association Property, as may be reasonably required to permit the foregoing, and their agents and employees, to provide their respective authorized services to and for the Property. Also, easements as may be allowed over, under, on and across Association Property for the installation, maintenance, repair and providing of utility services, equipment and fixtures in order to adequately serve the Property and or any neighboring or nearby property, including, but not limited to, electricity, telephones, sewer, water, lighting, irrigation, drainage, television antenna and cable television facilities, and electronic security. However, such easements affecting title to any Lot which serve any other portion of the Property shall only be subsurface, and they shall only be for utility services actually constructed, or reconstructed, and for the maintenance thereof, unless otherwise approved in writing by the Owner of the Lot. An Owner shall do nothing on his Lot which interferes with or impairs the utility services using these easements. The Board or its designee shall have a right of access to each Lot to inspect, maintain, repair or replace the utility service facilities contained under the Lot and to remove any improvements interfering with or impairing the utility services or easement herein reserved; provided such right of access shall not unreasonably interfere with the Owner's permitted use of the Lot.

2. Easement for Encroachment. If: (i) any Improvements which are constructed as Association Property or upon Association Property, or (ii) any Improvements which are specifically described in the following sentence and are constructed upon a Lot, encroach upon a Lot because of the placement, construction, reconstruction, repair, movement, settling or shifting of such Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments. This Section B. 2 of Article VIII shall only apply to Improvements upon a Lot which constitute completed building Improvements and which do not encroach more than three (3) feet into or upon an adjacent Lot, and shall not include fences, walls, patios, antennas, driveways, walkways, signs, mailboxes, pools, tennis courts, landscaping or other structures or Improvements which are not a completed building Improvement. If any Lot Improvement of the type described above encroaches upon the Association Property as a result of construction, reconstruction,

repair, shifting, settlement or movement of the subject Lot Improvements, and such Improvements have been constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided, however, that in no event shall such an easement exist for willful encroachments.

3. Easement to Enter Upon Lots. An easement or easements for ingress and egress in favor of Declarant, the Committee, the Association, including the Board or the designee of the Board, to enter upon the Lots for the purposes of inspecting any construction, proposed construction of Improvements, or fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Association Documents, including the making of such repairs, maintenance or reconstruction as are necessary for the Association Property.

4. Easement Over Association Property. An easement of use and enjoyment in and to the Association Property in favor of all Owners, their family members, guests, invitees and lessees, which shall be appurtenant to and shall pass with title to every Lot, subject to the following:

i. the right of the Association to suspend the voting rights and rights to use the Association Property of any Owner for any period during which Assessments against his Lot(s) remain unpaid;

ii. the right of the Association to grant permits, licenses and easements over the Association Property for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; and

iii. all provisions set forth in the Association Documents.

5. Drainage and Irrigation Easement; Storm Water Control Maintenance Easement. An easement for drainage, flowage and irrigation over, under and upon the Property in favor of the Association and each of the Owners, including, but not limited to, reasonable rights of access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate, replace, and repair the Storm Water Management System and to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that Declarant or the Association deems reasonably necessary or appropriate. After such action has been completed, Declarant or the Association shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant or the Association shall give reasonable notice of its intent to take such action to all affected Owners.

6. Additional Easements. Declarant (until the Turnover Date) and the Association, on their behalf and on behalf of all Owners, each shall have the right to: (i) grant and declare additional easements over, upon, under and/or across the Association Property in favor of Declarant, LLC, or any person, entity, public or quasi-public authority or utility company, or (ii), with the consent of the applicable party affected by any easement benefiting the Property or the party who acquired or is benefited by any easement affecting the Property (as applicable), modify, relocate, abandon or terminate existing easements benefiting or affecting the Property. In connection with the grant, modification, relocation, abandonment or termination of any easement, Declarant reserves the right to relocate roads, parking areas, utility lines, and other improvements upon or serving the Property. So long as the foregoing will not adversely interfere with the use of Lots for dwelling purposes, no consent of any Owner or any mortgagee of any Lot shall be required, and if same would adversely interfere with the use of any Lot for dwelling purposes, only the consent of the Owners and

Institutional Mortgagees so affected shall be required. To the extent required, all Owners hereby irrevocably appoint Declarant and/or the Association as their attorney-in-fact for the foregoing purposes.

7. Sale and Development Easement. Declarant reserves an easement over, upon, across and under the Property as may be reasonably required in connection with the development, construction, sale, promotion, or leasing of any Lot or Dwelling within the Property or within any other property owned by Declarant, provided that no such easement shall be located within or upon any Dwelling and shall not materially adversely impair or diminish any Owner's use or enjoyment of such Owner's Lot or Dwelling.

8. Landscape Area, Entryway Area, and Signage Area Easement. An easement for the installation, maintenance, repair, and replacement of any entry monument, sign, landscaping, or other facilities located in the Landscape Areas, Entryway Areas, and Signage Areas is reserved in favor of Declarant, LLC, and the Association over, upon, across and under the Landscape Areas, Entryway Areas, and Signage Areas.

9. Maintenance Easements. If any Dwelling is located closer than five (5) feet from its Lot line, the Owner of said Lot shall have a perpetual access easement over the adjoining Lot to repair, maintain, perform, paint or reconstruct his Dwelling. Within said easement area no fence or vegetation shall be located.

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

11. Irrigation Wells and Pumps. There is hereby reserved for the benefit of the Association, for the purpose of irrigating any portions of the Subdivision, an alienable, transferable, and perpetual right and easement (a) to pump water from lagoons, ponds, and other bodies of water located within the Development, and (b) to drill, install, locate, maintain, and use wells and pumps on and within the Association Property.

12. Lake Easement. An easement is hereby established over, under, upon and across the Lakes for the benefit of Declarant and the Association (the "Lake Easement"). This easement shall be for the purpose of performing all work necessary for the excavation, grading and removal of fill, construction, installation, operation, repair and maintenance of the Lakes in accordance with the approved master drainage plan for the Property. The Lake Easement shall also include the right to enter upon the portions of the Property (including any Lots) adjacent to the Lakes as is necessary to access the Lakes and perform the Association's obligations and exercise the Association's rights with regard to the Lakes and the maintenance and preservation thereof as required by this Declaration and by the regulations and requirements of the applicable governmental entities.

C. Assignments. The easements reserved hereunder may be assigned by Declarant or the Association in whole or in part to any County or state government or agency thereof, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Property or portions thereof in accordance with the provisions of this Declaration.

All easement rights reserved or granted to Declarant shall terminate upon Declarant no longer owning any Lots, Dwellings or interests in such on the Property for sale in the ordinary course of business. In addition, the easement rights granted or reserved by Declarant hereunder are not to be construed as creating an affirmative obligation to act on the part of Declarant.

ARTICLE IX
MAINTENANCE AND REPAIR

A. By the Association. Except as otherwise specifically set forth herein, the responsibility of the Association is to repair, maintain and replace any and all Improvements located on the Association Property *commencing with the completion of same by Declarant and conveyance to the Association.* The improvements shall be maintained in as close as reasonably possible to the condition as originally constructed by Declarant. In the event of any damage or destruction to the Association Property or to the improvements and facilities located thereon by fire, storms, acts of God, acts of government, acts of third parties or other calamity, the Association shall be required to rebuild such improvements and facilities as quickly as practicable, except as otherwise provided herein.

B. By the Lot Owners

1. Dwelling Exterior; Paved Areas. Each Owner shall maintain his Dwelling and all Improvements and personal property upon his Lot in good condition at all times. The exterior of all Dwellings, including but not limited to roofs, walls, doors, windows, patio areas, pools, screenings, and awnings, shall be maintained in good condition and repair and in a neat and attractive manner. All exterior painted areas shall be re-painted as reasonably necessary with colors which are harmonious with other Dwellings, and no excessive rust deposits on the exterior of any Dwelling, peeling of paint or discoloration of same shall be permitted. No Owner shall change the exterior color of his Dwelling without the consent of the Committee. All sidewalks, driveways and parking areas within the Owner's Lot or serving the Owner's Dwelling shall be cleaned and kept free of debris, and any cracks, damaged and/or eroding areas on same shall be repaired, replaced and/or resurfaced as necessary.

2. Landscaping. The Owner of each Lot containing a Dwelling shall be required to maintain the landscaping of his Lot and on any contiguous property between his Lot and the pavement edge of any abutting road, in accordance with the provisions of this Declaration and the requirements of any controlling governmental authority. All such landscaping shall be maintained by the Owner in good condition and appearance, and, as reasonably required, mowing, watering, trimming, fertilizing, and weed, insect and disease control shall be performed by the Owner. Underground sprinkler systems may be installed, maintained and used to irrigate all landscaping on the Lot, or any other landscaping which the Owner of the Lot is required to maintain pursuant to this Section. All landscaped areas shall be primarily grass, and shall not be paved or covered with gravel or any artificial surface without the prior written consent of the Committee. All dead or diseased sod, plants, shrubs, trees, or flowers shall be promptly replaced, and excessive weeds, underbrush or unsightly growth shall be promptly removed. No artificial grass, plants, or other artificial vegetation shall be placed or maintained on the exterior of any Lot.

3. Drainage and Storm Water Management. The Owner of each Lot shall maintain the grass and the surface area of any portion of the Storm Water Management System located upon such Owner's Lot in substantially the same condition as installed by Declarant. No Owner shall modify, disrupt or alter any private drainage easement or other portion of the Storm Water Management System located upon such Owner's Lot or make any Improvement to such Owner's Lot which would interfere

with or adversely affect the drainage or proper flow of storm water from the Dwelling on such Lot, the Dwellings on any contiguous Lots, or any other portion of the Property or Improvement thereon without the prior written consent of the Committee and all applicable governmental authorities.

4. Lakefront Area Adjacent to Waterfront Lots. The outer boundary of the Lakes will extend beyond the edge of the water line and the top of the bank to the rear or side lot lines of adjacent Lots. Each Owner of a Lot which has a rear or side Lot line which abuts any part of the outer boundary of a Lake (a "Waterfront Lot") shall be required to maintain the adjoining area located between such Owner's Lot and the edge of the water line of the adjacent Lake as if said area were a portion of the Lot owned by such Owner. The Owner of a Waterfront Lot shall mow, trim, fertilize and generally maintain the waterfront area adjacent to the Owner's Lot and shall maintain any embankment so that grass, planting or other lateral support to prevent erosion of the embankment shall not be changed without the prior written consent of the Association and the Committee. If the Owner of any Waterfront Lot fails to maintain such embankment or area, the Association shall have the right, but not the obligation, to enter upon any such Lot or area to perform the Waterfront Lot Owner's obligations at the expense of the Owner of such Lot. No docks, bulkheads, moorings, pilings, boat shelters or other structure shall be constructed by the Owner of any Lot on the landscaped area and embankment located between the edge of the water line and the adjoining Waterfront Lot, except for those constructed by Declarant or the Association or approved in writing by the Committee. The landscaped area between the water line and an adjoining Waterfront Lot shall be reserved hereby for the use and enjoyment of the Owner of such Waterfront Lot, and all other Owners shall be restricted from entering upon such area, except as a guest or invitee of the Owner of the subject Waterfront Lot. A Waterfront Lot Owner's use and enjoyment of the waterfront area adjoining such Owner's Lot shall be subject to: (i) any existing drainage and related easements affecting such area, including the general easement rights to construct, use, maintain, repair and replace those portions of the Storm Management System on the Property, (ii) the right of entry by the Association to perform its obligations under this Declaration, (iii) the right of the Association to adopt rules and regulations in order to further restrict the use of such area in a manner consistent with this Declaration, and (iv) the rights, laws, rules and regulations of any governmental authority or other entity having jurisdiction over the Lakes.

5. If a Lot Owner fails to maintain his Lot or Dwelling in accordance with this Declaration, the Association shall have the right, but not the obligation, upon thirty (30) days' written notice to the Lot Owner, to enter upon the Lot for the purpose of performing the maintenance and/or repairs described in such notice to the Lot Owner, as applicable. The cost of performing such maintenance and/or repairs and the expense of collection (including, but not limited to, Legal Fees) shall be assessed by the Association against the Lot Owner as an Individual Expense Assessment.

ARTICLE X ARCHITECTURAL CONTROL

A. Committee. "Committee" shall mean the architectural control committee, which shall be the governing body charged with using its best efforts to promote and ensure a high level of design, quality, harmony and conformity throughout the Property consistent with this Declaration. Until the Termination of Declarant Control, referred to below, Declarant shall constitute the Committee, and may approve Plans and Submissions or take other actions on behalf of the Committee in Declarant's own name or in the name of the Committee. After the Termination of Declarant Control, the Committee shall be composed of at least three (3) individuals appointed by the Board, each of which shall be an Owner. The Committee shall act by simple majority vote. In the event of death, resignation or other removal of any

Board appointed member of the Committee, the Board shall appoint a successor member. No member of the Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of services performed pursuant to this Declaration. Declarant shall cease to control and constitute the Committee on the earlier of: (a) the date on which Declarant records in the Public Records a document declaring the termination of its control of the Committee, or (b) at such time as Declarant no longer owns a Lot within the Property (which may be referred to in this Declaration as "Termination of Declarant Control").

B. Purpose. The Committee is established to provide a system of review in connection with the construction or modification of all Improvements within the Property. No Improvement shall be commenced, improved or altered, nor shall any grading, excavation or change of exterior color or other work which in any way alters the exterior appearance of an Improvement be done without the prior written approval of the Committee.

C. Development Standards. The Committee is empowered to publish or modify from time to time, design and development standards for the Property, including, but not limited to, standards ("Standards") for the following: (i) architectural design of Improvements, including, but not limited to, design standards for any Dwelling or other Improvement constructed upon a Lot; (ii) fences, walls and similar structures; (iii) exterior building materials and colors; (iv) exterior appurtenances relating to utility installation; (v) signs and graphics, mailboxes and exterior lighting; (vi) building setbacks, pools and pool decks, side yards and related height bulk and design criteria; (vii) pedestrian and bicycle ways, sidewalks and pathways; and (viii) all buildings, landscaping and Improvements on lands owned or controlled by the Association. After Termination of Declarant's Architectural Control, any Standards promulgated by the Committee shall be subject to approval by the Board. After the Board's approval, a copy of the Standards will be made available to all Members.

D. Requirement of Committee Approval. Except as stated herein with regard to Declarant Improvements (hereafter defined), no Improvement of any kind shall be erected, placed or maintained, and no addition, alteration, modification or change to any Improvement shall be made without the prior written approval of the Committee. For purposes of this Declaration, Declarant Improvements means any Improvement erected, placed, or maintained with the approval of Declarant, including, without limitation, any building, wall, fence, swimming pool, or screened enclosure constructed, installed or placed by or with the approval of Declarant prior to the Termination of Declarant Control (collectively the "Declarant Improvements"). Notwithstanding anything to the contrary contained above, Declarant Improvements are not subject to the approval of the Committee and are deemed to conform to the plan of development for the Property.

E. Obtaining Committee Approval. In order to obtain the approval of the Committee, a complete set of plans and specifications ("Plans") for proposed Improvements shall be submitted to the Committee for its review. The Plans shall include, as appropriate, the proposed location, grade, elevations, shape, dimensions, exterior color plans, approximate costs, and nature, type and color of materials to be used. The Committee may also require the submission of additional information and materials as may be reasonably necessary for the Committee to evaluate the proposed Improvement or alteration ("Submissions"). The Committee shall have the right to refuse to approve any proposed Plans that, in its sole discretion, are not suitable or desirable. Any and all approvals or disapprovals of the Committee shall be in writing and shall be sent to each respective Owner submitting same. In the event the Committee fails to approve or to disapprove in writing any Plans and/or Submissions after: (i) submission to the

Committee of the last item of the Plans and Submissions requested by the Committee, so that the Committee has a complete package of all Plans and Submissions requested by the Committee; and (ii) thirty (30) days have elapsed since submission and written request for approval or disapproval was delivered to the Committee by the Owner; then said Plans and Submissions shall be deemed to have been approved by the Committee provided, however, that no Improvement shall be erected or shall be allowed to remain which violates any conditions or restrictions contained in this Declaration, or which violates any applicable zoning or building ordinance or regulation. The approval by the Committee relates only to the aesthetics of the Improvements shown on the Plans and Submissions and not to their sufficiency or adequacy. Each Owner shall be responsible for obtaining all necessary technical data and to make application to and obtain the approval of the appropriate governmental agencies prior to commencement of any construction.

F. Scope of Review. The Committee shall review and approve or disapprove all Plans and Submissions solely on the basis of aesthetic standards as to the aesthetic quality of materials and workmanship to be used, suitability and harmony of location, structure and external design in relation to surrounding topography and structures and the overall benefit or detriment which would result to the immediate vicinity and to the Property as a whole and any other factors deemed relevant to the review by the Committee in its opinion, reasonably exercised. The Committee shall take into consideration the aesthetic aspects of the architectural design, placement of buildings, color schemes, exterior finishes and materials and similar features, and shall not be responsible for reviewing, nor shall its approval of any Plans be deemed approval of, any design or plan from the standpoint of structural safety or conformance with building or other codes.

G. Variance from Standards. The Committee may authorize, in a reasonable manner so as not to destroy the general scheme or plans of the development of the Property, variances from compliance with any Standards which it has promulgated when circumstances such as topography, natural obstructions, hardship, aesthetics or environmental considerations may warrant the grant of such variances. If any such variances are granted, no violation of the restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to that particular property and particular provision hereof or Standards promulgated hereby which are covered by the variance. Such variance shall be evidenced in writing.

H. Enforcement. There is specifically reserved unto the Committee the right of entry and inspection upon any Lot or other portion of the Property for the purpose of determination by the Committee whether there exists any Improvement which violates the terms of any approval by the Committee or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the Committee hereunder should be made only upon reasonable notice given to the Owner of record at least twenty-four (24) hours in advance of such entry. The Association, acting pursuant to the direction of the Committee, is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any Improvement, or to remove any unapproved Improvements, the prevailing party in such litigation shall be entitled to recover all Legal Fees incurred in connection therewith. The Association shall indemnify and hold harmless any member of the Committee from all costs, expenses and liabilities, including attorneys fees incurred by virtue of any member's service as a member of the Committee, provided such member acted in good faith and without malice.

I. Subcommittees and Delegation of Authority. The Committee may establish subcommittees for the purpose of acting on behalf of the Committee with respect to similar circumstances, situations, or types of Improvements, such as a swimming pool subcommittee or a subcommittee which would deal with modifications of existing Improvements or additional new Improvements ancillary to an existing Dwelling, in contrast to the construction of initial Improvements upon a previously unimproved Lot. All rights and powers of the Committee may be delegated to such subcommittee with regard to the subject matter of the subcommittee. The rights and powers of the Committee may be assigned in whole or in part to a management company, an architect, design professional or other entity retained by the Committee or by the Association to perform any of the functions of the Committee.

ARTICLE XI USE RESTRICTIONS

For purposes of this Article XI, unless the context otherwise requires, the term "Owner" shall also include the family, invitees, guests, licensees, lessees and sublessees of any Owner, and any other permitted occupants of a Dwelling. All of the Property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Declarant in Section JJ of this Article XI.

A. Residential Use. The Dwellings shall be for single family residential use only. No commercial occupation or activity may be carried on in BelleGrove Preserve without the consent of the Board, except to the extent such occupation or activity is permitted to be carried on by Declarant under this Declaration, or as may be permitted as provided in subsection B below. In addition, temporary guests are permitted so long as they do not create an unreasonable source of noise or annoyance to the other residents of the Property. No more than one Dwelling not to exceed two and one half (2½) stories in height may be built on one Lot.

B. Permitted Non-Residential Activities. An Owner or occupant residing in a Dwelling may conduct business activities within the Dwelling so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Dwelling; (ii) the business activity conforms to all zoning requirements for the Property; (iii) the business activity does not involve door-to-door solicitation of residents of the Property; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in the Property which is noticeably greater than that which is typical of Dwellings in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of BelleGrove Preserve and does not constitute a nuisance, a hazardous or offensive use, or a threat to the security or safety of others, as the Board determines in its sole discretion. The foregoing limitations shall not preclude occasional garage sales, moving sales, rummage sales, or similar activities, provided that such activities may not be held on any one Lot more than once in any three-month period and, when held, may not exceed three consecutive days in duration.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required. This provision shall not apply to restrict Declarant's activities, nor shall it restrict the activities of LLC. In addition, this provision shall not apply to Association activities related to the

provision of services or to operating and maintaining the Association Property. Leasing a Dwelling shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity that Declarant conducts with respect to the marketing, construction, development and sale of the Lots and the Dwellings thereon, or Declarant's use of any Dwellings Declarant owns within the Property.

C. Time Sharing and Vacation Multiple Ownership Plans. No part of the Property subject to this Declaration, including any Improvements thereon or to be built thereon, will be used for or subject to any type of Vacation Time Sharing Plan or Vacation Multiple Ownership Plan as defined by the 1976 Code of Laws for the State of South Carolina, as amended, Section 27-32-10, et. seq., or any subsequent laws of this State dealing with that or similar type of ownership by a Lot and Dwelling Owner, or which is used for, in conjunction with and/or as an advertised part of any time share exchange program which makes available as accommodations the Lot and Dwelling and which is not otherwise registered as a Vacation Time Sharing Plan or Vacation Multiple Ownership Plan or which utilizes the Lot and Dwelling as accommodations for time share sale prospects of any Person, without the prior written approval of the Declarant, which it may grant or deny in whole, or may grant to some and deny to others, in its sole discretion.

D. Nuisances. No obnoxious or offensive activity shall be carried on about the Lots or in or about any improvements, Dwellings, or on any portion of BelleGrove Preserve nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any Owner. No use or practice shall be allowed in or around the Dwellings which is a source of annoyance to Owners or occupants of Dwellings or which interferes with the peaceful possession or proper use of the Dwellings or the surrounding areas. No trade, business, profession or commercial activity, or any other non-residential use shall be conducted on the Property or within any Lot or Dwelling without the written consent of the Board, except as otherwise permitted pursuant to subsection B above. The foregoing shall not prohibit an Owner from leasing his Dwelling. No loud noises or noxious odors shall be permitted in any Improvements, Dwellings or Lots. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles, or any items which may unreasonably interfere with television or radio reception of any Owner shall be located, used or placed on any Lot, or exposed to the view of other Owners without the prior written approval of the Board and/or the Committee, if required.

E. Outside Storage of Personal Property. The personal property of any Owner shall be kept inside the Owner's Dwelling or a fenced-in yard, except for patio furniture and accessories, and other personal property commonly kept outside, which must be kept in the rear of the Lot and must be neat appearing and in good condition.

F. Parking and Vehicular Restrictions. Only automobiles, private passenger trucks, vans constructed as private passenger vehicles with permanent rear seats and side windows, and other vehicles manufactured and used as private passenger vehicles may be parked within the Property overnight without the prior written consent of the Board, unless kept within an enclosed garage. In particular and without limitation, without the prior written consent of the Board, no vehicle containing commercial lettering, signs or equipment, ~~and no truck,~~ recreational vehicle, camper, trailer, boat, aircraft, motorcycle, or vehicle other than a private passenger vehicle as specified above, may be parked or stored outside of a Dwelling overnight. No overnight parking is permitted on any streets, lawns, or areas other than driveways and garages, without the consent of the Board. Provided, however, automobiles owned by governmental law

enforcement agencies are expressly permitted. The foregoing restrictions shall not be deemed to prohibit the temporary parking of commercial vehicles while making delivery to or from, or while used in connection with providing services to, the Property. All vehicles parked within the Property must be in good condition and repair, and no vehicle which does not contain a current license plate or which cannot operate on its own power shall be parked within the Property outside of an enclosed garage for more than 24 hours, and no major repair of any vehicle shall be made on the Property. All-terrain vehicles and the like are not permitted to be operated within the Property or parked overnight outside of an enclosed garage, except with the prior written consent of the Board, which consent may be withdrawn at any time, and any motorcycle or other permitted motorized vehicle must be licensed for street use and equipped with appropriate noise muffling equipment so that the operation of same does not create an unreasonable annoyance to the residents of the Property.

G. No Improper Uses. No improper, offensive, hazardous or unlawful use shall be made of any welling nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any person using any portion of the Property. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Property shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction over the Property relating to any Dwelling shall be corrected by and at the sole expense of the Owner of the Dwelling.

H. Trash and Other Materials. Each Owner shall regularly pick up all garbage, trash, refuse or rubbish on his Lot, and no Owner or resident shall place or dump any garbage, trash, refuse, rubbish or other materials on any other portions of the Property. Garbage, trash, refuse or rubbish that is required to be placed at the front of the Lot in order to be collected may be placed and kept at the front of the Lot after 5:00 p.m. on the day before the scheduled day of collection, and any trash facilities must be removed on the collection day. All garbage, trash, refuse or rubbish must be placed in appropriate trash facilities or bags. All containers, dumpsters or garbage facilities shall be stored inside a Dwelling or fenced-in area and screened from view and kept in a clean and sanitary condition. No noxious or offensive odors shall be permitted.

I. Leases. No portion of a Dwelling (other than an entire Dwelling) may be rented. All leases must be in writing and shall provide that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of this Declaration, the Articles, Bylaws, of applicable rules and regulations, or of any other agreement, document or instrument governing the Lots or Dwellings. A copy of the proposed lease must be delivered to the Association prior to occupancy by the tenant. No lease shall be for a period of less than six (6) months without the approval of the Board. The Owner of a leased Dwelling shall be jointly and severally liable with his tenant to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinate to any lien filed by the Association whether before or after such lease was entered into.

With respect to any tenant or any person present in any Dwelling or any portion of the Property other than an Owner and the members of his immediate family permanently residing with him in the Dwelling, if such person shall materially violate any provision of this Declaration, the Articles, or the Bylaws, or shall create a nuisance or an unreasonable and continuous source of annoyance to the residents of the Property, or shall willfully damage or destroy any Association Property or personal property of the Association, then upon written notice by the Association such person shall be required to immediately leave the Property and if such person does not do so, the Association is authorized to commence an action

to evict such tenant or compel the person to leave the Property and, where necessary, to enjoin such person from returning. The expense of any such action, including Legal Fees, may be assessed against the applicable Owner as an Individual Expense Assessment, and the Association may collect such Assessment and have a lien for same as elsewhere provided. The foregoing shall be in addition to any other remedy of the Association. The Association shall provide notice to the Owner of a leased Dwelling concurrently with any notices sent to the tenant of such Dwelling pursuant to this Section H of Article XI, and such Owner shall have the right to participate in any hearings or eviction proceedings involving the tenant of such Owner's Dwelling. The right of eviction provided for in this section shall be inserted in every lease, but the omission from any lease agreement of such right shall not affect the Association's right to evict as set forth herein.

J. Temporary Buildings. No tents, trailers, shacks or other temporary buildings or structures shall be constructed or otherwise placed upon the Property except in connection with construction, development, leasing or sales activities permitted by the Committee or performed by Declarant and LLC. No temporary structure may be used as a Dwelling. No garden shed, storage shed, out-building, or other permanent structures which are detached from the Dwelling shall be constructed or placed upon the Property unless approved in writing by the Committee in accordance with Article X.

K. Garages. No garage shall be permanently enclosed so as to make such garage unusable by an automobile, no portion of a garage originally intended for the parking of an automobile shall be converted into a living space or storage space, and no garage opening shall have a screen covering without the consent of the Committee. All garage doors shall remain closed when vehicles are not entering or leaving the garage.

L. Animals and Pets. Only common domesticated household pets may be kept on any Lot or in a Dwelling, but in no event for the purpose of breeding or for any commercial purposes whatsoever. No other animals, livestock, reptiles or poultry of any kind shall be kept, raised, bred or maintained on any portion of the Property. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Board. Under no circumstances may a pit bull be permitted on the Property. Any pet must not be an unreasonable nuisance or annoyance to other residents on the Property. The Board may adopt rules and regulations concerning animals which are more restrictive than the provisions of this Declaration, including rules requiring that all animals be kept on a leash when on the Association Property or outside a fenced yard, that animals be restricted to designated areas within the Association Property, and that Owners are responsible for cleaning up any mess that a pet creates within any Lot or the Association Property. The Board may require any pet to be immediately and permanently removed from the Property due to a violation of this Section.

Each Owner who determines to keep a pet thereby agrees to indemnify the Association and Declarant and hold them harmless against any loss or liability of any kind or character whatsoever arising from or growing out of his having any animal within the Property.

M. Additions and Alterations. No Dwelling shall be enlarged by any addition thereto or to any part thereof, and no Owner shall make any improvement, addition, or alteration to the exterior of his Dwelling, including, without limitation, the painting, staining, or varnishing of the exterior of the Dwelling or re-roofing with shingles of a different color or material, without the prior written approval of the Committee, which approval may be withheld for purely aesthetic reasons.

N. Increase in Insurance Rates. No Owner may engage in any action that may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Property not owned by such Owner.

O. Air Conditioning Units. Only central air conditioning units are permitted, and no window, wall, or portable air conditioning units are permitted. No air-conditioning or heating apparatus, unit or equipment shall be installed on the ground in front of, or attached to, any front wall of any Dwelling on a Lot

P. Clotheslines and Outside Clothes Drying. No clotheslines or clothespoles shall be erected, and no outside clothes-drying is permitted, except where such activity is advised or mandated by governmental authorities for energy conservation purposes, in which event the Committee shall have the right to approve the portions of any Lot used for outdoor clothes-drying purposes and the types of devices to be employed in this regard, which approval must be in writing.

Q. Outside Antennas and Satellite Dishes. No television antenna, radio receiver, or other similar device will be attached to or installed on any portion of the Subdivision, except as required by the Telecommunications Act of 1996 and implementing rules therefore issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission; provided, however, the Declarant and the Association will not be prohibited from installing equipment necessary for master antenna, security, cable television, mobile radio, or other similar systems within the Subdivision. Nothing contained in this provision shall require installation in a location from which an acceptable quality signal may not be received. This provision does not permit installation on Association Property, even if an acceptable quality signal may not be received from an individually-owned Lot. The Association may adopt additional rules and regulations governing the installation of such equipment, which rules and regulations shall comply with all applicable governmental regulations.

R. Flagpoles. No Owner may erect or install a flagpole or decorative banner on any portion of a Lot, including freestanding, detached flagpoles or banners, and those that are attached to a Dwelling, without the prior written approval of the Committee.

S. Garbage Containers, Oil and Gas Tanks, Air Conditioners. All garbage and refuse containers, air conditioning units, oil tanks, bottled gas tanks, and all permanently affixed swimming pool equipment and housing shall be underground or placed in walled-in or landscaped areas as approved by the Committee so that they shall be substantially concealed or hidden from any eye-level view from any street or adjacent property.

T. Signs. Except for signs placed or constructed by Declarant, no signs shall be placed upon any Lot, and no signs shall be placed in or upon any Dwelling which are visible from the exterior of the Dwelling without the prior written consent of the Committee, with the exception of one (1) "for sale" or "open house" sign limited to six (6) square feet in size, which shall be required to conform to any applicable design standards promulgated by the Committee for such signage. Additionally, signs of not more than six (6) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election may be permitted, provided that such political signs shall not be placed on a Lot earlier than 60 days before such election and shall be removed within 2 days after such election.

U. Window Treatments. Window treatments shall consist of drapery, blinds, decorative panels, or other tasteful window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding one (1) week after an Owner or tenant first moves into a Dwelling or when permanent window treatments are being cleaned or repaired.

V. Solar Energy Systems. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure as determined by the Committee and approved by the Committee. Under no circumstances shall solar panels be installed that will be visible from any street in the Subdivision.

W. Lakes. The Rules and Regulations of the Association, as published and amended from time to time, may specifically address and limit the use of the Lakes, which shall be in addition to any provisions of this Declaration. There shall be no swimming, use of personal flotation devices, or boating of any type (whether powered or not) on the Lakes. No Owner shall construct or install any piers or docks on any portion of a Lake, or on any portion of a Lot which abuts a Lake, provided, however, that the Declarant or the Association may construct a pier or dock on or adjacent to a Lake for the use and enjoyment of the Owners and their family members, guests and invitees. Neither Declarant, LLC or the Association shall be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of the Lakes. No Owner may use or permit use of any water from any Lake for irrigation of such Owner's Lot.

X. Swimming Pools. No swimming pools, spas, hot tubs, or similar equipment or facilities shall be installed without the written consent of the Committee. No above-ground swimming pools shall be permitted within the Property, except that small, inflatable children's wading pools shall be permitted.

Y. Fences and Walls. If any Owner desires to construct a fence on his Lot, the Owner shall submit a plot plan to the Committee showing the proposed location of the fence upon the Lot and the height and type of fence to be installed, and such fence may not be constructed until it has been approved in writing by the Committee. However, no fence may be constructed on the portion of any Lot between the front of the Lot and the front of the Dwelling constructed upon the Lot, and any fence constructed upon a Lot must be located in strict conformance with the plot plan approved by the Committee. All fences must be approved by the Committee.

Z. Mailboxes. No mailboxes are permitted without the consent of the Committee, except for mailboxes which are identical to mailboxes originally provided for the Dwellings by Declarant.

AA. Surface Water Management. No Owner or any other person shall do anything to adversely affect the surface water management and drainage of the Property, without the prior written approval of the Committee and any controlling governmental authority, including, but not limited to, the excavation or filling in of any Lot, provided the foregoing shall not be deemed to prohibit or restrict the initial construction of Improvements upon the Property by Declarant in accordance with permits issued by controlling governmental authorities. In particular, no Owner shall install any landscaping or place any fill on the Owner's Lot which would adversely affect the drainage of any contiguous Dwelling or otherwise alter the approved drainage plan for the Subdivision originally implemented by Declarant. No structures, trees or shrubs shall be placed on any drainage or utility easements or any other portion of the Storm Water Management System (including the drainage easements located on the Lots), except by Declarant, without

the prior written consent of the Committee and the applicable governmental authorities and utility providers.

BB. Wetland Areas and Wetland Buffer Areas. No Owner shall remove native vegetation that become established within any wetland areas located on or adjacent to any portion of the Property. Removal includes dredging, the application of herbicide, and cutting. No Owner shall add or introduce additional vegetation or other forms of plantlife or landscaping within any wetland areas located on or adjacent to any portion of the Property. Owners should address any question regarding authorized activities within any wetland areas and within any wetland buffer areas to the applicable governmental authorities. No Owner may construct or maintain any building, residence, or structure, or undertake or perform any activity in any wetland areas or wetland buffer areas without the prior approval of the Association and the applicable governmental authorities and utility providers.

CC. Trees. No Owner, other than Declarant, shall be entitled to cut, remove, or mutilate any trees, shrubs, bushes, or other vegetation having a trunk diameter of six (6) inches or more at a point of four and one-half (4½) feet above the ground level, or other significant vegetation as designated, from time to time, by the Committee, without obtaining the prior approval of the Committee, provided that dead or diseased trees which are inspected and certified as dead or diseased by the Committee or its representatives, as well as other dead or diseased shrubs, bushes, or other vegetation, shall be cut and removed promptly from any property by the Owner thereof. Nothing herein shall be construed so as to limit any applicable law or ordinance.

DD. Building Setbacks; Building Location. No Dwelling shall be erected or maintained on any Lot outside of the building envelope shown on the applicable Final Plat or as otherwise required or permitted by the applicable zoning ordinance(s) of the County. For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall be deemed to be part of the Dwelling only to the extent that the same are deemed to be part of a dwelling unit under the zoning ordinances of the Town in effect as of the date of issuance of a certificate of occupancy for such Dwelling. Any Dwelling erected on a Lot other than a corner Lot shall face the street on which the Lot abuts. On corner Lots, a Dwelling may be erected so as to face the intersection of the 2 streets on which the Lot abuts. Where because of size, natural terrain, or any other reason in the opinion of Declarant, it should be in the best interest of the Subdivision that the setback lines of any Lot should be altered or changed, then Declarant reserves unto itself, its successors or assigns, and no other, the right to change said setback lines to meet such conditions. Declarant specifically reserves the right to transfer and assign this right of approval to the Committee.

EE. Damage and Destruction. In the event any Improvement contiguous with a Dwelling is damaged or destroyed by casualty or for any other reason, the Owner of the Dwelling shall repair and restore the damaged Improvement as soon as is reasonably practical to the same condition that the Improvement was in prior to such damage or destruction, unless otherwise approved by the Committee.

FF. Subdivision and Partition. No Lot within the Property shall be subdivided without the Committee's prior written consent except by Declarant.

The provisions of this Section will not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot will be considered in the interpretation of this Declaration. Consolidation of Lots, as described herein, must be approved by the

Declarant prior to the Turnover Date, and thereafter by the Board, said approval to be granted in its respective sole discretion upon the terms and conditions established by it from time to time, including specific provisions for the payment of Assessments.

GG. Construction. All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially completed Dwelling or other Improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The Owner of each Lot shall at all times keep contiguous public streets free from any dirt, mud, garbage, trash or other debris resulting from any such construction on the subject Owner's Lot.

HH. Septic Tanks; Wells. No septic tank shall be installed, used or maintained on any Lot. No well shall be installed, used or maintained on any Lot for human domestic water consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the Dwelling, which mains furnish domestic water from sources beyond the boundaries of the Lot.

II. Exclusion of Above Ground Utilities. All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. Provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the Subdivision. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground

JJ. Exemption of Declarant; Development. Sales and Construction Activities of Declarant. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, the Declarant and its agents, employees, successors, and assigns are permitted to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the development, completion, improvement, and sale of the whole or any portion of the Property, including, without limitation, the installation and operation of development, sales and construction trailers and offices, signs and models, provided that the location of any such trailers of any assignees of Declarant's rights under this Section are subject to Declarant's prior written approval. The right of Declarant to maintain and carry on such facilities and activities will include specifically the right of Declarant to use Dwellings as models and as offices for the sale or lease of Lots and Dwellings and for related activities

ARTICLE XII SUBJECTING ADDITIONAL PROPERTY TO THIS DECLARATION

A. Additional Property acquired by Declarant. Prior to the Turnover Date, Declarant shall have the right, without the approval or joinder of the Association, the Owners or any other Person (except if applicable, the consent of LLC, as provided in Section P of Article XV, and HUD or VA as provided in Section C of this Article XII), to bring under the provisions of this Declaration and thereby add to the BelleGrove Preserve community, any real property owned or acquired by Declarant which is contiguous to the Property or which is contiguous with a public or private street adjacent to the Property ("Additional Property"), provided that the annexation of such Additional Property is for the purposes of reflecting changes or modifications to the Site Plan which have been approved by the County, and if applicable by the PUD Developer. To the extent that such Additional Property is thereafter made part of BelleGrove Preserve by a Supplement, reference herein to the Property shall be deemed to include such Additional Property, including such portion being deemed part of the Site Plan for BelleGrove Preserve and the

number of Total Planned Lots shall be increased by the number of Lots (if any) depicted on the Final Plat of such Additional Property.

After the Turnover Date, upon the vote or written consent of the Owners of not less than ninety (90%) of the Lots, any real property which is contiguous to the Property or which is contiguous with a public or private street adjacent to the Property may be brought under the provisions of this Declaration and thereby added to the BelleGrove Preserve community, provided that the annexation of such real property is for the purposes of reflecting changes or modifications to the Site Plan which have been approved by the County, and if applicable by the PUD Developer. To the extent that any contiguous property approved for annexation by the Owners after the Turnover Date is thereafter made part of BelleGrove Preserve by a Supplement, reference herein to the Property shall be deemed to include such property.

B. Association Property within Annexed Property. If any real property is hereafter made part of BelleGrove Preserve and subjected to this Declaration by the recording of a Supplement as provided above, any Association Property located within such newly annexed portion of the Property shall be conveyed to the Association prior to the date required in Section B.14 of Article III.

C. HUD/VA Approval. If prior to the Turnover Date, the Property is subject to the requirements of VA, FHA, the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency that insures, guaranties, or purchases mortgages, the annexation of any additional property will require the prior approval of HUD or VA, as applicable.

D. Withdrawal. Prior to the Turnover Date, Declarant reserves the right to amend this Declaration at any time, without prior notice and without the consent of any Person (except if applicable, the consent of HUD or VA as provided above) for the purpose of removing certain portions of the Property then owned by Declarant from the provisions of this Declaration to the extent that such real property was included originally in error or as a result of changes in the plans for BelleGrove Preserve desired by Declarant.

ARTICLE XIII ENFORCEMENT; NON-MONETARY DEFAULTS; ASSOCIATION REMEDIES

A. Enforcement. The covenants and restrictions herein contained may be enforced by Declarant (so long as Declarant holds an equitable or legal interest in any Lot and/or Dwelling), the Association, any Owner and any Institutional Mortgagee holding a mortgage on any portion of the Property in any judicial proceeding seeking any remedy recognizable at law or in equity, including damages, injunction or any other form of relief against any person, firm or entity violating or attempting to violate any covenant, restriction or provision hereunder. The failure by any party to enforce any such covenant, restriction or provision herein contained shall in no event be deemed a waiver of such covenant, restriction or provision or of the right of such party to thereafter enforce such covenant, restriction or provision. The prevailing party in any such litigation shall be entitled to all costs thereof including, but not limited to, Legal Fees. All rights, remedies and privileges granted to the parties entitled to enforce the covenants, restrictions and provisions of this Declaration pursuant to any terms, provisions, covenants or conditions of this Declaration, the Articles or the Bylaws, shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude a party entitled to enforce the covenants, restrictions and provisions of this Declaration from executing any additional remedies, rights or privileges as may be granted or as it might have by law.

B. Non-Monetary Defaults. If a violation is committed by any Owner or any tenant of an Owner, or any person residing with them, or their guests or invitees, (other than the non-payment of any Assessment or other monies) of any of the provisions of this Declaration, the Articles, the Bylaws or the rules and regulations of the Association, the Association shall notify the Owner and any tenant of the Owner of the violation, by written notice. If such violation is not cured as soon as practicable and in any event within seven (7) days after such written notice, or if the violation is not capable of being cured within such seven (7) day period, if the Owner or tenant fails to commence and diligently proceed to completely cure such violation as soon as practicable within seven (7) days after written notice by the Association or if any similar violation is thereafter repeated, the Association may, at its option:

1. Impose a fine against the Owner or tenant as provided in this Article; and/or
2. Commence an action to enforce the performance on the part of the Owner or tenant, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or
3. Commence an action to recover damages; and/or
4. Take any and all actions reasonably necessary to correct such failure, which action may include, where applicable, but is not limited to, removing any addition, alteration, improvement or change which has not been approved by the "Committee" or erected in accordance with the Committee's approval (as herein defined), or performing any maintenance required to be performed by this Declaration.

All expenses incurred by the Association in connection with the correction of any failure, plus a service charge of ten percent (10%) of such expenses, and all expenses incurred by the Association in connection with any legal proceedings to enforce this Declaration, including reasonable Legal Fees, shall be assessed against the applicable Owner as an Individual Expense Assessment in accordance with Section D of Article VI. The Association shall have a lien for any such Individual Expense Assessment and any interest, costs or expenses associated therewith, including Legal Fees incurred in connection with such Assessment, and may take such action to collect such Assessment or foreclose said lien as in the case and in the manner of any other Assessment as provided above. Any such lien shall only be effective from and after the recording of a claim of lien in the Public Records of the County in which the Property is located.

C. Fines. The amount of any fine shall be determined by the Board. Prior to imposing any fine, the Owner or tenant shall be afforded an opportunity for a hearing after reasonable notice to the Owner or tenant of not less than fourteen (14) days, which notice shall include (i) a statement of the date, time and place of the hearing, (ii) a statement of the provisions of this Declaration, Bylaws or rules and regulations which have allegedly been violated, and (iii) a short and plain statement of the matters asserted by the Association. The Owner of a leased Dwelling shall have the right to participate in any hearing involving the tenant of such Dwelling, and the Association shall provide notice to the Owner of such Dwelling concurrently with the Association's notice to the tenant of the subject Dwelling. The Owner or tenant shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association. At the hearing, the Board shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and if the Board so determines, it may impose such fine as it deems appropriate by written notice to the Owner or tenant. If the Owner or tenant fails to attend the hearing as set by the Board, the Owner or tenant shall be deemed to have admitted the allegations contained in the notice to the Owner or tenant. Any fine imposed by the Board shall be due and payable within ten (10) days after written notice of the imposition of the fine, or if a hearing is timely

requested within ten (10) days after written notice of the Board's decision at the hearing. Any fine levied against an Owner shall be deemed an Individual Expense Assessment, and if not paid when due all of the provisions of this Declaration relating to the late payment of Assessments shall be applicable. If any fine is levied against a tenant and is not paid within ten (10) days after same is due, the Association shall have the right to evict the tenant as hereinafter provided.

D. Negligence. An Owner shall be liable and may be assessed by the Association for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, to the extent otherwise provided by law and to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of a Lot or Dwelling or the Association Property.

E. Responsibility of an Owner for Occupants, Tenants, Guests, and Invitees. To the extent otherwise provided by law, each Owner shall be responsible for the acts and omissions, whether negligent or willful, of any person residing in his Dwelling, and for all guests and invitees of the Owner or any such resident, and in the event the acts or omissions of any of the foregoing shall result in any damage to the Association Property, or any liability to the Association, the Owner shall be assessed for same as in the case of any other Assessment, limited where applicable to the extent that the expense or liability is not met by the proceeds of insurance carried by the Association. Furthermore, any violation of any of the provisions of this Declaration, the Articles, or the Bylaws, by any resident of any Dwelling, or any guest or invitee of an Owner or any resident of a Dwelling, shall also be deemed a violation by the Owner, and shall subject the Owner to the same liability as if the violation was that of the Owner.

F. Right of the Association to Evict Tenants, Occupants, Guests and Invitees. With respect to any tenant or any person present in any Dwelling or any portion of the Property other than an Owner and the members of his immediate family permanently residing with him in the Dwelling, if such person shall materially violate any provision of this Declaration, the Articles, or the Bylaws, or shall create a nuisance or an unreasonable and continuous source of annoyance to the residents of the Property, or shall willfully damage or destroy any Association Property or personal property of the Association, then upon written notice by the Association such person shall be required to immediately leave the Property. If such person fails to leave the Property as required, the Association is authorized to commence an action to evict such tenant or compel the person to leave the Property and, where necessary, to enjoin such person from returning. The expense of any such action, including Legal Fees, may be assessed against the applicable Owner as an Individual Expense Assessment, and the Association may collect such Assessment and have a lien for same as elsewhere provided. The foregoing shall be in addition to any other remedy of the Association. The Association shall provide notice to the Owner of a leased Dwelling concurrently with any notices sent to the tenant of such Dwelling pursuant to this Section, and such Owner shall have the right to participate in any hearings or eviction proceedings involving the tenant of such Owner's Dwelling. The right of eviction provided for in this section shall be inserted in every lease, but the omissions from the lease agreement of such right shall not affect the right to evict as set forth herein.

G. No Waiver. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by this Declaration, the Articles, or the Bylaws, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future.

H. Rights Cumulative. All rights, remedies and privileges granted to the Association pursuant to any terms, provisions, covenants or conditions of this Declaration, the Articles or the Bylaws,

shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude the Association from executing any additional remedies, rights or privileges as may be granted or as it might have by law.

ARTICLE XIV
AMENDMENT AND MODIFICATION

The process of amending or modifying this Declaration shall be as follows:

A. Prior to Turnover Date. Until the Turnover Date (and subject to LLC's right of consent pursuant to Section P of Article XV, if applicable) and except as specifically provided otherwise in this Section, Declarant may amend this Declaration without the approval of any Member provided the amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Lot or of the Association Property as set forth in this Declaration, and the amendment does not adversely affect the title to any Lot. During any such period prior to the Turnover Date, this Declaration may not be amended without the written joinder of Declarant. Any other amendments of this Declaration prior to the Turnover Date, shall require the vote or written consent of sixty-seven percent (67%) of the votes held by each class of Members of the Association as such classes are set forth in the Association Documents; provided, however, that the percentage of the votes attributable to each class of Members of the Association necessary to amend a specific provision of this Declaration shall not be less than the prescribed percentage (if any) of affirmative votes required for action to be taken under that provision.

B. After the Turnover Date. After the Turnover Date, and except for the annexation of additional property which shall be accomplished pursuant to the provisions of Article XII, this Declaration may be amended by: (i) the consent of the Owners owning sixty-seven percent (67%) of all Lots; together with (ii) the approval or ratification of a majority of the Board. The aforementioned consent of the Owners owning sixty-seven percent (67%) of the Lots may be evidenced by a writing signed by the required number of Owners or by the affirmative vote of the required number of Owners at any regular or special meeting of the Association called and held in accordance with the Bylaws evidenced by a certificate of the Secretary or an Assistant Secretary of the Association.

C. Scrivener's Errors. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant alone until the Turnover Date and by the Board thereafter and without the need of consent of the Owners.

D. Amendments to Declarant's Rights. No amendment to this Declaration shall be effective which shall impair or prejudice the rights or priorities of Declarant, the Association or of any Institutional Mortgagee under the Association Documents without the specific written approval of such Declarant, Association and/or Institutional Mortgagee affected thereby. Furthermore, no amendment to this Declaration shall be effective which would prejudice the rights of a then Owner or his family members, guests, invitees and lessees to utilize or enjoy the benefits of the then existing Association Property unless the Owner or Owners so affected consent to such amendment in writing or unless such amendment is adopted in accordance with the procedures required for adoption of an amendment to this Declaration after the Turnover Date. Additionally, no amendment to this Declaration shall be effective which shall eliminate or modify the provisions of Section F of Article XV and any such amendment shall be deemed to impair and prejudice the rights of Declarant hereunder.

E. HUD-FHA-VA Approval Prior to Turnover Date. As long as the "Class B" membership exists, if the Property is subject to the requirements of the VA, FHA, the Federal Home Loan Mortgage Corporation or any other governmental or quasi-governmental agency which insures, guaranties, or purchases mortgages, amendment of this Declaration requires the prior approval of HUD-FHA, VA, or the appropriate entity authorized to approve planned unit development documents for qualification for the federal loan program or programs applicable to the Property.

F. Certification and Recording of Amendments. A true copy of any amendment to this Declaration shall be sent certified mail by the Association to Declarant and to all Institutional Mortgagees holding a mortgage on any portion of the Property requesting notice. The amendment shall become effective upon the recording of a Certificate of Amendment to this Declaration setting forth the amendment or modification in the Public Records of the County.

G. Amendments to Satisfy Lending Requirements. Except for any material amendment of this Declaration which may require the approval of LLC pursuant to Section P of Article XV, Declarant may, without the consent of any Owners, file any amendments which may be required by an Institutional Mortgagee for the purpose of satisfying its planned unit development criteria or such other criteria as may be established by such mortgagee's secondary mortgage market purchasers, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation; provided, however, any of Declarant's filed amendments must be in accordance with any applicable rules, regulations and other requirements promulgated by the HUD.

ARTICLE XV GENERAL PROVISIONS

A. Conflict with Other Association Documents. In the event of any conflict between the provisions hereof and the provisions of the Articles, Bylaws, and/or rules and regulations promulgated by the Association, the provisions of this Declaration shall control.

B. Notices. Any notice or other communication required or permitted to be given or delivered hereunder shall be deemed properly given and delivered upon the mailing thereof by United States mail, first class, postage prepaid, to: (i) any Owner, at the address of the person whose name appears as the Owner on the records of the Association at the time of such mailing and, in the absence of any specific address, at the address of the Dwelling owned by such Owner; and (ii) the Association, certified mail, return receipt requested, at 2050 Corporate Centre Drive, Suite 300, Myrtle Beach, South Carolina, 29577 or such other address as the Association shall hereinafter notify Declarant and the Owners of in writing; and (iii) Declarant, certified mail, return receipt requested, at 2050 Corporate Centre Drive, Suite 300, Myrtle Beach, South Carolina, 29577, or such other address or addresses as Declarant shall hereafter notify the Association of in writing, any such notice to the Association of a change in Declarant's address being deemed notice to the Owners. Upon request of an Owner, the Association shall furnish to such Owner the then current address for Declarant as reflected by the Association records.

C. Captions, Headings and Titles. Article and Section captions, headings and titles inserted throughout this Declaration is intended as a matter of convenience only and in no way shall such captions, headings or titles define, limit or in any way affect the subject matter or any of the terms and provisions hereunder or the terms and provisions of this Declaration.

D. Context. Whenever the context so requires or admits, any pronoun used herein may be deemed to mean the corresponding masculine, feminine or neuter form thereof, and the singular form of any nouns and pronouns herein may be deemed to mean the corresponding plural form thereof and vice versa, as appropriate.

E. Severability. If any of the provisions of this Declaration shall be deemed invalid by a court of competent jurisdiction, said judicial determination shall in no way affect any of the other provisions hereof, which shall remain in full force and effect, and any provisions of this Declaration deemed invalid by a court of competent jurisdiction by virtue of the term or scope thereof shall be deemed limited to the maximum term and scope permitted by law. If any court hereafter determines that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and if the determination of the duration of such time period requires measuring lives, such measuring life shall be that of the incorporator of the Association.

F. Certain Rights of Declarant. No Improvements constructed or installed by Declarant shall be subject to the approval of the Association or the Committee. During the period that Improvements constructed by Declarant are owned by Declarant, Declarant's Improvements shall not be subject to the provisions and requirements of this Declaration. Declarant reserves the right to enter into and transact on the Property any business necessary to consummate the sale, lease or encumbrance of Dwellings or real property including, but not limited to, the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel, use the Association Property and show Dwellings. Declarant reserves the right to make repairs to the Association Property and to carry on construction activity for the benefit of the Property. Declarant may exercise the foregoing rights applicable to each without notifying the Association. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales or leasing efforts shall not be considered a part of the Association Property and shall remain the property of Declarant. This Section F may not be suspended, superseded or modified in any manner by any amendment to this Declaration unless such amendment is consented to in writing by Declarant. This right of use and transaction of business as set forth herein and the other rights reserved by Declarant in the Association Documents may be assigned in writing by Declarant in whole or in part. For the purposes of this Section F of Article XV, the term "Declarant" shall include any "Lender" which has loaned money to Declarant to acquire or construct Improvements upon the Property or its successors and assigns if such Lender, its successors or assigns, acquires title to any portion of the Property as a result of the foreclosure of any mortgage encumbering any portion of the Property securing any such loan to Declarant or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Declarant as set forth in this Section F, which are in addition to, and are no way a limit on, any other rights or privileges of Declarant under any of the Association Documents, shall terminate upon Declarant no longer owning any portion of the Property or having any equitable or legal interest therein, or upon such earlier date as Declarant shall notify the Association in writing of such party's voluntary election to relinquish the aforesaid rights and privileges.

G. Association's Indemnification. The Association covenants and agrees that it will indemnify and save harmless Declarant and LLC, and the members of the Board from and against any and all claims, suits, actions, damages, and/or causes of action arising from any personal injury, loss of life, and/or damage to property sustained in or about the Property or the appurtenances thereto from and against all costs, Legal Fees, expenses and liabilities incurred in and about any such claim, the investigation

thereof or the defense of any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees which may be entered therein. Included in the foregoing provision of indemnification are any expenses that Declarant or LLC may be compelled to incur in bringing suit for the purpose of compelling the specific enforcement of the provisions, conditions and covenants contained in this Declaration to be kept and performed by the Association.

H. Disputes as to Use. In the event there is any dispute as to whether the use of the Property or any portion or portions thereof complies with the covenants, restrictions, easements or other provisions contained in this Declaration, such dispute shall be referred to the Board, and a determination rendered by the Board with respect to such dispute shall be final and binding on all parties concerned therewith/ Any use by Declarant of the Property or any parts thereof in accordance with Section F of this Article XV shall be deemed a use which complies with this Declaration and shall not be subject to a contrary determination by the Board.

I. Delegation. The Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and administration, as provided herein, to any managing agency or entity selected by the Board from time to time and whether or not related to Declarant. All contracts with management companies shall contain a provision that allows the Association to unilaterally terminate the contract without cause after ninety (90) days notice.

J. Term. This Declaration and the terms, provisions, conditions, covenants, restrictions, reservations, regulations, burdens and liens contained herein shall run with and bind the Property and inure to the benefit of Declarant, the Association, Owners, LLC, and their respective legal representatives, heirs, successors and assigns for a term of twenty-five (25) years from the date of recording this Declaration in the Public Records of the County, after which time this Declaration shall be automatically renewed and extended for successive periods of ten (10) years each, unless at least one (1) year prior to the termination of such twenty-five (25) year term or any such ten (10) year extension there is recorded in the Public Records of the County an instrument agreeing to terminate this Declaration signed by Owners owning two-thirds (2/3) of the Lots and by Institutional Mortgagees holding first mortgages encumbering two-thirds (2/3) of all Lots encumbered by first mortgages held by Institutional Mortgagees, in which event this Declaration shall be terminated upon the expiration of the fifty (25) year term or the ten (10) year extension during which such instrument was recorded.

K. Rights of Mortgagees.

1. Right to Notice. The Association shall make available for inspection upon request, during normal business hours or under reasonable circumstances, the Association Documents and the books, records and financial statements of the Association to Owners, LLC, and the holders, insurers or guarantors of any first mortgages encumbering any portion of the Property. In addition, evidence of insurance shall be issued to each Owner and mortgagee holding a mortgage encumbering a Dwelling upon written request to the Association.

2. Rights of Listed Mortgagee. Upon written request to the Association, identifying the name and address of the holder, insurer, or guarantor (such holder, insurer or guarantor is herein referred to as a "Listed Mortgagee") of a mortgage encumbering a Lot and the legal description of such Lot the Association shall provide such Listed Mortgagee with timely written notice of the following:

- i. Any condemnation, loss or casualty loss which affects any material portion of the Association Property;
- ii. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- iii. Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Lot; and
- iv. Any failure by an Owner owning a Lot encumbered by a mortgage held, insured or guaranteed by such Listed Mortgagee to perform his obligations under the Association Documents, including, but not limited to, any delinquency in the payment of Assessments, or any other charge owed to the Association by said Owner where such failure or delinquency has continued for a period of sixty (60) days.

3. Right of Listed Mortgagee to Receive Financial Statement. Any Listed Mortgagee shall, upon written request made to the Association, be entitled to financial statements for the Association for the prior fiscal year free of charge and the same shall be furnished within a reasonable time following such request.

L. Approval of Association Lawsuits by Owners. The Association shall be required to obtain the approval of three-fourths (3/4) of all Members at a duly called meeting of the Members at which a quorum is present prior to the payment of legal or other fees to persons or entities engaged by the Association for the purpose of suing, or making, preparing or investigating any lawsuit, or commencing any lawsuit other than for the following purposes:

1. the collection of Assessments;
2. the collection of other charges which Owners are obligated to pay pursuant to the Association Documents;
3. the enforcement of the use and occupancy restrictions contained in the Association Documents;
4. in an emergency where waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Association Property or to Owner(s) (the imminent expiration of a statute of limitations shall not be deemed an emergency obviating the need for the requisite vote of three-fourths (3/4) of the Members);
5. filing a compulsory counterclaim; or
6. termination of employment relationship or enforcement of a contract.

M. Compliance with Provisions. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot except as elsewhere herein provided does and shall be conclusively deemed to have consented to and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in such property.

N. Rights and Requirements of Governmental Authorities. Any governmental authority or agency, including, but not limited to the County, or their agents and employees, shall have the right of immediate access to the Property at all times if necessary for the preservation of public health, safety and welfare. Should the Association or its Board fail to maintain the Association Property in accordance with

the specifications set forth in the applicable governmental approvals for BelleGrove Preserve for an unreasonable time, not to exceed ninety (90) days, after written request to do so, the County and any other applicable governmental authority, by and through the affirmative action of a majority of the governing body, shall have the same right (but not the obligation), power and authority as is herein given to the Association and its Board to enforce this Declaration and levy Assessments necessary to maintain the Association Property, it being understood that in such event the applicable governing body may elect to exercise the rights and powers of the Association or its Board, to the extent necessary to take any action required and levy any Assessment that the Association might have taken, either in the name of the Association or otherwise, to cover the cost of maintenance of any Association Property. The rules granted herein are supplemental to any governmental authority the County or other applicable governmental entity may have, and application of this provision shall not diminish, limit, or restrict the right of the County or other applicable governmental entity to apply any other legal rights it may have.

O. Certain Rights of LLC. Declarant has the right to acquire the Property pursuant to purchase contracts between Declarant and LLC. The purchase contracts between Declarant and LLC prohibit Declarant from taking (or allowing the Association to take) certain actions with respect to the Property, the Association, and this Declaration, during the term of such contracts. In addition to the specific rights set forth in various other provisions of this Declaration, LLC shall have the following general rights:

1. During the term of the purchase contracts, Declarant shall not take any of the following actions without the approval of LLC:

- (i) Adoption of a Budget for the Association;
- (ii) Making any material amendment to this Declaration;
- (iii) Adding or withdrawing any additional property to or from the terms of this Declaration, or to the jurisdiction of the Association;
- (iv) Mortgaging or encumbering the Association Property, including, but not limited to the Recreation Center and the portion of the Property dedicated for the Recreation Center.

2. The provisions of this Section P of Article XV may be enforced by LLC and may not be amended, modified or terminated (except as provided herein) without the prior written consent of LLC.

IN WITNESS WHEREOF, this Declaration has been signed by Declarant, and joined in by LLC, on the dates set forth below.

WITNESSES AS TO:
DECLARANT

Stephanie Weaver

Gracey Weaver

DECLARANT:

CENTEX HOMES, a Nevada general partnership

By: Centex Real Estate Corporation,
a Nevada corporation

Its: Managing General Partner

By: [Signature]
Division President

(SEAL)

Attest: [Signature]
Assistant Secretary
Date: 7.24.03

STATE OF SOUTH CAROLINA § ACKNOWLEDGMENT
COUNTY OF Horry §

The foregoing instrument was acknowledged before me, this 24 day of July, 2003, by Michael P. Wyatt, Division President of Centex Real Estate Corporation, a Nevada corporation, the Managing General Partner of Centex Homes, a Nevada general partnership.

(SEAL) [Signature]
Notary Public for South Carolina
My Commission Expires: 7/10/2008

JOINDER AND CONSENT OF LLC

BELLEGROVE, LLC, a South Carolina limited liability company ("LLC"), as owner of the property described on Exhibit B, hereby consents to the terms, provisions and obligations of these Protective Covenants to the extent such terms, provisions and obligations apply to and bind and the real property owned by LLC and described on Exhibit "B".

LLC:

WITNESSES AS TO LLC:

BELLEGROVE, LLC,
a South Carolina limited liability company

Benny M. Hanson By: Donald D. Leonard
Key Hansen Flay Donald D. Leonard, Member

Benny M. Hanson By: Roger E. Grigg
Key Hansen Flay Roger E. Grigg, Member

STATE OF SOUTH CAROLINA § ACKNOWLEDGMENT
COUNTY OF HORRY §

The foregoing instrument was acknowledged before me, this 24th day of July, 2003, by Donald D. Leonard, and Roger E. Grigg, each of whom is a Member of BelleGrove, LLC, a South Carolina limited liability company, the "LLC" named in the foregoing instrument.

(SEAL) Key Hansen Flay
Notary Public for South Carolina
My Commission Expires: 8-13-09

EXHIBIT "A"

Legal Description of Current Development Property

Parcel 1:

Lying and being in Dogwood Neck Township, Horry County, South Carolina, consisting of 20.68 acres, more or less, as shown on a plat entitle "ALTA/ASCM Land Title Survey of Phase 1, The Willows at BelleGrove Preserve" dated February 24, 2003, and recorded in the Office of the Register of Deeds of Horry County, South Carolina, in Plat Book 189, Page 4, to which plat reference is hereby made for a more particular description.

Parcel 2:

Lying and being in Dogwood Neck Township, Horry County, South Carolina, consisting of 25.732 acres, more or less, as shown on a plat entitled "ALTA/ASCM Land Title Survey of Phase 1, The Oaks at BelleGrove Preserve" dated February 24, 2003, and recorded in the Office of the Register of Deeds of Horry County, South Carolina, in Plat Book 189, Page 3, to which plat reference is hereby made for a more particular description.

EXHIBIT "B"

Legal Description of Future Development Property

Parcel 1"

Lying and being in Dogwood Neck Township, Horry County, South Carolina, consisting of 75.376 acres, more or less, shown and identified as "Tracts 1 & 3" on a plat entitled "Tracts 1 & 3, Town Centre for International Paper Realty Corporation, Dogwood Neck Township, Horry County, South Carolina, dated August 22, 2002, and recorded in the Office of the Register of Deeds of Horry County, South Carolina, in Plat Book 185, Page 195, to which plat reference is hereby made for a more particular description.

SAVE AND EXCEPT the real property described as "Parcel 1" on the Exhibit "A" of this Declaration.

Parcel 2:

Lying and being in Dogwood Neck Township, Horry County, South Carolina, consisting of 98.070 acres, more or less, shown and identified as "Tracts 2 & 5" on a plat entitled "Tracts 2 & 5, Town Centre for International Paper Realty Corporation, Dogwood Neck Township, Horry County, South Carolina, dated August 5, 2002, and recorded in the Office of the Register of Deeds of Horry County, South Carolina, in Plat Book 185, Page 9, to which plat reference is hereby made for a more particular description.

SAVE AND EXCEPT the real property described as "Parcel 2" on the Exhibit "A" of this Declaration.

EXHIBIT "C"

[INTENTIONALLY OMITTED]