DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS FOR
BAREFOOT RESORT RESIDENTIAL
PROPERTIES
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ALL OR SOME OF THIS AGREEMENT MAY BE SUBJECT TO ARBITRATION PURSUANT TO SECTION 15-48-10 ET SEQ. OF THE SOUTH CAROLINA CODE OF LAWS (THE SOUTH CAROLINA UNIFORM ARBITRATION ACT).

STATE OF SOUTH CAROLINA ) DECLARATION OF COVENANTS,
COUNTY OF HORRY ) CONDITONS, AND RESTRICTIONS
 ) FOR
 ) BAREFOOT RESORT
 ) RESIDENTIAL PROPERTIES

THIS DECLARATION OF COVENANTS, CONDITONS, AND RESTRICTIONS ("Declaration") is made this 12th day of April, 2000, by Silver Carolina Development Company, L.L.C., a Delaware limited liability company, and by Intracoastal Development Company, LLC, a South Carolina limited liability company (collectively referred to herein for ease of reference as "Silver Carolina," as further defined in Section 2.35). Joining as Parties to this Declaration pursuant to the "ACKNOWLEDGEMENT AND AGREEMENT TO BE BOUND BY RESTRICTIONS" dated August 27, 1999, are Barefoot Golf Properties Limited Partnership, a South Carolina limited partnership, and The Anchor Bank, a state bank association. Also joining as Parties to this Declaration are Barefoot Private Golf, LLC, a South Carolina limited liability company, and Wachovia Bank, N.A., ("Wachovia") (Barefoot Golf Properties Limited Partnership, Barefoot Private Golf, LLC, Wachovia Bank, N.A., The Anchor Bank, Silver Carolina Development Company, L.L.C., and Intracoastal Development Company, LLC may be hereafter referred to as the "Parties").

RECITALS PERTAINING TO THE BAREFOOT RESORT COMMUNITY

WHEREAS, Silver Carolina has established this Declaration to provide a system of governance which affords flexibility yet provides a foundation for the overall development of Barefoot Resort including its improvements, maintenance, administration and preservation as a master planned resort community embodying the essence of quality coastal living;

WHEREAS, this Declaration supplies a foundation for guidance and reliability through the implementation of community standards maintaining the flexibility to change as individual needs evolve and as the community and our environment grows and develops;

WHEREAS, for a community to succeed and thrive, all members of that community must participate in and support it, and the establishment of the Barefoot Resort Residential Owners Association, Inc., provides the tool by which the Owners can participate and contribute to the community;
WHEREAS, various rights are reserved by this Declaration to Silver Carolina so as to foster the effective development of Barefoot Resort with the ultimate goal of facilitating quality coastal living and recreation, while providing a mechanism for dealing with inevitable changes which will occur throughout the evolution of the development; and

WHEREAS, the unique character of Barefoot Resort and the very nature of living in a high quality coastal planned community of this type requires the creation of provisions and standards to address the special needs and responsibilities of the Owners, Silver Carolina, the Association, and others within the community.

NOW THEREFORE, Silver Carolina hereby declares that this declaration and the covenants, conditions, and restrictions established herein shall be deemed covenants to run with the land and an equitable servitude on the Properties and that all Properties are subject and subordinate to the terms, provisions and conditions hereof, to the extent provided herein. By the recording or acceptance of the conveyance of any portion of the Properties or any interest therein, the person or entity to which such interest is conveyed shall be deemed to accept and agree to be bound by the provisions of this Declaration.

ARTICLE I
PURPOSE AND CREATION OF THE BAREFOOT RESORT COMMUNITY

1.1. Creation, Purpose, and Intent. Silver Carolina, as the owner of the real property described on Exhibits "A" and "B" (attached hereto and Incorporated by reference), intends by the recording of this Declaration, and by the recording of the Nonresidential Declaration, to create a general plan of development for the planned coastal community known as Barefoot Resort. This Declaration provides for the overall development, administration, maintenance, and preservation of the residential real property now and hereafter comprising Barefoot Resort An integral part of Silver Carolina's development plan is the creation of Barefoot Resort Residential Owners Association, Inc., which shall be comprised of owners of residential real property in Barefoot Resort, to the extent provided herein, and which shall operate and maintain various common areas and community improvements and administer and enforce this Declaration and the other governing documents referred to herein. This Declaration also establishes procedures which supply the flexibility for the future expansion of Barefoot Resort so that additional property may be included and be made subject to the governance of this Declaration or the Nonresidential Declaration.

This Declaration does not and is not intended to create a "Horizontal Property Regime" within the meaning of Sections 27-31-10 et seq., of the South Carolina Code of Laws (1976), as amended.
1.2. **Binding Nature of Declaration.**

(a) All property described on Exhibit "A," and any additional property which is made subject to this Declaration as residential property of Barefoot Resort in the future by the filing of one or more Supplemental Declarations in the Office of Register of Deeds of Horry County, South Carolina (hereinafter referred to as the "Residential Properties," as defined in Section 2.31) shall be owned, conveyed, and used subject to all of the provisions of this Declaration, which shall run with the title to such Residential Properties. *This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Residential Properties, as well as the occupants of any Unit and their guests and invitees.*

(b) This Declaration shall be enforceable by Silver Carolina, the Association, any Owner, and their respective successors and assigns, and unless terminated as provided in Section 1.2(c), shall have perpetual duration. If South Carolina law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law this Declaration shall automatically be extended at the expiration of such period for successive periods of 20 years each, unless terminated as provided below. Notwithstanding the above, so long as South Carolina law recognizes the rule against perpetuities, if any of the provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue for the maximum time allowed by law, but no less than until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

(c) Unless otherwise required by South Carolina law, this Declaration may not be terminated except by an instrument signed by Owners of at least 75% of the total number of Units within the Residential Properties and by Silver Carolina, if Silver Carolina owns any portion of the Residential Properties, with such additional approval as may be required pursuant to Section 16.3. Any such instrument shall set forth the intent to terminate this Declaration and shall be recorded in the Office of Register of Deeds of Horry County, South Carolina. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

(d) If any court finally determines that a provision of this Declaration is invalid, in whole or as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

1.3. **Governing Documents.** The "Governing Documents" (as defined in Section 2.18) create a general plan of residential development for Barefoot Resort which may be supplemented by additional covenants, restrictions, and easements applicable to particular areas within Barefoot Resort, including the Nonresidential Declaration. In the event of a conflict between or among the Governing Documents and any such additional covenants or easements, or the provisions of any other articles of incorporation, by-laws, rules, or policies governing any area within the residential areas of Barefoot Resort subject to this Declaration, the Governing Documents shall control. Nothing in this Section shall preclude any Supplemental Declaration or other recorded covenants applicable to any portion of the Residential Properties.
from containing more restrictive provisions than this Declaration. The Association may, but shall not be required to, enforce any such additional covenants.

ARTICLE II
DEFINITIONS

Terms used in this Declaration shall generally be given their natural, commonly accepted meanings except as otherwise specified. Capitalized terms shall be defined as set forth below or as otherwise defined throughout this Declaration.

2.1. "Area of Common Responsibility": the Common Area, together with those areas, if any, which by the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, or by contract become the responsibility of the Association, including but not limited to the "Common Areas" as defined in Section 2.10.

2.2. "Articles of Incorporation" or "Articles": the Articles of Incorporation of Barefoot Resort Residential Owners Association, Inc., as filed with the Secretary of State for the State of South Carolina,


2.4. "Barefoot Resort": all property shown on the Master Plan and any other property added in the future, as defined herein, which is now or hereafter made subject to this Declaration or the Nonresidential Declaration.

2.5. "Base Assessment": assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 8.1.

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

2.7. "Builder": any Person which purchases one or more Units for the purpose of constructing improvements for later sale to consumers or parcels of land within the Properties for further subdivision, development, and/or resale in the ordinary course of such Person's business.

2.8. "By-Laws": the By-Laws of Barefoot Resort Residential Owners Association, Inc., a copy of which is attached as Exhibit "E," as they may be amended.

2.9. "Class "B" Control Period": the period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board of Directors, as specified in Section 6.3.
2.10. "Common Area": all real and personal property within Barefoot Resort or other additional property which is made subject to this Declaration pursuant to Article IX which the Association owns leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Exclusive Common Area, as defined below.

2.11. "Common Expenses": the expenses incurred or anticipated to be incurred by the Association for the general benefit of all Units, including any reasonable reserve, as the Board may find necessary and appropriate in its judgement pursuant to this Declaration, the By-Laws, and the Articles of Incorporation. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs, unless approved by Voting Members representing a majority of the Association's total Class "A" vote. After the Class "B" Control Period, Common Expenses shall not include expenses for such items unless approved by Voting Members representing a majority of the total Class "A" votes and by Silver Carolina, as long as Silver Carolina owns any Units.

2.12. "Community-Wide Standard": the standard of conduct, operation, design, maintenance, or other activity generally prevailing throughout the Residential Properties, which shall not be lower than the standards established by Barefoot Resort Joint Committee, Inc., for all properties within Barefoot Resort. Such standard is expected to evolve over time as development progresses and may be more specifically determined by the Board of Directors, Silver Carolina, the Architectural Review Committee, if any, established pursuant to Article IV, and the board of directors of Barefoot Resort Joint Committee, Inc.

2.13. "Design Guidelines": the architectural guidelines and procedures, if any, adopted pursuant to Article IV and applicable to all Units within the Properties.

2.14. "Developable Land": all of the real property described on Exhibits "A" and "B" of this Declaration, as they may be amended, whether or not the same have been subjected to this Declaration in accordance with Article IX, and any additional land made subject to this Declaration by Supplemental Declaration, exclusive of any wetlands, wetland buffer areas, natural bodies of water, and any other property subject to conservation easements, restrictive covenants or similar easements requiring that it be maintained in its natural state. This definition is not intended to limit or affect the designation of land used in calculating the density or other development capacity of any portion of the Barefoot Resort by any governmental agency.

2.15. "Development P.U.D. Ordinance" or "P.U.D.": that certain Planned Unit Development Ordinance adopted by the City Council of North Myrtle Beach, South Carolina, on October 16, 1999, and recorded on October 29, 1999, in Book 2203, Page 187, in the Office of Register of Deeds of Horry County, South Carolina, as it may be amended.

2.16. "Exclusive Common Area": a portion of the Common Area intended for the
exclusive use or primary benefit of one or more, but less than all, Units, as more particularly described in Article XII.

2.17 "Golf Course": one or more parcels of land adjacent to or within the Properties which are privately owned by Silver Carolina, its successors, successors-in-title, or assigns, or which have been sold by Silver Carolina to any third parties, and which are or will be operated as golf courses, and all related and supporting facilities and improvements operated in connection with such courses, including but not limited to practice areas, driving ranges, event staging areas, instruction facilities and clubs.

2.18. "Governing Documents": this Declaration, amendments to this Declaration affecting all residential property, and, as they may be amended, the Design Guidelines, the By-Laws, the Articles of Incorporation, Use Restrictions, Rules of the Barefoot Resort Residential Owners Association, Inc., the By-Laws of the Barefoot Resort Joint Committee, Inc., and other similar documents referenced herein to the extent not subordinate to the listed documents by operation of Section 1.3.

2.19. "Joint Committee": the Barefoot Resort Joint Committee, Inc., a South Carolina nonprofit corporation, its successors and assigns.

2.20. "Joint Committee By-Laws": the By-Laws of Barefoot Resort Joint Committee, Inc., as they may be amended.

2.21. "Master Plan": the master site plan for the development of the Barefoot Resort, community shown in the P.U.D. adopted as referenced in Section 2.15 (dated May 12, 1999), as it may be amended, which plan includes the property described on Exhibits "A" and "B" hereto and may include additional property in the future which Silver Carolina or the Association may from time to time add to the community and subject to this Declaration or the Nonresidential Declaration. Inclusion of additional property on the Master Plan shall not, under any circumstances, obligate Silver Carolina to subject such property to this Declaration, the Nonresidential Declaration, or any other similar document.

2.22. "Member" a Person entitled to membership in the Association, as provided in Section 6.2.

2.23. "Mortgage": a mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to a Unit.

2.24. "Mortgagee": an institutional or governmental holder of a Mortgage which makes, holds, insures or guarantees Mortgage loans in the ordinary course of its business.

2.25. "Neighborhood": the several areas of the Properties developed for residential use and named as neighborhoods, by Silver Carolina for purposes of representative voting and which may become associated to form a Village, as described in Section 6.4.
2.26. "Nonresidential Association": Barefoot Resort Nonresidential Owners Association, Inc., a nonprofit corporation formed under the laws of the State of South Carolina to serve as a mandatory membership owners association having jurisdiction over all of the property made subject to the Nonresidential Declaration.

2.27. "Nonresidential Declaration": that certain Declaration of Covenants, Conditions, and Restrictions for Barefoot Resort Nonresidential Properties to be filed by Silver Carolina in the Office of Register of Deeds of Horry County, South Carolina, as it may be amended.

2.28. "Owner": one or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, then upon recording of such contract, the purchaser (rather than the fee owner) will be considered the Owner, if the contract specifically so provides.

2.29. "Person": a natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.30. "Private Amenities": certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the Residential Properties, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis, use fee basis, or otherwise, and shall include, without limitation, the Golf Courses, if any.

2.31. "Properties" or "Residential Properties": the real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article IX.

2.32. "Service Area": two or more Units to which an Exclusive Common Area is assigned, as described in Article XII, or which receive benefits or services from the Association which are not provided to all Units, as described in Section 7.13. A Unit may be part of more than one Service Area, and Service Areas may overlap. Where the context permits or requires, the term "Service Area" shall also refer to the Service Area Committee, if any, established in accordance with the By-Laws to act as a liaison between the Board and the Owners of Units within a particular Service Area.

2.33. "Service Area Assessments": assessments levied against the Units in a particular Service Area to fund Service Area Expenses, as described in Section 8.2.

2.34. "Service Area Expenses": the actual or estimated expenses incurred or anticipated to be incurred by the Association for the benefit of the Owners and occupants of Units within a particular Service Area.

2.35. "Silver Carolina” or “Declarant”: a term collectively (or singly, when the context so requires) for ease of reference to Silver Carolina Development Company,
L.L.C., a Delaware limited liability company, and Intracoastal Development Company, LLC, a South Carolina limited liability company, or any of their successors, successors-in-title, or assigns who are or may be assigned any of the rights, duties, responsibilities, and obligations of Silver Carolina Development Company, L.L.C., and/or Intracoastal Development Company, LLC, as the developers of Barefoot Resort and as Declarant of this Declaration, pursuant to a recorded instrument executed by the immediately preceding successors, successors-in-title, or assigns to those rights, duties, responsibilities, and obligations assigned, but only to the extent of such assignment.

2.36. "Special Assessment": assessments levied in accordance with Section 8.4.

2.37. "Specific Assessment": assessments levied in accordance with Section 8.5.

2.38. "Sub-association": any subordinate entity created to act as the governing body for a group of Units by a Builder, developer, or Owners of those Units including, but not limited to, homeowner associations and property owners associations.

2.39. "Supplemental Declaration": an amendment or supplement to this Declaration filed in the Office of Register of Deeds of Horry County, South Carolina, for such purposes as this Declaration may provide.

2.40. "Unit": a portion of the Properties, whether improved or unimproved, which may be independently owned (and may be defined by a subdivision plat, a legal property description, or other means intended to show or describe the property as a "discrete and legally definable portion") and is intended for development, use, and occupancy as an attached or detached residence for a single family; provided, a garage apartment or similar accessory structure on a lot containing living quarters in addition to the primary dwelling on such lot (and under common ownership) shall not be deemed a separate Unit. The term shall refer to the land, if any, which is part of the Unit and any improvements thereon. In the case of a condominium within a building or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. The term shall not include Common Areas of the Residential Association, spoil easements, or property dedicated to the public.

In the case of vacant land or land on which improvements are under construction, the land shall be deemed to contain the number of Equivalent Units specified (on a per square foot basis with 1 Equivalent Unit = 10,000 square feet) for such land until such time as a subdivision plat or condominium plat is filed of record for all or a portion of the land. Thereafter, such plat shall control as to the number of Units for that portion of the land. The number of Units on the remaining portion of the land, if any, shall continue to be determined in accordance with this paragraph. "Equivalent Units" means the number of Units assigned to property for voting and assessment purposes before final platting has occurred.

2.41. "Use Restrictions and Rules": the initial use restrictions and rules of the Association set forth on Exhibit "C." as they may be supplemented, modified, and repealed pursuant to Article III.
2.42. "Village": any of several areas, comprised of one or more Neighborhoods, into which the Properties may be combined for the purpose of electing directors to the Board of Directors, as more particularly described in Section 6.4 or, if the context so indicates, the group of Owners whose Units comprise such Village.

2.43. "Voting Member": the representative selected by the Members within each Neighborhood, or as applicable within each Village, to be responsible for casting all votes attributable to Units in the Neighborhood or Village on matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term "Voting Member" shall include alternate Voting Members acting in the absence of the Voting Member and any Owners authorized to personally cast the votes for their respective Units pursuant to Section 6.4.

ARTICLE III
COMMUNITY ACTIVITIES: USE RESTRICTIONS AND RULES

[FOR THE INITIAL USE RESTRICTIONS AND RULES AFFECTING THE PROPERTIES, PLEASE REFERENCE EXHIBIT "C," ATTACHED HERETO AND INCORPORATED FULLY BY REFERENCE HEREIN, AS IT MAY HEREAFTER BE AMENDED TO THE EXTENT PROVIDED FOR AND ALLOWED HEREIN OR BY APPLICABLE LAW.]

3.1. Regulatory Overview. Silver Carolina has established a general plan of development for the Properties and Nonresidential Properties as part of a master planned resort community designed to embody the essence of high quality coastal living, which nevertheless affords the Board and the Members the opportunity and the ability to respond to changes in circumstances, conditions, needs, and desires within the community. The Properties are subject to the land development, architectural, and design provisions described in Article IV, the other provisions of this Declaration governing individual conduct and uses of or actions upon the Properties, and the guidelines, rules, and restrictions promulgated pursuant to this Article, all of which establish affirmative and negative covenants, easements, and restrictions on the Properties.

ALL PROVISIONS OF THE GOVERNING DOCUMENTS, INCLUDING THE USE RESTRICTIONS AND RULES, SHALL APPLY TO ALL OWNERS, TENANTS, OCCUPANTS, GUESTS, AND INVITEES OF ANY UNIT. EACH OWNER SHALL BE RESPONSIBLE FOR INSERTING A PROVISION IN ANY LEASE OF ITS UNIT INFORMING THE LESSEE AND ALL OCCUPANTS OF THE UNIT OF THE GOVERNING DOCUMENTS AND ALL USE RESTRICTIONS AND RULES AFFECTING THE UNIT, THE COMMON AREA, OR THE EXCLUSIVE COMMON AREA; HOWEVER, FAILURE TO INCLUDE SUCH A PROVISION IN THE LEASE SHALL NOT RELIEVE ANY PERSON OF RESPONSIBILITY FOR COMPLYING WITH THE GOVERNING DOCUMENTS.
3.2. **Authority To Issue Rules.** As referenced above in this Article, the Initial Use Restrictions and Rules applicable to all of the Properties are attached as Exhibit "C" to this Declaration. Subject to the terms of this Article, such initial Use Restrictions and Rules may be modified in whole or in part, repealed or expanded as follows:

(a) Subject to the terms of this Article III and in accordance with its duty to exercise business judgment on behalf of the Association and its Members, the Board may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules. The Board shall publish notice of the proposed action by any means the Board determines to be reasonably effective in disseminating such notice on a community-wide basis within the Properties of Barefoot Resort, which specifically includes but is not limited to posting notice at the entrance to Barefoot Resort at least thirty (30) days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Any rule adopted by the Board shall become effective thirty (30) days thereafter unless within such 30 day period it is disapproved at a meeting by Owners or Voting Members representing a majority of the total Class "A" votes and by the Class "B" Member, if any. At any such meeting of the Owners, Owners may vote by proxy, and proxies may be filed by facsimile or other electronic means so long as they meet the requirements of South Carolina law. The Board shall have no obligation to call a meeting to consider disapproval except upon petition of the Owners or Voting Members as required for special meetings in By-Laws Section 2.4.

(b) The Voting Members, at a meeting duly called for such purpose as provided in By-Laws Section 2.4, may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules applicable to all of the Properties, by a vote of a majority of the total Class "A" votes in the Association and the approval of the Class "B" Member, if any. In addition, the Voting Members from any Village or the Owners from any Neighborhood, may adopt, modify, repeal and create exceptions to rules applicable only to that Village or Neighborhood, respectively, by a vote of a majority of the total Class "A" votes in such Village or Neighborhood and the approval of the Class "B" Member, if any.

(c) Notwithstanding the above, after termination of the Class "B" Membership, no amendment to or modification of any Use Restrictions and Rules shall be effective without prior notice to and the written approval of Silver Carolina so long as Silver Carolina owns any portion of the Developable Land.

(d) At least twenty (20) days prior to the effective date of any action taken under subsections (a) or (b) of this Section, the Board shall send notice of the action to each Owner. The Association shall provide, without cost, a copy of the Use Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(e) Except as set forth in Section 3.4 and Exhibit "C" nothing in this Article shall authorize the Board or the Members to adopt rules conflicting with the Design Guidelines or
addressing matters of architectural control, which shall be governed by the Design Guidelines and controls described in Article IV.

3.3. **Owners' Acknowledgment and Notice to Purchasers.** All Owners and occupants of Units are given notice that use of their Units is limited by the Use Restrictions and Rules, as they may be changed in accordance with this Declaration. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Use Restrictions and Rules may change from time to time.

3.4. **Protection of Owners and Others.** Except as may be specifically set forth in this Declaration (either initially or by amendment) or in Exhibit "C," neither the Board nor the Members may adopt any rule in violation of the following provisions:

(a) **Equal Treatment.** Similarly situated Owners and occupants shall be treated similarly; provided, the Use Restrictions and Rules may vary from one portion of the Properties to another depending upon housing type, and by Service Areas, Neighborhood and by Village.

(b) **Signs and Displays.** The rights of Owners to display religious and holiday signs, symbols, and decorations on their Units of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions (including design criteria) for the purpose of minimizing damage and disturbance to other Owners and occupants. No rules shall regulate the content of political signs; however, rules may reasonably regulate the time, place and manner (including design criteria) of posting or displaying such signs.

(c) **Household Composition.** No rule shall interfere with the freedom of occupants of Units to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) **Activities Within Unit.** No rule shall interfere with the activities carried on within the confines of structures on Units, except that the Association may prohibit activities not normally associated with property restricted to residential or home office use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance.

(e) **Pets.** The Association may adopt pet-related rules designed to minimize damage and disturbance to other Owners and occupants, including reasonable rules requiring damage deposits, waste removal, leash controls, noise controls, occupancy limits based on size and facilities of the Unit and fair share use of the Common Area. Nothing in this provision shall
prevent the Association from requiring removal of any animal that presents an actual threat to
the health or safety of residents or from requiring abatement of any nuisance or unreasonable
source of annoyance.

(f) **Allocation of Burdens and Benefits.** The initial allocation of financial burdens
and rights to use Common Areas among the various Units shall not be changed to the detriment
of any Owner over that Owner’s objection expressed in writing to the Association. Nothing in
this provision shall prevent the Association from changing the Common Areas available, from
adopting generally applicable rules for use of Common Areas, complying with governmental
requirements, or from denying use privileges to those who abuse the Common Area, violate
the Governing Documents, or fail to pay assessments. This provision does not affect the right
to increase the amount of assessments as provided in Article VIII.

(g) **Alienation.** The Association shall not by rule impose my fee on transfer of any
Unit greater than an amount based on the costs to the Association of the transfer; however, this
provision shall not preclude imposition of transfer or similar fees for the benefit of the
Association or other entities pursuant to other recorded covenants.

(h) **Abridging Existing Rights.** If any rule would otherwise require Owners or
occupants of Units to dispose of personal property which they maintained in or on the Unit
prior to the effective date of such rule, and in compliance with all rules in force at that time,
such rule shall not apply to any such Owners without their written con sent unless the rule was
in effect at the time such Owners or occupants acquired their interest in the Unit.

(l) **Rights to Develop.** No rule or action by the Association or Board shall impede
Silver Carolina’s right to develop or add to the Properties.

The limitations in subsections (a) through (i) set forth above apply to new rules only;
nothing herein shall invalidate rules set forth on Exhibit “C” initially or be construed as a
limitation on amendments adopted in accordance with Article XIX.

**ARTICLE IV**

**OVERALL COMMUNITY APPEARANCE: ARCHITECTURE, DESIGN AND LANDSCAPING**

4.1. **Applicability.** If Silver Carolina has reserved rights of architectural review and
control over any portion of the Properties pursuant to any contract, deed, covenant, or other
recorded instrument outside of this Declaration, then the provisions of such instrument shall
control as to any matter within the scope of this Article, and approval by Silver Carolina
pursuant to such instrument of any matter within the scope of this Article shall be deemed full
compliance with this Article unless, and except to the extent that:

(a) Silver Carolina has assigned in writing any or all its reserved rights under
such instrument to the Architectural Review Committee established pursuant to this Article; or
Silver Carolina has recorded an instrument in the Office of Register of Deeds of Horry County, South Carolina, declaring its intent that this Declaration thereafter control as to any matter within the scope of this Article.

Except as otherwise provided above, no structure shall be placed, erected, or installed upon any portion of the Properties and no improvements (including staking, clearing, excavation, grading, and other site work, exterior alteration of existing improvements, plantings or removal of landscaping materials, and construction of docks, piers, boathouses or any other similar structure) (such activities being referred to in this Article as ("Work")) shall take place within the Properties except in compliance with the Master Plan, this Article and the Design Guidelines, if any, promulgated pursuant to Section 4.3.

This Article shall not apply to the activities of Silver Carolina; nor shall it apply to the activities of the Association during the Class "B" Control Period.

This Article may not be amended without the written consent of Silver Carolina so long as Silver Carolina owns any land subject to this Declaration or subject to annexation or addition to the community under this Declaration.

4.2. Architectural Review.

(a) Review by Silver Carolina. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the properties, acknowledges that, as the developer of the Properties and as an Owner of significant portions of the Properties as well as other real estate within the vicinity of the Properties, Silver Carolina has a substantial interest in ensuring that the improvements within the Properties enhance Silver Carolina's reputation as a high quality coastal community developer and do not impair Silver Carolina's ability to market, sell, or lease its property. In addition, each Owner also acknowledges that Silver Carolina has obtained federal, state, and local authorizations, certifications and permits for various aspects of the development of Barefoot Resort for the benefit of each Owner and the Properties and Nonresidential Properties. Therefore, each Owner agrees that no Work shall be commenced on such Owner's Unit unless and until Silver Carolina has given its prior written approval for such Work, which approval may be granted or withheld in Silver Carolina's sole discretion. In reviewing and acting upon any request for approval, Silver Carolina shall be acting in its own interest and shall owe no duty to any other Person, except to governmental agencies that have issued authorizations, certifications and permits to Silver Carolina for the development.

The rights reserved to Silver Carolina under this Article shall continue so long as Silver Carolina owns any portion of the Properties or any real property adjacent to the Properties, unless earlier terminated in a written instrument executed by Silver Carolina and recorded in the Office of Register of Deeds of Horry County, South Carolina.

(b) Architectural Review Committee. Silver Carolina may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article or
other recorded instruments to an architectural review committee appointed by the Association's Board of Directors ("ARC"), subject to (i) the right of Silver Carolina to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (ii) the right of Silver Carolina to veto any decision of the ARC which Silver Carolina determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Silver Carolina has any rights under this Article, the jurisdiction of the ARC shall be limited to such matters as are specifically delegated to it by Silver Carolina. Unless and until such time as Silver Carolina delegates all or a portion of its reserved rights, the Association shall have no jurisdiction over architectural matters; upon any such delegation, the ARC shall accept and exercise the jurisdiction so delegated in accordance with this Article.

Upon expiration or termination of Silver Carolina's rights under this Article, the Association shall assume jurisdiction over architectural matters hereunder and the Association, acting through the ARC, shall be entitled to exercise all powers previously reserved to Silver Carolina under this Article; provided, however, in exercising the discretion previously reserved to Silver Carolina, the Association and the ARC shall act in the interest of the Association membership.

The ARC, if and when appointed, shall consist of at least three, but not more than five, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Association or representatives of Members, and may, but need not include architects, engineers, or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. In addition, the ARC may, with the prior approval of the Board, retain architects, engineers, or other professionals to assist in the review of any application and the Association may charge any fees incurred for such assistance to the applicant.

4.3. Guidelines and Procedures.

(a) Design Guidelines. In efforts to provide guidance to Owners and Builders regarding matters of particular concern to Silver Carolina in considering applications for architectural approval, Silver Carolina, or to the extent that the ARC has jurisdiction hereunder, the ARC (the entity having jurisdiction at any particular time is referred to in this Article as the "reviewing entity") may but shall not be required to establish design and construction guidelines and review procedures (the "Design Guidelines"). The Design Guidelines shall not be the exclusive basis for decisions hereunder and compliance with the Design Guidelines shall not guarantee approval of an application. Any such Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions that vary from one portion of the Properties to another depending upon the location, type of construction or use, and unique characteristics of the property, and may refer to requirements of governmental authorizations, certifications or permits: Failure to reference governmental requirements in the Design Guidelines does not affect the applicability of such requirements or the ability of governmental agencies to enforce such requirements.
Any Design Guidelines adopted pursuant to this Section shall be subject to amendment from time to time in the sole discretion of the entity adopting them. Amendments to the Design Guidelines shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no other limitations on the scope of amendments to the Design Guidelines; amendments may remove requirements previously imposed or otherwise make the Design Guidelines more or less restrictive in whole or in part.

The reviewing entity shall make copies of the Design Guidelines, if any, available to Owners, Builders, and developers who seek to engage in development or construction within the Properties, and may charge a reasonable fee to cover its printing costs.

(b) **Procedures.** Prior to commencing any Work for which review and approval is required under this Article, an application for approval of such Work shall be submitted to the reviewing entity in such form as may be required by the reviewing entity or the Design Guidelines. The application shall include Plans showing the site layout, exterior elevations, exterior materials and colors, landscaping, drainage, lighting, irrigation, and other features of the proposed construction, as required by the Design Guidelines and governmental requirements and as applicable. The reviewing entity may require the submission of such additional information as it deems necessary to consider any application.

The reviewing entity may consider (but shall not be restricted to consideration of) visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, location in relation to surrounding structures and plant life, compliance with the general intent of the Design Guidelines, if any, and architectural merit. Decisions may be based on purely aesthetic considerations: Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements.

The reviewing entity shall, within thirty (30) days after receipt of each submission of the Plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission, of either (i) the approval of Plans, or (ii) the disapproval of such Plans, specifying the segments or features of the Plans which are objectionable and suggestions, if any, for curing such objections. If the reviewing entity fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, the applicant may give the reviewing entity written notice of such failure to respond, stating that unless the reviewing entity responds within ten (10) days of receipt of such notice, approval shall be deemed granted. Upon such further failure, approval shall be deemed to have been given, subject to the right of Silver Carolina to veto approvals by the ARC as set forth in this Section and subject to compliance enforcement by governmental agencies. However, no approval whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines or governmental requirements, if any, unless a variance has been granted in writing pursuant to Section 4.5 or to applicable
governmental procedure. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U. S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice to a proper party shall, however, be sufficient, and notice shall be deemed to have been given at the time of delivery.

Within three (3) business days after the ARC has approved any application relating to proposed Work within the scope of matters delegated to the ARC by Silver Carolina, the ARC shall give written notice to Silver Carolina of such action, together with such other information as Silver Carolina may require. Silver Carolina shall have ten (10) days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARC and the applicant.

If construction does not commence on any Work for which approval has been granted within six (6) months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to re-submit the Plans for reconsideration in accordance with such Design Guidelines as are then in effect, prior to commencing such Work. All Work on residential home construction shall be completed within one (1) year of commencement or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the reviewing entity. All Work on commercial, retail and multi-family construction shall be completed within two (2) years of commencement or such other period as may be specified in the notice of approval, unless completion is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the reviewing entity.

(c) Certificate of Compliance. To ensure that ARC guidelines and procedures are complied with, an inspection will be performed by the ARC of the subject property prior to any sale, resale, refinancing or other transfer of ownership and all violations will be noted and forwarded to the closing attorney. Provided, however, that the initial sale of a Unit by a builder or developer to a third party will be covered by the blanket Certificate of Compliance received from the ARC, or Silver Carolina in lieu thereof, at the time of the Builder's or developer's purchase of such parcel from Silver Carolina. A reasonable fee may be charged for each such inspection. However, such inspection and notice may not be relied upon for compliance with governmental requirements. After the initial construction of the unit and before any transfer of ownership of any Unit, any refundable deposit balance due the owner(s) and/or builder(s), as discussed in (d) below, will be refunded only after the Certificate of Compliance has been issued.

(d) Review Fees. As authorized by 4.2(b) above, a Review Fee will be charged, in an amount set by the ARC, upon the submission of plans to the ARC (this provision includes both Residential & Nonresidential/Commercial Development Plans). Additionally, during construction, the ARC may require the builders and/or owners to submit a refundable deposit, in an amount determined by the ARC, to ensure ARC compliance, document compliance, site cleanliness and landscape installation and for any other reason as determined in the sole discretion of the ARC.
4.4. **No Waiver of Future Approvals.** Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that decisions regarding aesthetic matters and interpretation and application of the Design Guidelines, if any, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the reviewing entity may refuse to approve similar proposals in the future. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any matter requiring approval, shall not be deemed a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters whenever subsequently or additionally submitted for approval.

4.5. **Variances.** The reviewing entity may, but shall not be required to, authorize variances from compliance with any of the provisions of the Design Guidelines when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, or when architectural merit warrants such variance, as the reviewing entity may determine in its sole discretion. Such variances shall be granted only when, in the sole judgment of the reviewing entity, unique circumstances exist, and no Owner shall have any right to demand or obtain a variance. No variance shall (a) be effective unless in writing, (b) be contrary to this Declaration or applicable governmental requirements, or (c) estop the reviewing entity from denying a variance in other circumstances, whether similar or not.

4.6. **Limitation of Liability.** The standards and procedures established by this Article are intended to provide a mechanism for maintaining and enhancing the overall aesthetics of the Properties but shall not create any duty to any Person. NEITHER SILVER CAROLINA NOR THE ARC SHALL BEAR ANY RESPONSIBILITY FOR ENSURING STRUCTURAL INTEGRITY OR SOUNDNESS, OR COMPLIANCE WITH BUILDING CODES AND OTHER GOVERNMENTAL REQUIREMENTS, OR ENSURING THAT STRUCTURES ON UNITS ARE LOCATED SO AS TO AVOID IMPAIRING VIEWS FROM OR OTHER NEGATIVE IMPACT ON NEIGHBORING UNITS. NO REPRESENTATION IS MADE THAT ALL STRUCTURES AND IMPROVEMENTS CONSTRUCTED WITHIN THE PROPERTIES ARE OR WILL BE OF COMPARABLE QUALITY, VALUE, SIZE, OR DESIGN. NEITHER SILVER CAROLINA, THE ASSOCIATION, THE BOARD, THE ARC, NOR ANY MEMBER OF ANY OF THE FOREGOING SHALL BE HELD LIABLE FOR SOIL CONDITIONS, DRAINAGE PROBLEMS, OR OTHER GENERAL SITE WORK, NOR FOR DEFECTS IN ANY PLANS OR SPECIFICATIONS SUBMITTED, NOR FOR ANY STRUCTURAL OR OTHER DEFECTS IN WORK DONE ACCORDING TO APPROVED PLANS, NOR FOR ANY INJURY, DAMAGES, OR LOSS ARISING OUT OF THE MANNER, DESIGN, OR QUALITY OF APPROVED CONSTRUCTION ON OR MODIFICATIONS TO ANY UNIT.
4.7. **Enforcement.** Any Work performed in violation of this Article or in a manner inconsistent with the approved Plans shall be deemed to be nonconforming. Upon written request from Silver Carolina, the Association, the Board, or the ARC, Owners shall, at their own cost and expense, remove any non-conforming structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming Work or conform the property, structure or improvement to the approved Plans. Should an Owner fail to remove and restore as required, Silver Carolina, the Board or their designees shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed, and any such action shall not be deemed a trespass. Upon demand, the Owner shall reimburse all costs incurred by any of the foregoing in exercising its rights under this Section. The Association may assess any costs incurred in taking enforcement action under this Section, together with interest at the maximum rate then allowed by law, against the benefited Unit as a Specific Assessment.

Silver Carolina and the Association, acting separately or jointly, may preclude any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and with the Design Guidelines from continuing or performing any further activities in the Properties, subject to the notice and hearing procedures contained in the By-Laws. Neither Silver Carolina, the Association, nor their officers, directors or agents shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Association and Silver Carolina shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the reviewing entities under this Article.

If the Association fails to take enforcement action within thirty (30) days after receipt of a written demand from Silver Carolina identifying the violator and specifying the nature of the violation, then the Association shall reimburse Silver Carolina for any and all costs reasonably incurred by Silver Carolina in taking enforcement action with respect to such violation if, in its sole discretion, any enforcement action is taken.

**ARTICLE V**

**MAINTENANCE, REPAIR, AND REPLACEMENT**

5.1. **Maintenance of Units.** Each Owner shall maintain his or her Unit and all structures, parking areas, landscaping, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a condominium or similar owners association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

Each Owner shall also maintain, irrigate, replace sod, and prune all landscaping lying within the right-of-way of adjacent public streets and alleys between the Unit boundary and the curb of such public street or alley, and between the Unit boundary and any adjacent...
easements for pedestrian paths or sidewalks, in a manner consistent with the Community-Wide Standard, unless responsibility for maintaining such landscaped areas has been assigned to or assumed by the Association. However, the buffer area adjacent to wetlands that comprises any part of a Unit must be maintained in its natural state as defined in the Restrictive Covenant recorded or to be recorded pursuant to Permit Number P/N 98-IX-304.

In addition to any other enforcement rights, if an Owner fails properly to perform any of his or her maintenance responsibilities, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner in accordance with Section 8.5. If an Owner violates any governmental requirement controlling buffer, wetland or other areas protected or managed under the authorizations, certifications or permits obtained for the development, the Association or Silver Carolina may correct or restore the area of the violation and assess all costs incurred by the Association or Silver Carolina against the Unit and the Owner in accordance with Section 8.5. The Association shall afford the Owner notice and a reasonable opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

5.2. Maintenance of Other Property. Upon Board resolution, the Owners of Units within each Service Area shall be responsible for paying, through Service Area Assessments, the costs of operating, maintaining, and insuring certain portions of the Area of Common Responsibility within or adjacent to such Service Area. This may include, without limitation, the costs of maintaining any signage, right-of-way and open space within the Service Area or between the Service Area and adjacent public roads, private streets within the Service Area, and lakes or ponds within the Service Area, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all areas which are similarly situated shall be treated the same.

Any condominium or similar owners association having responsibility for maintenance of any portion of the Properties shall perform, with respect to such property, all maintenance required of an Owner under Section 5.1 in a manner consistent with the Community-Wide Standard. If the Owner fails to do so, the Association may perform such responsibilities and assess the costs against all Units within the boundaries of the Association's jurisdiction as provided in Section 8.5.

5.3. Responsibility for Insurance; Repair and Replacement. Each Owner shall be responsible for obtaining and maintaining property insurance on all insurable improvements on his or her Unit, unless either a condominium or other owners association of which the Unit is a part, or the Association, carries such insurance (which they may but are not obligated to do hereunder). If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners hereunder, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner thereof pursuant to Section 8.5.

Each Owner further covenants and agrees by acceptance of a deed for a Unit or any portion of the Properties that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner
consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV of this Declaration. Alternatively, the Owner shall clear the Unit of all debris and ruins and maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds:

Each Owner shall also maintain liability insurance to fund its obligation to indemnify the Association and the Joint Committee pursuant to Section 7.6, to the extent available.

The requirements of this Section shall apply to any condominium or similar owners association responsible for any portion of the Properties in the same manner as if it were an Owner and such property were a Unit. Additional recorded covenants applicable to any portion of the Properties may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such portion of the Properties and for clearing and maintaining such Units in the event the structures are not rebuilt or reconstructed.

5.4. Standard of Performance. Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as such other duties, which may include irrigation, as the Board may determine necessary or appropriate to satisfy the Community-Wide Standard. All maintenance and irrigation shall be performed in a manner consistent with the Community-Wide Standard, all applicable covenants and governmental requirements, and the requirements and restrictions set forth in the P.U.D.

ARTICLE VI
ASSOCIATION FUNCTIONS AND MEMBERSHIP

6.1. Association Functions. The Association shall be the entity responsible for management, maintenance, operation, and control of the Common Area within the Residential Properties. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Residential Properties as the Board may adopt. Upon delegation by Silver Carolina or termination of Silver Carolina's authority over architectural matters, pursuant to the provisions of Article IV, the Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines. The Association shall perform its functions in accordance with this Declaration, the By-Laws, the Articles, and South Carolina law.

The Association shall be a member of Barefoot Resort Joint Committee, Inc., a South Carolina nonprofit corporation which serves as a unifying entity for the residential and nonresidential elements of the Barefoot Resort community. The Association shall appoint one or more representatives to serve on the board of directors of the Joint Committee in accordance with the Joint Committee By-Laws and shall cooperate with the Joint Committee in upholding the Community-Wide Standard for the Barefoot Resort community.
6.2. **Membership.** Every Owner shall be a member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3(c) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners.

The membership rights and privileges of an Owner who is a natural person may be exercised by the Member or the Member's spouse. The membership rights of an Owner which is a corporation, partnership, or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

6.3. **Voting.** The Association shall have two classes of membership, Class "A" and Class "B".

(a) **Class "A".** Class "A" Members shall be all Owners. Each Class "A" Member shall have one vote for each Unit which they own; provided, there shall be only one vote per Unit and no votes shall be exercised for any unimproved property owned by the Class "B" Member as long as the Class "B" membership exists, and no votes shall be exercised on account of any property which is exempt from assessment under Section 8.9. Builders will exercise one vote for each Unit or Equivalent Unit that they own. The Golf Course once improved will exercise their votes through the Golf Clubhouses and will have one vote for each Equivalent Unit assigned to it as set forth in Section 8.10.

(b) **Class "B".** The sole Class "B" Member shall be Silver Carolina. The rights of the Class "B" Member under this Declaration and the By-Laws are specified elsewhere in the Declaration and the By-Laws.

The Class "B" membership shall terminate upon the earlier of: (1) two years after termination of the Class "B" Control Period, or (2) when, in its discretion, the Class "B" Member so determines and declares in a recorded instrument. The Class "B" Control Period is that period until the first of the following to occur:

(i) When certificates of occupancy have been issued on the following percentage of Units and these have been conveyed to Persons other than Builders: (A) 75% of the total number of Units proposed by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration; and (B) 75% of the total number of Units proposed for any additional properties covered by any Supplemental Declaration; provided that, if a Supplemental Declaration covers property also named on Exhibits A or B, the number of Units described in the Supplemental Declaration shall control for purposes of this subsection;

(ii) Forty (40) years after the date on which this Declaration is recorded in The Office of Register of Deeds of Horry County, South Carolina; or

(iii) When, in its discretion, the Class "B" Member so determines.
After termination of the Class "B" Control Period, the Class "B" Member shall continue to have a right to disapprove actions of the Association, the Board, and any committees provided in Section 3.19 of the By-Laws.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned by a Class "A" Member shall be exercised by the Voting Member representing the Neighborhood in which the Unit is located.

In any situation in which a Member is entitled personally to exercise the vote for his Unit and there is more than one Owner of a particular Unit, the vote for such Unit shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the close of balloting. Absent such advice, the Units vote shall be suspended if more than one Person seeks to exercise it.

6.4. Neighborhoods, Voting Members, and Villages. Due to the number of Units which may be developed within Barefoot Resort, a representative form of voting shall be employed in order to facilitate the conduct of Association business, communication between the Board and the Owners, and the smooth administration of the community.

(a) Neighborhoods. Every Unit shall be located within a Neighborhood. Exhibit "F" to this Declaration, and each Supplemental Declaration tiled to subject additional property to this Declaration, shall initially assign the property described therein to a specific Neighborhood by name, which Neighborhood may be then existing or newly created. Silver Carolina may unilaterally amend this Declaration or any Supplemental Declaration from time to time to redesignate Neighborhood boundaries, as long as it owns any portion of the Properties or has the option to expand the Properties pursuant to Section 9.1; provided, each Village shall consist of at least one Neighborhood and two or more existing Neighborhoods shall not be combined into a single Neighborhood without the consent of Owners of a majority of the Units in the affected Neighborhoods.

(b) Voting Members. Each Neighborhood shall elect a Voting Member who shall be responsible for casting all votes attributable to Units owned by Class "A" Members in the Neighborhood on all Association matters requiring a membership vote, except as otherwise specified in the Governing Documents. In addition, each Neighborhood shall elect an alternate Voting Member to act in the absence of the Voting Member.

Candidates for election as the Voting Member and alternate Voting Member from a Neighborhood shall be Owners of Units within Barefoot Resort or spouses of such Owners. The Voting Member and alternate Voting Member shall be elected on an annual basis, either by written ballot or at a meeting of the Class "A" Members within each Neighborhood as the Board determines; provided, upon written petition signed by Members holding at least 25% of the Class “A” votes within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person or by proxy of Members representing at least 30% of the total Class "A" votes in the Neighborhood shall constitute a quorum at any
Neighborhood meeting. If a quorum is not present at a duly called meeting, those present may adjourn the meeting and a new meeting may be called. Notice of the new meeting must state the time and place at which the meeting is to be held as well as the purpose of the meeting. At this meeting, the presence, in person or by proxy, of the Members representing at least 15% of the total Class "A" votes in the Neighborhood shall constitute a quorum. If a quorum is still not present at the meeting, those present may adjourn the meeting and a new meeting may be called as provided above. The percentage needed to constitute a quorum at every subsequent meeting called after failure to obtain a quorum will be reduced by 5 percentage points until a quorum is obtained.

The Board shall call for the first election of a Voting Member from a Neighborhood not later than one year after the first conveyance of a Unit in the Neighborhood to a Person other than a Builder. Subsequent elections shall be held within thirty (30) days of the same date each year. Each Class "A" Member who owns a Unit within the Neighborhood shall be entitled to cast one equal vote per Unit owned in the Neighborhood for each position. The candidate for each position who receives the greatest number of votes shall be elected to serve until their successors are elected.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class "A" Members in the Neighborhood which the Voting Member represents.

Until such time as the Board first calls for election of a Voting Member for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a vote of the Voting Members under this Declaration, the By-Laws, or the Articles.

(c) **Villages.** Silver Carolina may designate Villages consisting of one or more Neighborhoods for the purpose of electing directors to the Board following termination of the Class "B" Control Period, in order to promote representation on the Board of Directors from various areas within the Properties. The number of Villages within the Properties shall not exceed the total number of directors to be elected by the Class "A" Members pursuant to the By-Laws. The Class "A" Members within each Village shall vote on a separate slate of candidates for election to the Board, with each Village being entitled to elect the number of directors specified in Section 3.5 of the By-Laws.

Silver Carolina shall establish Villages, if at all, not later than the date of expiration of the Class "B" Control Period, by filing with the Association and in the Office of Register of Deeds of Horry County, South Carolina, a Supplemental Declaration identifying each Village by legal description or other means such that the Units within each Village can easily be determined. Such designation may be amended from time to time by Silver Carolina acting alone, at any time prior to the expiration of the Class "B" Control Period. If additional property is subjected to this Declaration as allowed in this Agreement, Silver Carolina may amend such Supplemental Declaration to change the composition of existing Villages or to establish new Villages to account for the additional property.
After expiration of the Class "B" control period, the Board shall have the right to file or amend such Supplemental Declaration upon approval of a majority of the total number of directors and, as long as Silver Carolina owns any property subject to this Declaration or a Supplemental Declaration, upon obtaining the consent of Silver Carolina. Neither recordation nor amendment of such Supplemental Declaration shall constitute an amendment to this Declaration, and no consent or approval of any Person shall be required except as stated in this paragraph. Until such time as Villages are established, all of the Properties shall constitute a single Village. After a Supplemental Declaration establishing Villages has been filed, any and all portions of the Properties which are not assigned to a specific Village shall constitute a single Village.

ARTICLE VII
AUTHORITY AND RESPONSIBILITIES OF THE ASSOCIATION

7.1. Acceptance and Control of Association Property. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Silver Carolina and its designees may convey to the Association improved or unimproved real estate located within the Properties, and personal property and leasehold or other property interests. Any such conveyed property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association, Silver Carolina shall convey the initial Common Area to the Association prior to the conveyance of a Unit to any Person other than a Builder. In the event any property previously designated as a Common Area is sought to be released from such designation, Silver Carolina shall agree to provide twenty (20) days prior written notice to the City of North Myrtle Beach (provided the Properties have been annexed into said jurisdiction) of such proposed change.

7.2. Maintenance of Area of Common Responsibility. The Association; subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair consistent with this Declaration, the Community-Wide Standard, and the P.U.D., which shall include, but is not limited to:

(a) all landscaping and other flora, parks, lakes, signage, structures, and improvements, including any private streets, and bike and pedestrian pathways/trails, situated upon the Common Area;

(b) landscaping, sidewalks, streetlights and signage within public rights-of-way within or abutting the Properties, and landscaping and other flora within any public utility easement within the Properties (subject to the terms of any easement agreement relating thereto), except to the extent that responsibility therefor has been assigned to or assumed by
other parties under a written agreement, or the Owners of adjacent Units pursuant to Section 5.1;

(c) such portions of any additional property as may be included within the Area of Common Responsibility pursuant to this Declaration, any Supplemental Declaration, or any agreement for maintenance entered into by the Association;

(d) all ponds, streams and/or wetlands and wetland buffers located within the Properties which serve as part of the drainage and storm water retention system for the Properties, including any swales, retaining walls, bulkheads or dams (earthen or otherwise) retaining or managing water therein, and any pipes, fountains, lighting, pumps, conduits, and similar equipment installed therein or used in connection therewith, except to the extent that responsibility therefor has been assigned to or assumed by other parties under a written Agreement.

There will exist an overlay district in regard to maintenance of certain ponds, lakes, and surrounding areas located adjacent to the Golf Courses due to the fact that such areas are part of the master drainage system. (See Exhibit "G" which is attached hereto and incorporated by reference herein.) The Association, the Nonresidential Association and the abutting golf course owner shall have the right to maintain these areas. The Associations will be required to maintain the areas to the Community-Wide Standard similar to all Common Areas. However, the owner of the adjacent Golf Course or its designee may maintain the area to a higher standard at its own expense. The Associations will at all times maintain the right to perform any necessary work on these areas to ensure proper drainage of the Property;

(e) any future beach club and improvements thereon, as further discussed at Section 7.14 hereof; and

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

There are hereby reserved to the Association easements over the Properties as necessary to enable the Association to fulfill its responsibilities under this Section. The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation (except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs) unless Voting Members representing 75% of the Class "A" votes in the Association and the Class "B" Member, if any, agree in writing to discontinue such operation. This requirement of continuous operation shall not apply to streets or roadways which the Association owns or controls; the Association, acting through the Board, may temporarily or permanently close
portions of any such streets or roadways to control traffic or traffic flow, or to enhance privacy, or for other similar purposes, without approval of the membership.

The Association may assume maintenance responsibility for property within any Service Area, in addition to that designated by any Supplemental Declaration, either by agreement with the Service Area or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All cost; of maintenance pursuant to this paragraph shall be assessed as a Service Area Assessment only against the Units within the Service Area to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

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

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Units as part of the Base Assessment, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof. All costs associated with maintenance, repair, and replacement of an Exclusive Common Area shall be a Service Area Expense assessed against the Service Area(s) to which the Exclusive Common Area is assigned, notwithstanding that the Association may be responsible for performing such maintenance.

Notwithstanding the above, the Association may delegate any of its maintenance responsibilities hereunder to Barefoot Resort Joint Committee, Inc. by agreement with the Joint Committee, and any portion of the Common Area may be made part of the Joint Committee's “Area of Common Responsibility," as such term is defined in Section 1.3(a) of the Joint Committee By-Laws. No such delegation shall be revoked without the written consent of the Joint Committee.

If the Association fails to properly perform its maintenance responsibilities hereunder, Silver Carolina may, upon not less than ten (10) days notice and opportunity to cure such failure, cause such maintenance to be performed and in such event, shall be entitled to reimbursement from the Association for all costs incurred.

7.3. Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly Authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:
(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area, if any, and on other portions of the Area of Common Responsibility to the extent that it has assumed responsibility for maintenance, repair and/or replacement in the event of a casualty. The Association shall have the authority to and interest in insuring any privately or publicly-owned property for which the Association has maintenance or repair responsibility. Such property shall include, by way of illustration and not limitation, any insurable improvements on or related to parks, rights-of-way, medians, easements, and walkways which the Association is obligated to maintain. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including both primary and any umbrella policies) shall have a limit of at least $5,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which the Board, in the exercise of its business judgment, deems advisable, the Association shall obtain such additional coverages or limits;

(iii) Workers compensation insurance and employers liability insurance;

(iv) Directors and officers liability coverage;

(v) Fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's best business judgment. Fidelity insurance policies shall include coverage for officers, directors, and other persons serving without compensation; and

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable, which may include, without limitation, flood insurance, wind and hail insurance, boiler and machinery insurance, and building ordinance coverage.

In addition, the Association may obtain and maintain property insurance on the insurable improvements within any Service Area in such amounts and with such coverages as agreed upon pursuant to Section 6.4(a).

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses and shall be included in the Base Assessment, except that (i) premiums for property insurance obtained on behalf of a Service Area shall be charged to the Owners of Units within the benefited Service Area as a Service Area Assessment; and (ii) premiums for insurance on
Exclusive Common Areas may be included in the Service Area Assessment of the Service Area(s) benefited unless the Board of Directors reasonably determines that other treatment of the premiums is more appropriate.

(b) **Policy Requirements.** The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the North Myrtle Beach, Horry County, South Carolina area.

All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon reasonable request, to the Owner of any insured Unit.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Service Area Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after giving notice and an opportunity to be heard in accordance with Section 3.24 of the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Units pursuant to Section 8.5.

All insurance coverage obtained by the Board shall:

(i) be written with a company whose primary business is providing insurance coverage and which is authorized to conduct business in the State of South Carolina or which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies, if any, secured by the Association on behalf of a Service Area shall be for the benefit of the Owners of Units within the Service Area and their Mortgagees, as their interests may appear;

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

(iv) include an agreed amount endorsement, if the policy contains a co-insurance clause.

In addition, the Board shall use reasonable efforts to secure insurance policies which name the Owners and their Mortgagees (as a class) as additional insureds and provide:
(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and manager, the Owners and their tenants, servants, agents, and guests;

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

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

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

(v) a cross liability provision; and

(vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Damage and Destruction. Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Area shall be repaired or reconstructed unless Voting Members representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct.

If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.
Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association or the Service Area, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds received, after application of any applicable deductible, are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Voting Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3(a).

7.4. Compliance and Enforcement. Every Owner and occupant of any Unit shall comply with the Governing Documents. Subject to the terms of Article XIV, failure to comply shall be grounds for an action by the Association, the Joint Committee, Silver Carolina, or, in a proper case, by any aggrieved Unit Owner(s) to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, in addition to those enforcement powers granted to the Association pursuant to this Section and in By-Laws Section 3.24.

All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys’ fees and court costs, reasonably incurred in such action. The Joint Committee shall be authorized to take any enforcement action the Association would be authorized to take, in addition to such enforcement action as is authorized by its by-laws.

The Association may impose sanctions for violations of the Governing Documents in accordance with procedures set forth in the By-Laws, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, in accordance with Section 3.24 of the By-Laws, the Association may exercise self-help to cure violations to the full extent allowed by applicable law, and may suspend any services it provides to the Unit of any Owner who is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association.

The Association may, but shall not be obligated to, refuse to take action (a) to enforce any provision of the Governing Documents which the Board reasonably determines is inconsistent with applicable law, or (b) with respect to any violation of the Governing Documents which the Board reasonably determines to be so minor or unobtrusive as not be objectionable to a reasonable person; or (c) in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or estop the Association from enforcing any other covenant, restriction or rule.
7.5.  **Implied Rights; Board Authority.** The Association may exercise any right or privilege given to it expressly by this Declaration or the By-Laws, and any right or privilege which could reasonably be implied from or which is reasonably necessary to effectuate any such right" or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws or under applicable law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

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

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

Each Owner shall indemnify and hold harmless the Association and the Joint Committee from any loss, damages, and expenses, including attorneys' fees and costs, which they may incur as a result of the failure of such Owner, any occupant of such Owner's Unit, or any contractor, employee, or agent of such Owner acting within the scope of his contract, agency, or employment to comply with this Declaration, any Supplemental Declaration, or other covenants applicable to such Owner's Unit, the Design Guidelines, By-Laws and rules of the Association.

7.7.  **Disclaimer; Permissive Enhancement of Safety.** THE ASSOCIATION MAY, BUT SHALL NOT BE OBLIGATED TO, MAINTAIN OR SUPPORT CERTAIN ACTIVITIES WITHIN THE PROPERTIES DESIGNED TO ENHANCE THE SAFETY OF THE PROPERTIES. NEITHER THE ASSOCIATION, SILVER CAROLINA, NOR ANY SUCCESSOR OF SILVER CAROLINA SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY OR SAFETY WITHIN THE PROPERTIES, NOR SHALL ANY OR ALL OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE
SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM CAN NOT BE COMPROMISED OR CURCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ANY OR ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, SILVER CAROLINA, AND ANY SUCCESSOR OF SILVER CAROLINA ARE NOT INSURERS AND THAT EACH PERSON USING THE PROPERTIES ASSUMES ALL FOR LOSS OR DAMAGE TO PERSONS, TO UNITS, AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF THIRD PARTIES.

The Association is authorized, but not obligated, to petition for establishment of the Properties as Neighborhood Watch districts or as participants in other similar safety programs. The Association shall have all rights and powers and perform all obligations necessary to comply with such programs, if any, but shall not be subject to liability resulting therefrom.

7.8. Powers of the Association Relating to Other Associations. The Association shall have the power to veto any action taken or contemplated to be taken by any condominium or similar owners association having concurrent jurisdiction with the Association over any portion of the Properties ("homeowners association") which the Board determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any homeowners association in connection with any of its obligations and responsibilities. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the homeowners association, and (b) require that the homeowners association include certain items within its budget and that specific expenditures be made.

Any action required of a homeowners association by the Association in a written notice pursuant to the foregoing paragraph shall be taken within the time frame set by the Association in such written notice. If the homeowners association fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of the homeowners association.

To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Units subject to the jurisdiction of such homeowners association for their pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Section 8.5. Such assessments may be collected as a Specific Assessment hereunder and shall be subject to all lien rights provided for herein.
7.9. **Governmental, Educational, and Religious Interests.** So long as Silver Carolina owns any Developable Land, it may designate sites within the Properties for government, education or religious activities and interests, including, but not limited to, fire, police, utility facilities, schools or education facilities, houses of worship, parks, recreation and other public facilities. The sites may include Common Areas and in such case, the Association shall dedicate and convey such sites as directed by Silver Carolina and no membership approval shall be required.

7.10. **Assumption of Obligations Under P.U.D. Ordinance.** Silver Carolina shall have the right to assign to the Association or the Joint Committee, or both, any of its continuing obligations or responsibilities under the P.U.D., and the Association or the Joint Committee shall accept, assume, and fulfill such obligations and responsibilities, subject, however, to the following: (a) in no event shall the Association or the Joint Committee assume any continuing obligation or responsibilities for P.U.D. or governmental obligations incurred during the Class “B” Control Period for initial development costs, installation of infrastructure, original capital improvements, or other original construction costs; and (b) in no event shall the Association or the Joint Committee assume any continuing obligation or responsibility which shall result in an unreasonable material increase in the annual assessment unless the assumption of such obligation is approved by a 2/3 majority vote of the Board of Directors of the Association and the Joint Committee and also a majority vote of the Cass “A” votes in the Association. It is not the intent of the foregoing restriction or limitation to restrict or impede Silver Carolina's right to add contiguous property or restrict future expansion activities of Silver Carolina which may result in the Association or the Joint Committee assuming additional obligations for maintenance, management, operations, and control of Common Areas within such contiguous or expansion property.

7.11. **No Promotion of Separate Municipal Incorporation.** Neither the Joint Committee nor the Association shall sponsor, support, or encourage the incorporation of all or any part of the Properties as a separate municipality, or the inclusion of all or any part of the Properties in a separate municipality composed of property outside of the Properties, except to the extent consistent with the annexation described in the Development Agreement and the P.U.D.

7.12. **Relationship With Tax-Exempt Organizations.** Silver Carolina or the Association may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Area to nonprofit, tax-exempt organizations, the operation of which confers some benefit upon the Properties, the Association, its Members, or residents. The Association may contribute money, real or personal property, or services to such entity. Any such contribution shall be a Common Expense and included as a line item in the Association's annual budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), including but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time, or as replaced by any other federal tax code with provisions of like tenor and effect.
The Association may maintain multiple-use facilities within the Properties and allow temporary use by tax-exempt organizations. Such use may be on a scheduled or "first-come, first-served" basis. A reasonable maintenance and use fee may be charged for the use of such facilities.

7.13. **Provision of Services to Service Areas.** Portions of the Properties may be designated as Service Areas for the purpose of receiving from the Association a higher level of services, special services; or other benefits not provided to all Units within the Properties. Service Areas may be designated by Silver Carolina through Supplemental Declarations filed in accordance with Section 9.3, and shall be established by the Board of Directors upon petition of the Owners of 100% of the property to be included in the proposed Service Area. A Unit may be included in multiple Service Areas established for different purposes. The cost of any special services or benefits which the Association provides to a Service Area shall be assessed against the Units within such Service Area as a Service Area Assessment in accordance with Section 8.2. Any Service Area established by the Board upon petition of the Owners within such Service Area may be dissolved or its boundary lines changed upon written consent of the Owners of at least 75% of the Units within such Service Area. Any Service Area established by Supplemental Declaration may be dissolved or its boundary lines changed only in accordance with the provisions of such Supplemental Declaration.

7.14 **Beach Club.** It is intended that a beach club with access to the Atlantic Ocean will be constructed by the Association; however, the Association is not obligated to construct the club. In the event the Association opts to construct and operate the beach club, the Association will purchase from Silver Carolina the beach front property upon which the beach club shall be built;

(a) **Designation as Exclusive Common Area.** The beach club will be an Exclusive Common Area for the use of certain Owners, occupants and their guests, as may be determined upon particular classes of ownership or occupancy being established. Silver Carolina or a Builder with the consent of Silver Carolina (such consent not to be unreasonably withheld), may establish such classes in regard to use of the beach club facilities.

(b) **Shuttle Service.** A shuttle service to the beach will be provided from Barefoot Resort. All individuals utilizing the shuttle service shall be supplied public beach access. Those individuals with rights to use the beach club will be provided with access to the facilities.

(c) **Maintenance Assessment.** A maintenance assessment will be levied against the Units benefited by the beach club, which may vary based on the service or use classification assigned to a particular Unit. This maintenance assessment will include the costs to Association associated with the purchase of the beach club property.

(d) **Use by Nonresidential Unit Owners.** For an assessment fee to be subsequently determined, certain Owners of the Nonresidential Association may opt to use the beach club with approval of the Joint Committee.
ARTICLE VIII
ASSOCIATION FINANCES

8.1. Budgeting and Allocating Common Expenses. At least 90 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses during the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 8.3.

The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.6 to fund the Common Expenses. The Base Assessment shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including reserves. In determining the total funds to be generated through Base Assessments, the Board, in its discretion, may consider other sources of funds available to the Association. The Board shall take into account the number of Units subject to assessment under Section 8.6 on the first day of the fiscal year for which the budget is prepared and may consider the number of Units reasonably anticipated to become subject to assessment during the fiscal year.

So long as Silver Carolina has the right unilaterally to annex additional property pursuant to Section 9.1, Silver Carolina may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Silver Carolina under Section 8.7(b)), which may be either a contribution, an advance against future assessments due from Silver Carolina, or a loan, in Silver Carolina's sole discretion. Any such subsidy and the nature thereof shall be conspicuously disclosed as a line item in the Common Expense budget and shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate Silver Carolina to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Silver Carolina.

The Board shall send a copy of the budget and notice of the amount of the Base Assessment for the following year to each Sub-association or in the case where no Sub-association exists to each owner at least 60 days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by Voting Members representing at least 75% of the total Class "A" votes in the Association and 75% of the total number of Voting Members, and by the Class "B" Member, if any. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Members, as provided for special meetings in the By-Laws, which petition must be presented to the Board within 10 days after delivery of the notice of assessments.

If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.
At least 30 days prior to the beginning of each fiscal year, the Board shall provide a copy of the budget and notice of the assessments to be levied on each Unit to the Joint Committee. The Joint Committee shall include such assessment in its annual billing of the Sub-associations or in the case where no Sub-association exists to each Owner. Each Sub-association and in the case where there is no Sub-association the Joint Committee shall be responsible for collecting all assessments on behalf of the Association and disbursing the collected funds, less costs of collection, to the Association.

8.2. Budgeting and Allocating Service Area Expenses. At least 90 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Service Area Expenses for each Service Area for which Service Area Expenses are expected to be incurred during the coming year. The Board shall be entitled to set such budget only to the extent that this Declaration, any Supplemental Declaration, or the By-Laws specifically authorizes the Board to assess certain costs as a Service Area Assessment. Any Service Area may request, through the Service Area Committee or by petition of Owners of at least a majority of the total Units within any existing Service Area, that additional services or a higher level of services be provided by the Association, and in such case, any additional costs shall be added to such budget. Such budget shall include a capital contribution establishing a reserve fund for repair and replacement of capital items maintained as a Service Area Expense, if any, within the Service Area.

The Association is hereby authorized to levy Service Area Assessments equally against all Units in the Service Area which are subject to assessment under Section 8.6 to fund Service Area Expenses; provided, if so specified in the Supplemental Declaration applicable to such Service Area or if so directed by petition signed by a majority of the Owners within the Service Area, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves on structures, which pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received.

The Board shall cause a copy of such budget and notice of the amount of the Service Area Assessment for the coming year to be delivered to each Sub-association in the Service Area or in the case where no Sub-association exists to each Owner of a Unit in the Service Area at least 60 days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved by a majority of the Owners of Units in the Service Area to which the Service Area Assessment applies. This right to disapprove shall only apply to those line items in the Service Area budget that are attributable to services requested by the Service Area. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least 25% of the Units in such Service Area, which petition must be submitted to the Board within 10 days after delivery of the notice of assessments.

If the proposed budget for any Service Area is disapproved or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.
At least 30 days prior to the beginning of each fiscal year, the Board shall provide a copy of the budget and notice of the assessments to be levied on each Unit to the Joint Committee. The Joint Committee shall include such assessment in its annual billing of the Sub-associations or in the case where no Sub-association exists to each Owner. Each Sub-association and in the case where there is no Sub-association the Joint Committee shall be responsible for collecting all assessments on behalf of the Association and disbursing the collected funds, less costs of collection, to the Association.

8.3. **Budgeting for Reserves.** The Board shall annually prepare reserve budgets for both general and Service Area purposes, which shall take into account the number and nature of replaceable assets maintained as a Common Expense or Service Area Expense, respectively, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to ensure meeting the projected needs of the Association, as shown on the budgets, with respect both to amount and timing, by annual Base Assessments or Service Area Assessments, as appropriate, over the budget period.

8.4. **Special Assessments.** In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Service Area if such Special Assessment is for Service Area Expenses.

Except as otherwise specifically provided in this Declaration, any Special Assessment which would exceed 35% of the annual budget for the year immediately preceding that in which the Special Assessment is approved shall require the affirmative vote or written consent of Voting Members, (if a Common Expense) or Owners (if a Service Area Expense) representing at least 51% of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if any. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

The Board shall notify the Joint Committee of any Special Assessment to be levied on behalf of the Association and the Units to be assessed. The Joint Committee shall be responsible for sending notices of such assessment to the Sub-associations in the Service Area or in the case where no Sub-association exists to each Owner of such Units, the Joint Committee shall include such assessment in its annual billing of the Sub-associations or in the case where no Sub-association exists to each Owner. Each Sub-association and in the case where there is no Sub-association the Joint Committee shall be responsible for collecting all assessments on behalf of the Association and disbursing the collected funds, less costs of collection, to the Association.

8.5. **Specific Assessments.** The Board shall have the power to levy Specific Assessments against a particular Unit or Units constituting less than all Units within the Properties, as follows:
(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners (which might include, without limitation, landscape maintenance, maid service, linen service, handyman service, pool cleaning, pest control, arrival and departure service, courier service, etc.), which assessments may be levied in advance of the provision of the requested benefit, item, or service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred in bringing the Unit into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the By-Laws or rules, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with By-Laws Section 3.24, before levying a Specific Assessment under this subsection (b).

The Association may also levy a Specific Assessment against any homeowners, condominium, or similar association pursuant to Section 7.8 to reimburse the Association for costs incurred in bringing the property under its control into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the By-Laws, the governmental requirements, and rules, provided the Board gives such association prior written notice and an opportunity to be heard before levying any such assessment.

The Board shall notify the Joint Committee of any Specific Assessment to be levied on behalf of the Association and the Unit or Units to be assessed. The Joint Committee shall be responsible for sending notices of such assessment to the Sub-associations in which any affected Units are located or in the case where no Sub-association is located to the Owner(s) of such Unit(s). Each Sub-association and in the case where there is no Sub-association the Joint Committee shall be responsible for collecting all assessments on behalf of the Association and disbursing the collected funds, less costs of collection, to the Association.

8.6. Authority to Assess Owners: Time of Payment. The Joint Committee is hereby authorized to levy assessments against each Unit as provided for in this Article and elsewhere in the Declaration and the By-Laws. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Service Area Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

All assessments on behalf of the Association shall be levied by the Joint Committee and collected by the Sub-associations or the Joint Committee where no Sub-association exists. Assessments shall be paid in such manner and on such dates as the Joint Committee may
establish. If the Joint Committee so elects, assessments may be paid in two or more installments. Unless the Joint Committee otherwise provides, the Base Assessment and any Service Area Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on the Owner's Unit, the Joint Committee may require any unpaid installments of all outstanding assessments to be paid in full immediately.

8.7. Payment of Assessments.

(a) Personal Obligation of Owner: Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay all assessments authorized in this Declaration. All assessments, together with interest from the due date of such assessment at a rate determined by the Joint Committee (but not less than 10% per annum, subject to the limitations of South Carolina law), reasonable late charges in such amount as is established by resolution of the Joint Committee's board of directors, costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 8.8. Each such assessment together with interest, late charges, costs, and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no Person who obtains title to a Unit following foreclosure of a first priority Mortgage given in good faith and for value shall be liable for unpaid assessments that accrued prior to such foreclosure.

Failure of the Board to fix assessment amounts or rates or to deliver or mail to each Sub-association or Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Service Area Assessments on the same basis as during the last year for which an assessment was levied, if any, until a new assessment is made, at which time the Association may retroactively assess any difference.

No Owner may exempt himself from liability for assessments by non-use of the Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed by or allowed for an Owner or other party for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action taken or not taken.

The Joint Committee shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Joint Committee or its designated agent setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Joint Committee may require the advance payment of a processing fee for the issuance of such certificate.
(b) Silver Carolina’s Option to Fund Budget Deficits. During the Class “B” Control Period, Silver Carolina may annually elect either to pay regular assessments on its unsold Units, or to pay the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year. Silver Carolina may make such election at any time prior to the end of the fiscal year for such fiscal year.

Regardless of such election, the Association shall have a lien against all Units owned by Silver Carolina to secure Silver Carolina’s obligations under this paragraph, which lien shall have the same attributes and shall be enforceable in the same manner as the Association’s lien against other Units under this Article. Silver Carolina’s obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

The Association is specifically authorized to enter into subsidy contracts and contracts for "in kind" contribution of services, materials, or a combination of services and materials with Silver Carolina or other entities.

8.8. Lien for Assessments. All assessments authorized in this Article shall constitute a lien against the Unit against which they are levied until paid. The lien shall also secure payment of interest, late charges (subject to the limitations of South Carolina law), and costs of collection (including attorneys’ fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first priority Mortgage of record made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as mortgages on real property are foreclosed under South Carolina law.

The Association or the Joint Committee may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association or the Joint Committee following foreclosure: (a) no right to vote shall be exercised on its behalf, and (b) no assessment shall be levied on it. The Joint Committee may also sue for unpaid Common Expenses and costs without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of a first priority Mortgage given in good faith and for value shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Unit who obtains title following foreclosure of such a Mortgage shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments then shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.6, including such acquirer, its successors and assigns.
The lien right created in this Declaration shall be for the benefit of the Joint Committee and the Association, in that order of priority.

Where a Sub-association exists, it is responsible for collecting the assessments for the Joint Committee as set forth above. The Sub-association will be responsible to the Association for any shortfall in the amount of assessments levied upon the Units comprising the Sub-association. The Sub-association may enforce the lien rights of the Joint Committee provided for in this Section in relation to Units within their Sub-association who fail to pay any assessments levied against a Unit pursuant to this Declaration or any Supplemental Declaration.

8.9. Exempt Property. In addition to the exemption set forth in Section 8.10 below, the following property shall be exempt from payment of Base Assessments, Service Area Assessments, and Special Assessments:

(a) all Common Area and any property owned by Silver Carolina which is included in the Area of Common Responsibility pursuant to Section 7.2;

(b) any property dedicated to and accepted by any governmental authority or public utility;

(c) any property owned by a condominium or similar owners association for the common use and enjoyment of its members, or owned by the members of such an association as tenants-in-common;

(d) any wetlands or wetland buffers owned by Silver Carolina.

In addition, the Board may, but shall not be obligated to, exempt from payment of assessments any property devoted to museums, art galleries, sports, religious or civic purposes, or educational or family centers.

8.10. Golf Clubhouses. The Golf Clubhouses (the Dye clubhouse and the Public clubhouse) located within the P.U.D. shall be assessed as follows under this Declaration:

(a) Dye Clubhouse: The equivalent of 15 Units (the Equivalent Units assigned to the clubhouse are meant to encompass the Units on which the Dye golf course would be assessed); and

(b) Public Clubhouse: The equivalent of 45 Units (the Equivalent Units assigned to the clubhouse are meant to encompass the Units on which the Love, Fazio and Norman golf courses would be assessed).

8.11. Capitalization of Association Upon acquisition of record title to a Unit by the first Owner thereof other than Silver Carolina or a Builder holding title for resale in the ordinary course of such Builder’s business or a Mortgagee or other purchaser of a Unit
pursuant to foreclosure of a first-priority Mortgage, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to the terms of this Declaration and the By-Laws.

8.12 1% Marketing Assessment. A marketing assessment which is computed based upon 1% of a Unit's total gross sales price will be levied by the Joint Committee on each Secondary Transfer of a Unit (as such term is defined below). This marketing assessment will be collected by the Joint Committee at the time of closing on the Unit. The Joint Committee shall remit any such assessments collected to the Barefoot Resort Marketing Co-op for payment of marketing expenses incurred in marketing the Barefoot Resort community. The Joint Committee shall not be responsible for pursuing any failure to pay such assessments; however, the Barefoot Resort Marketing Co-op may enforce the lien rights of the Joint Committee in regard to the marketing assessment provided for in this Section in relation to Units who fail to pay such assessment levied against the Unit pursuant to this Section. For purposes of this Section, “Secondary Transfer” shall mean the sale of a Unit by an Owner to a third party, but excluding: (i) sales by Silver Carolina to a developer or Builder and the initial sale by a developer or Builder to a third party, and (ii) any transfer resulting from foreclosure or a deed in lieu of foreclosure.

ARTICLE IX
COMMUNITY EXPANSION

9.1. Expansion by Silver Carolina. Until all property described on Exhibit "B" has been subjected to this Declaration or 40 years after the recording of this Declaration, whichever is later, Silver Carolina may unilaterally subject to the provisions of this Declaration all or portions of the real property described in Exhibit "B" or any other real property which Silver Carolina may acquire or denominate in the future. Silver Carolina may transfer or assign this right, provided that the transferee or assignee is the developer of at least a portion of the real property described in Exhibits “A” or “B” or the other real property designated to be included and that such transfer is memorialized in a written, recorded instrument executed by Silver Carolina. Nothing in this Declaration shall be construed to require Silver Carolina or any successor to develop or subject to this Declaration any of the property set forth in Exhibit "B" in any manner whatsoever.

Any such action to subject additional property to this Declaration shall be accomplished by filing a Supplemental Declaration in the Office of Register of Deeds of Horry County, South Carolina, describing the property to be included and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of Voting Members, but shall require the consent of the owner of such property, if other than
Silver Carolina. Any such action shall be effective upon the filing for record of such Supplemental Declaration, unless otherwise provided therein.

9.2. Expansion by Association. The Association may subject any real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Voting Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose, and the consent of Silver Carolina, so long as Silver Carolina owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

Such action shall be accomplished by tiling a Supplemental Declaration in the Office of Register of Deeds of Horry County, South Carolina, describing the property to be included and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property to be included, and by Silver Carolina, if Silver Carolina's consent is required. Any such expansion shall be effective upon filing unless otherwise provided therein.

9.3. Additional Covenants and Easements. Silver Carolina may subject any portion of the property submitted to this Declaration to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Service Area Assessments. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the action taken to include the subject property, and shall require the written consent of the owner(s) of such property; if other than Silver Carolina. Any such Supplemental Declaration may supplement or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Nonresidential Conversions. If any property now or hereafter subjected to the Nonresidential Declaration is withdrawn from the coverage of the Nonresidential Declaration pursuant to Section 9.5 thereof, the owner of such property shall be entitled to unilaterally amend Exhibit "A" of this Declaration to subject such property to the provisions of this Declaration, provided, however, that Silver Carolina's prior written consent shall be required so long as Silver Carolina owns any Developable Land. Such expansion shall be accomplished by filing a Supplemental Declaration in the Office of Register of Deeds of Horry County, South Carolina, describing the property to be added and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of the Association, but shall require the signature of an officer of the Association acknowledging such expansion. Any such action shall be effective upon the filing for record of such Supplemental Declaration signed by Silver Carolina unless otherwise provided therein. Upon any such action to subject additional property to this Declaration, each Unit within the property so included shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.
9.5. **Amendment.** This Article shall not be amended without the prior written consent of Silver Carolina so long as Silver Carolina owns any Developable Land.

**ARTICLE X**

**RIGHTS OF SILVER CAROLINA**

In addition to the rights conferred upon Silver Carolina elsewhere in this Declaration, the following rights are reserved unto it:

10.1. **Withdrawal of Property.** Silver Carolina reserves the right to amend this Declaration, so long as it has a right to subject additional property pursuant to Section 9.1, for the purpose of removing any portion of the Properties from the coverage of this Declaration, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties. Such amendment shall not require the consent of any Person other than the owner of the property to be withdrawn, if not Silver Carolina. If the property is Common Area, the Association shall consent to such withdrawal.

10.2. **Right to Transfer or Assign the Rights of Silver Carolina.** Any or all of the special rights and obligations of Silver Carolina set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that of Silver Carolina under this Declaration or the By-Laws. No such transfer shall be effective unless it is in a written instrument signed by Silver Carolina and duly recorded in the Office of Register of Deeds of Horry County, South Carolina. The foregoing shall not preclude Silver Carolina from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Silver Carolina in this Declaration, where Silver Carolina does not intend to transfer such right in its entirety, and In such case it shall not be necessary to record any written assignment unless necessary to evidence Silver Carolina's consent to such exercise.

10.3. **Right to Use Common Area.** Silver Carolina and its designees may construct, maintain, and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Silver Carolina, may be required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Silver Carolina and its designees shall have easements for access to and use of such facilities. Silver Carolina and its designees, during the course of construction on the Properties adjacent to any Common Area, may use such Common Area for temporary storage and for facilitating construction on adjacent property. Upon cessation of such use, the user of such Common Area shall restore it to its condition prior to such use. If Silver Carolina's use under this Section results in additional costs to the Association, Silver Carolina shall reimburse the Association for such costs, but Silver Carolina shall not be obligated to pay any use fees, rent, or similar charges for its use of Common Areas pursuant to this Section.

Silver Carolina and its employees, agents, and designees shall also have a right and easement over and upon all of the Common Area for the purpose of making, constructing, and
installing such improvements to the Common Area as it deems appropriate in its sole discretion.

10.4. **Right to Approve Additional Covenants.** No Person shall record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Silver Carolina's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written, recorded consent signed by Silver Carolina.

10.5. **Right to Approve Changes in Community Standards.** Notwithstanding any contrary provision of this Declaration, no amendment to or modification of any Use Restrictions and Rules or Design Guidelines shall be effective without prior notice to and the written approval of Silver Carolina so long as Silver Carolina owns any Developable Land.

10.6. **Exclusive Right to Use the Name of the Development.** No Person shall use the words "Barefoot Resort" or "Barefoot Landing" or any derivative of these in any printed or promotional material without Silver Carolina's prior written consent. However, Owners may use the terms "Barefoot Resort" in printed or promotional matter solely to specify that particular property is located within Barefoot Resort, and the Association, the Nonresidential Association, and the Joint Committee shall be entitled to use the word "Barefoot Resort" in their names.

10.7. **Amendment and Termination of Rights.** This Article may not be amended without the written consent of Silver Carolina, so long as Silver Carolina has any rights hereunder. The rights contained in this Article shall terminate upon the earlier of (a) 75 years from the date this Declaration is recorded, or (b) upon recording by Silver Carolina of a written statement that all sales activity has ceased.

10.8 **Dye Course Lodge Property ("Lodge") Exclusion.** With respect to the portion of area "57" on Drawing Number 4 of a plat entitled "Barefoot Resort Final Master Plat" prepared for Silver Carolina Development Company, L.L.C. by DDC Engineers, Inc., dated January 2000, revised February 4, 2000 and recorded March 10, 2000 in Plat Book 168 at Pages 119-119H, as revised by recombination plat entitled "Map of 82.56 Acres Designated as Tract 'X'", dated March 29, 2000 and recorded April 10, 2000 in Plat Book 169 at Page 022, in the public records of Horry County, South Carolina, the recordation of the final subdivision plat for the Lodge constitutes a release of the land depicted on the final subdivision plat from this Declaration pursuant to Section 10.1.

**ARTICLE XI**

**EASEMENTS**

11.1 **Easements in Common Area.** Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:
(a) this Declaration, the By-Laws and any other applicable covenants and easements, including any declaration of easements and covenant to share costs or similar instruments relating to such Common Area which grant non-Members rights to use and enjoy portions of the Common Area upon payment of fees or a portion of the costs relating to such Common Area;

(b) any restrictions or limitations contained in any deed conveying such property to the Association;

(c) the right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules restricting use of recreational facilities within the Common Area to occupants of Units and their guests (and such others as may be granted use rights pursuant to subsection (g) and instruments described in Section 11.1(a)), and rules limiting the number of guests who may use the Common Area;

(d) the right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation of the Governing Documents after notice and a hearing pursuant to the Section 3.24 of the By-Laws;

(e) the right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;

(f) the right of the Board to impose membership requirements and charge membership, admission, or other fees for the use of any recreational facility situated upon the Common Area;

(g) the right of the Board to permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees, and guests, upon payment of use fees established by the Board;

(h) the right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Section 16.2;

(i) the rights of certain Owners to the exclusive use of those portions of the Common Area designated "Exclusive Common Area," as more particularly described in Article XII; and

(j) the right of Silver Carolina or the Association to grant easements over the Common Area to "tax-exempt organizations" pursuant to Section 7.13;

(k) all restrictions or limitations contained in the wetlands restrictive covenants affecting any wetlands or wetland buffer areas that comprise any part of the Common Area.
Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, subject to reasonable regulation as provided for in this Section 11.1 and Article III. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit.

11.2. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered on a Unit or the Common Area (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of an Owner, occupant, or the Association. No reciprocal appurtenant easements of encroachment for maintenance and use of any permitted encroachment may be used in violation of any governmental requirement.

11.3. Easements for Utilities. There are hereby reserved unto Silver Carolina, so long as Silver Carolina owns any Developable Land, access and maintenance easements upon, across, over, and under all of the Properties to the extent necessary for the purpose of constructing, installing, replacing, repairing, and maintaining cable television systems, master television antenna systems, telephone, voice, video, entertainment, security and similar systems used for various purposes including any transmission of intelligence, roads, walkways, bicycle pathway, lakes, ponds, wetlands, drainage systems, street lights, signage, water pipes and systems, sewer pipes and systems, utility meter boxes, gas pipes and supply systems, and electricity distribution systems, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Properties. Silver Carolina hereby grants to the Association the right of access to Common Areas or such other areas as Silver Carolina may designate from time to time as a designee for any or all of such easements reserved hereby. Silver Carolina and the Association, as appropriate, may designate any public utility as an agent under these easements for the purpose of installing, maintaining or repairing any such utilities and systems. This easement shall not entitle the holders or agents to construct or install any of the foregoing systems, facilities, or utilities over, under, or through any protected area or any existing dwelling (whether complete or under construction or renovation) on a Unit, and any damage to a protected area or Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after notice to the Owner or occupant.

Silver Carolina specifically grants to the utilities supplying water, electricity, cable, telephone (or similar electronic services), and natural gas services in or under agreements or easements granted therefore, easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining such utility meters and
boxes. However, the exercise of this easement shall not extend to permitting entry into the dwelling or structures on any Unit, nor shall any utilities be installed or relocated on the Properties except as approved by the Board or Silver Carolina and in conformance with the Community-Wide Standards and governmental requirements.

11.4. Easements for Lake and Pond Maintenance and Flood Water. Silver Carolina reserves for itself and its successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, streams, wetlands and wetlands buffers, if any, located within the Area of Common Responsibility to (a) install, keep, maintain, and replace pipes and pumps in order to provide water, including treated effluent approved for land application, for the irrigation of any of the Area of Common Responsibility; (b) construct, maintain, and repair any swale, landscaping, bulkhead, wall, dam, or other structure retaining or managing water; and (c) remove trash and other debris therefrom and fulfill its maintenance responsibilities as provided in this Declaration or any governmental requirement.

Silver Carolina's rights and easements provided in this Section shall be transferred to the Association at such time as Silver Carolina shall cease to own any property subject to this Declaration, or such earlier time as Silver Carolina may elect, in its sole discretion, to transfer such rights by a written instrument. Silver Carolina, the Association, and their designees shall have an access easement over and across any of the Properties abutting or containing any portion of any of the lakes, ponds, streams, wetlands, or wetlands buffer to the extent necessary to fulfill their obligations under applicable governmental requirements or exercise their rights under this Section.

There is further reserved herein for the benefit of Silver Carolina, and its designees, and hereby granted to the Association, for itself and its designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 50 feet of lakes, ponds, streams, wetlands and wetlands buffers within the Properties, in order: (a) to temporarily flood and back water upon and maintain water over such portions of the Properties; (b) to fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, streams, and manage in their natural state the wetlands and wetlands buffers within the Area of Common Responsibility; (c) to maintain and landscape the slopes and banks pertaining to such lakes, ponds, and streams; and (d) to enter upon and across such portions of the Properties to the extent reasonably necessary for the purpose of exercising its rights under this Section. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make Silver Carolina or any other Person liable for damage resulting from; (i) any reasonable exercise of the rights herein reserved and granted, including the right to take no action, or; (ii) due to hurricanes. storms, heavy rainfall, natural disasters, or; (iii) the actions of any other Person whether such action be on or off of the Properties.

11.5. Easements to Serve Additional Property. Silver Carolina hereby reserves for itself and its duly authorized agents. representatives. successors. successors-in-title. assigns,
licensees, and mortgagees, a perpetual nonexclusive easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibits "A" and "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities and services on such property. Silver Carolina agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Silver Carolina further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, Silver Carolina, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of maintenance of any private roadway serving such property.

11.6. **Easements for Golf Courses.**

(a) Each portion of the Properties is burdened with an easement permitting golf balls unintentionally to come upon such property and for golfers, at reasonable times and in a reasonable manner to come upon the exterior portions of such property to retrieve errant golf balls; provided, however, if any Unit is fenced or walled, the golfer shall seek the Owner's permission before entry.

The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: Silver Carolina, as the Declarant of this Declaration; the Association or its Members (in their capacity as such); Silver Carolina, its successors, successors-in-title to any Golf Course, or assigns or operators or lessees of any golf course, or function or event; any Builder or contractor (in their capacities as such); any officer, director, or partner of any of the foregoing, or any officer or director of any partner.

(b) The owners of the Golf Courses, their respective agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair, and replacement of their respective Golf Courses.

(c) The Properties immediately adjacent to the Golf Courses are hereby burdened with a non-exclusive easement in favor of the adjacent Golf Courses for overspray of water from the irrigation system serving the Golf Courses. Under no circumstances shall the Association or the owners of the Golf Courses be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owners of the Golf Courses, their respective successors and assigns, shall have a perpetual, exclusive easement of access over the Properties for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from their respective golf courses.
11.7. **Easement for Maintenance, Emergency, and Enforcement.** Silver Carolina, the Association, and their respective designees shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article VII hereof, and to inspect for the purpose of ensuring compliance with the Governing Documents, which right may be exercised by any member of the Board, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their duties.

Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right to enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after being requested to do so by the Board, but shall not authorize entry into any single-family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

11.8. **Easement for Special Events.** Silver Carolina hereby reserves for itself, its successors, assigns, and designees, a perpetual, non-exclusive easement over the Common Areas for the purpose of conducting special events including but not limited to parades, fairs, carnivals, and festivals, running, biking, boating, fishing or other sporting events or shows, educational, cultural, artistic, musical, and entertainment activities, and other activities of general community interest, at such locations and times as Silver Carolina, in its sole discretion deems appropriate. Each Owner by accepting a deed or other instrument conveying any interest in a Unit, acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the occupants of its Unit to take no action, legal or otherwise, which would interfere with the exercise of such easement. Neither the Association nor the Joint Committee shall take any action that would interfere with or otherwise attempt to restrict the exercise of this easement.

11.9. **Easement for Use of Private Streets.** Silver Carolina hereby creates a perpetual, nonexclusive easement for access, ingress, and egress over the private streets within the Common Area, for law enforcement, fire fighting, paramedic, rescue, and other emergency vehicles, equipment and personnel; for local, state and federal agency representatives exercising any duty in their official capacities; for school buses; for U.S. Postal Service delivery vehicles and personnel; for private delivery or courier services; and for vehicles, equipment, and personnel providing garbage collection and recycling services to the Properties; provided, such easement shall not authorize any Person to enter the Properties except while acting in their official capacities.

11.10. **Easements for Stormwater Drainage and Retention.** Each portion of the Properties is hereby subjected to a non-exclusive easement appurtenant to and for the benefit of each other portion of the Properties for the purpose of stormwater management, drainage and runoff in accordance with the master drainage plan and specific stormwater management plans
established by Silver Carolina's project engineer for the Planned Unit Development and approved by the applicable governmental authorities, which easement shall include, but shall not be limited to, the right to tie in to existing stormwater management facilities and to divert stormwater runoff from each Unit into such stormwater management facilities at such points and in such manner as approved by Silver Carolina and subject to the governmental requirements and authorizations, and for the flow of stormwater runoff over the Properties to such points and from such points through the stormwater management facilities into wetland buffers, wetlands, ponds, ditches, infiltration systems or other retention or detention facilities within or outside the Properties. The foregoing easements shall be subject to any and all restrictions regarding quantity, rate, and quality of discharge which Silver Carolina may hereafter impose or which may be imposed on the Properties, Silver Carolina, or any Owner by any governmental entity having jurisdiction.

ARTICLE XII
EXCLUSIVE COMMON AREA DESIGNATION

12.1. **Purpose.** Certain portions of the Common Area may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners, occupants, and invitees of Units within a particular Service Area. By way of illustration and not limitation, Exclusive Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes, and other portions of the Common Area within a particular Service Area. All costs associated with maintenance, repair, replacement, and insurance of Exclusive Common Areas shall be assessed as a Service Area Assessment against the Owners of Units in Service Areas to which the Exclusive Common Area is assigned.

12.2. **Designation.** Initially, Silver Carolina shall designate any Exclusive Common Area and shall assign the exclusive use thereof in the deed conveying the Common Area to the Association or on the plat or survey relating to such Exclusive Common Area. No such assignment shall preclude Silver Carolina from later assigning use of the same Exclusive Common Area to additional Units and/or Service Areas so long as Silver Carolina has a right to subject additional property to this Declaration.

Thereafter, a portion of the Common Area may be assigned as Exclusive Common Area of a particular Service Area and Exclusive Common Area may be reassigned upon the vote of a majority of the Class "A" votes within the Service Area(s) to which the Exclusive Common Areas are assigned, if applicable, and within the Service Area(s) to which the Exclusive Common Areas are to be assigned. As long as Silver Carolina owns any property subject to this Declaration or has the right to subject additional property to this Declaration, any such assignment or reassignment shall also require Silver Carolina's consent.

12.3. **Use by Others.** The Association may, upon approval of a majority of the members of the Service Area Committee for the Service Area(s) to which certain Exclusive Common Area is assigned, permit Owners of Units in other Service Areas to use all or a
portion of such Exclusive Common Area upon payment of user fees, which fees shall be used to offset the Service Area Expenses attributable to such Exclusive Common Area.

12.4. Use Control with in an Exclusive Common Area. Once an Exclusive Common Area has been appropriately designated, only the Owners within the Service Area to which the Exclusive Common Area is assigned are entitled to make decisions concerning the uses to exist within the Exclusive Common Area, subject, however, to approval by Silver Carolina as long as the Class "B" Control Period exists, approval by the ARC (or Silver Carolina, in lieu thereof) and subject to any required governmental approvals.

ARTICLE XIII
SHARED STRUCTURES

13.1. General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

13.2. Maintenance; Damage and Destruction. All Owners who make use of any party structure shall share the cost of reasonable repair and maintenance of such structure equally.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners subsequently use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

13.3. Right to Contribution Runs With Land: The right of an Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

13.4. Disputes. Any dispute concerning a party structure shall be subject to the dispute resolution procedures set forth in Article XIV.
ARTICLE XIV
DISPUTE RESOLUTION

14.1. Consensus for Association Litigation. Except as provided in this Section, the Association shall not commence judicial or administrative proceedings without the prior approval of at least 75% of the Voting Members. A Voting Member representing Units owned by Persons other than himself shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of Owners holding 75% of the total votes attributable to Units in the Neighborhood represented by the Voting Member. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Governing Documents (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article VIII; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

14.2. Alternative Method for Resolving Disputes. Silver Carolina, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree to encourage the amicable resolution of disputes involving the Properties without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to use good faith efforts to resolve those claims, grievances or disputes described in Section 14.3 ("Claims") using the procedures set forth in Section 14.4 before filing suit in any court.

14.3. Claims. Unless specifically exempted herein or by applicable law, all Claims arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents, or relating to the design or construction of improvements on the Properties, shall be subject to the provisions of Section 14.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 14.4:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article VIII (Association Finances);

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

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

(e) any suit which otherwise would be barred by any applicable statute of limitations.

With the consent of all parties thereto, however, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 14.4.


(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Litigants.") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

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

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

(iii) Claimant's proposed remedy; and

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

(b) Negotiation.

(i) The Litigants shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(ii) Upon receipt of a written request from any Litigant, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Litigants in resolving the dispute by negotiation, if the Association is not a Litigant and the Board, in its discretion, believes its efforts will be beneficial to the Litigant and to the welfare of the community.

(c) Mediation.

(i) If the Litigants do not resolve the Claim through negotiation within 30 days of the date of Notice (or within such other period as may be agreed upon by the Litigants) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to an agreed upon, independent agency or party providing dispute resolution services
in the North Myrtle Beach, Horry County, South Carolina area.

(ii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Litigant to the foregoing proceedings.

(iii) Any settlement of the Claim through mediation shall be documented in writing by the mediator, preferably during, or at the conclusion of, the mediation. If the Litigants do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Litigants are at an impasse and the date mediation was terminated.

(d) Arbitration.

(i) If the Litigants do not resolve the Claim through mediation, the Claimant shall have 30 days following Termination of Mediation to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "D" and the South Carolina Uniform Arbitration Act found at S.C. Code § 15-48-10, et seq., (the "Arbitration Act") or the Claim shall be deemed abandoned, and the Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge the Respondent from any liability to Persons not a Litigant to the foregoing proceedings. To the extent that Rules set forth in Exhibit "D" are inconsistent with the Arbitration Act, the Arbitration Act will apply.

(ii) Unless the Litigants agree in writing to be bound by the arbitrator’s decision (the "Award") prior to the commencement of arbitration proceedings under the foregoing paragraph, any Party shall be free to reject the Award and sue in any court of competent jurisdiction or initiate proceedings before any appropriate administrative tribunal.

14.5. Allocation of Costs of Resolving Claims.

(a) Each Litigant shall bear all of its own costs incurred prior to and during the proceedings described in Section 14.4(a), (b), and (c), including the fees of its attorney or other representative. Each Litigant shall share equally all charges rendered by the mediator(s) pursuant to Section 14.4(c).

(b) Each Litigant shall bear all of its own costs (including the fees of its attorneys or other representative) incurred after the Termination of Mediation under Section 14.4(c) and shall share equally in the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs") except as otherwise provided in this subsection.
If any of the Litigants rejects the Award and pursues a judicial resolution under Section 14.4(d)(ii) and the final judgment is either the same as the Award or more advantageous to any non-rejecting Litigant, each such non-rejecting Litigant shall be entitled to recover its Post Mediation Costs from the rejecting Litigant If there is more than one rejecting Litigant, such non-rejecting Litigant's Post Mediation Costs shall be allocated pro rata among all rejecting Litigants.

14.6. **Enforcement of Resolution.** If the Litigants agree to resolve any Claim through negotiation or mediation in accordance with Section 14.4 and any Litigant thereafter fails to abide by the terms of such Agreement, or if the Litigants agree to accept the Award following arbitration and any Litigant thereafter fails to comply with such Award, then any other Litigant may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 14.4. In such event, the Litigant taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Litigant (or if more than one non-complying Litigant, from all such Litigants pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs.

**ARTICLE XV**

**GOLF COURSES**

15.1. **Ownership and Operation of Golf Courses.** All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Silver Carolina, or any other Person with regard to the continuing existence, ownership or operation of the Golf Courses, and no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment to this Declaration executed or joined into by Silver Carolina. Further, the ownership and/or operation of the Golf Courses may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations of one or more of the Golf Courses by an independent entity or entities; (b) the creation or conversion of the ownership and/or operating structure of the Golf Courses to an "equity" club or similar arrangement whereby the Golf Courses or the rights to operate it are transferred to an entity which is owned or controlled by its members; or (c) the transfer of ownership or control of the Golf Courses to one or more affiliates, shareholders, employees, or independent contractors of Silver Carolina. No consent of the Association, any Owner, or any other Person shall be required to effectuate such transfer or conversion.

15.2. **Right to Use.** Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use the Golf Courses. Rights to use the Golf Courses will be granted only to such Persons, and on such terms and conditions, as may be determined from time to time by the respective owner(s) of the Golf Courses. The owner(s) of the Golf Courses shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Golf Courses, including, without limitation, eligibility for and duration of use rights, categories of use, extent of use privileges, and number of users, and shall also have
the right to reserve use rights and to terminate use rights altogether, subject to the provisions of any outstanding membership documents.

15.3. **View impairment.** Neither Silver Carolina, the Association, nor the owners or operators of the Golf Courses guarantee or represent that any view over and across the Golf Courses from adjacent Units will be preserved without impairment. The owners of the Golf Courses, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to their respective Golf Courses from time to time. In addition, the owners of the Golf Courses may, in their sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens and any infrastructure supporting such areas on their respective Golf Courses from time to time. Any such additions or changes, to the Golf Courses may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

15.4. **Limitations on Amendments.** In recognition of the fact that the provisions of this Article are for the benefit of the owner(s) of the Golf Courses, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owners of the Golf Courses by other provisions of this Declaration, may be made without the written approval of the owner(s) of the affected Golf Courses. The limitations of this Section 15.4 shall not apply, however, to amendments made by Silver Carolina.

15.5. **Jurisdiction and Cooperation.** It is Silver Carolina's intention that the Association and the owners of the Golf Courses shall cooperate to the maximum extent possible in the operation of the Properties and the Golf Courses. Each shall reasonably assist the other in upholding the Community-Wide Standard. The Association shall have no power to promulgate rules and regulations affecting activities on or use of the Golf Courses.

**ARTICLE XVI**

**MORTGAGEES**

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

16.1. **Notices of Action.** Any institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Association stating its name and address and the street address of the Unit to which its Mortgage relates shall be deemed an eligible mortgage holder ("Eligible Holder") and shall be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties, any portion of the Common Area or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;
Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within 60 days;

Any lapse, cancellation, or material modification of any insurance policy maintained by the Association;

Any proposed action which would require the consent of a specified percentage of Eligible Holders;

Any meeting of the membership to be held for a vote on any material amendment to the governing documents of the Association, including the following: material amendment to this Declaration; material amendment to the Articles or Bylaws; any proposed termination of this Declaration or dissolution of the Association; any proposed merger of the Association with another association; or

Any extraordinary actions to be taken by the Association, or any emergency extraordinary actions taken by the Association.

16.2. Additional Provisions. If any portion of the Properties is subject to a condominium form of ownership then the provisions of this Section 16.2 shall apply. Unless at least 67% of the first Mortgagees or Voting Members representing at least 67% of the total Cass "A" votes in the Association and the Class "B" Member, if any, consent, the Association shall not:

By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (actions by the Board or provisions of any declaration subsequently recorded on any portion of the Properties regarding assessments for Service Areas or other similar areas shall not be subject to this provision where such action or subsequent declaration is otherwise authorized by this Declaration);

By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Area (the issuance and amendment of Design Guidelines, procedures, and Use Restrictions and Rules shall not constitute a change, waiver, or abandonment within the meaning of this provision);
(d) Fail to maintain insurance as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

16.3. Other Provisions for First Mortgagees. To the extent not inconsistent with South Carolina law:

(a) Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications, unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(c) An election to terminate the Association under any other circumstances shall require the consent of Voting Members representing at least 67% of the Class "A" votes and of Silver Carolina, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage held by an Eligible Holder appertain.

16.4. Amendments to Documents. The approval of Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units subject to a Mortgage held by an Eligible Holder appertain shall be required to materially amend any provisions of this Declaration, the By-Laws, or the Articles, which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Units.

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

16.6. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.
16.7. Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of its respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may record an amendment to this Article to reflect such changes.

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

16.9. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty days of the date of the Association's request; provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

16.10 Additional Mortgagee Rights. In addition to the foregoing, any Mortgagee shall have the following rights:

(a) The right of the Mortgagees of a majority of the Units to demand professional management of the Association;

(b) The right of the Mortgagees of a majority of the Units to demand an audit of the Association's financial records, not to exceed one audit per calendar year; and

(c) The right of each Mortgagee to inspect Association documents and records on the same terms as the Members of the Association.

ARTICLE XVII
UNIT OWNERSHIP CHANGES

17.1 Certificate of Compliance. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until at least the date upon which such notice is received by the Board, notwithstanding the transfer of title. As more fully discussed in Article IV Section 4.3(c), a Certificate of Compliance must be completed by the ARC, along with the necessary inspection and fee, prior to any sale, resale, refinancing or other transfer of ownership and all violations will be noted and forwarded to the closing attorney. However, such inspection and notice may not be relied upon for compliance with governmental requirements.
17.2 **Repurchases.** When any Unit within the Dye Course Estates is offered for sale by an Owner or successors in title to the Owner, Silver Carolina shall have the option to purchase such property at the price and on the terms of any bona fide offer for such property made in writing to the Owner at such time and submitted to Silver Carolina for verification. Silver Carolina shall have thirty (30) days after presentation of such offer to Silver Carolina to exercise this purchase option. If Silver Carolina declines to exercise this option, it shall execute a Waiver of Repurchase Option, said Waiver to be an instrument prepared by Silver Carolina, its successors or assigns, which shall also be executed by the Owner and prospective purchaser and be in recordable form.

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

If Silver Carolina shall elect to purchase such property, the transactions shall be consummated within thirty (30) days following delivery of notice by Silver Carolina to the Owner of its decision to repurchase, time being of the essence.

By acceptance of the deed to the property conveyed subject to these restrictions, the grantee, its successors and assigns, hereby agrees that in the event a sale of the property is desired, to appoint Silver Carolina, its successors or assigns, as exclusive real estate agent for such property, at the price and terms established by the grantee as Owner in such subsequent offering of said property for sale. The sales commission on the transaction shall be the then prevailing standard commission charged by Barefoot Realty, Inc. in the listing and sales of properties in its ordinary course of business.

The resale of any Unit is restricted to Silver Carolina, its successors and assigns, except as may be herein provided.

The foregoing right of repurchase and all other rights set out herein are expressly subordinated to any first-priority Mortgage previously executed or hereafter executed by Silver Carolina in favor of Wachovia. In the event of foreclosure or deed in lieu of foreclosure of the Dye Course Estates by Wachovia or any other lender, the foregoing rights set out in Section 17.2 shall be automatically extinguished and shall not apply to any party (or its successors and assigns) acquiring title to such Dye Course Estates pursuant to such foreclosure or deed in lieu of foreclosure.

**ARTICLE XVIII**

**CHANGES IN COMMON AREAS**

18.1. **Condemnation.** If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least 67% of the total Class "A" votes in the Association and of Silver Carolina as long as Silver Carolina owns any Developable Land) by any authority
having the power of condemnation or eminent domain, each Owner shall be entitled to written notice. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking Silver Carolina owns any Developable Land, and Voting Members representing at least 75% of the total Class "A" votes in the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3(c) regarding funds for the repair of damage or destruction apply.

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

18.2. Partition. Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No Person shall seek any judicial partition unless the portion of the Common Area which is the subject of such partition action has been removed from the provisions of this Declaration. This Article shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

18.3. Transfer or Dedication of Common Area. The Association may dedicate portions of the Common Areas to the City of North Myrtle Beach, to Horry County, South Carolina, or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by Article XVI of this Declaration.

ARTICLE XIX
AMENDMENT

19.1. By Silver Carolina. Until termination of the Class "B" Control Period, Silver Carolina may unilaterally amend this Declaration for any purpose, so long as the amendment has no materially adverse effect upon any material rights of any affected Owner; provided, however, that any amendment which would result in: (i) any material increase in assessments to Centex Homes, a Nevada corporation ("Centex") or its Owners (except in the case of a catastrophic storm, earthquake, or similar event), or (ii) any material reduction in the services or amenities available to Centex, or (iii) any significant change in the control of the Association or the Joint Committee shall not be made without the prior written consent of Centex. After termination of the Class "B" Control Period. Silver Carolina may unilaterally amend this Declaration at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination which is in conflict therewith. (ii) to enable any reputable title
insurance company to issue title insurance coverage with respect to any portion of the
Properties; or (iii) to enable any institutional or governmental lender, purchaser, insurer or
guarantor of Mortgage loans, including, for example, the Federal National Mortgage
Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or
guarantee mortgage loans on the Units; or (iv) to satisfy the requirements of any governmental
agency. However, any such amendment shall not adversely affect the title to any Unit unless
the Owner shall consent thereto in writing. So long as Silver Carolina still owns any
Developable Land, it may unilaterally amend this Declaration for any other purpose, provided
the amendment has no material adverse effect upon any right of any Owner. Notwithstanding
the foregoing, to the extent that sections 2.1, 2.10, 2.16, 7.1, 7.2, 7.10, 7.12, 11.1, 11.2,
11.3, 11.4, 11.5, 11.8, 11.9, 11.10, 12.1 and 12.2 pertain to ownership and maintenance of
Common Areas they may not be amended in such a way as to allow a change in use from
Common Area to another use without the written approval of the City of North Myrtle Beach.

19.2. **By Members.** Except as otherwise set forth elsewhere in this Declaration, this
Declaration may be amended only by the affirmative vote or written consent, or any
combination thereof, of Voting Members representing 51% of the total Class "A" votes in the
Association, including 51% of the Class "A" votes held by Members other than Silver
Carolina, and the consent of Silver Carolina, so long as Silver Carolina has an option to
subject additional property to this Declaration pursuant to Section 9.1. In addition, the
approval requirements set forth in Article XVI hereof shall be met if applicable.

Notwithstanding the above paragraph, the percentage of votes necessary to amend a
specific clause shall not be less than the prescribed percentage of affirmative votes required for
action to be taken under that clause.

19.3. **Validity and Effective Date of Amendments.** Amendments to this Declaration
shall become effective upon recordation in the Office of Register of Deeds of Horry County,
South Carolina, unless otherwise specified in the amendment. Any procedural challenge to an
amendment must be made within six months of its recordation or such amendment shall be
presumed to have been validly adopted. In no event shall a change of conditions or
circumstances operate to amend any provisions of this Declaration.

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

No amendment may, directly or indirectly, remove, revoke, or modify the status of, or
any right or privilege of, the Joint Committee, Silver Carolina, or the Class "B" Member
without the written consent of the Joint Committee. Silver Carolina, or the Class "B" Member,
respectively (or the assignee of such right or privilege).
ARTICLE XX
MISCELLANEOUS

20.1 **Succession and Assignment.** This Declaration shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Declaration or any of his or her or its right, interests, or obligations hereunder, except as provided herein, without the prior written approval of the Parties named herein.

20.2 **Governing Law.** This Declaration shall be construed and governed by the laws of South Carolina, without giving effect to the conflict of laws provisions thereof.

20.3 **Non-Waiver.** No waiver by either of the parties hereto of any failure by the other party to keep or perform any provision, covenant or condition of this Declaration shall be deemed to be a waiver of any preceding or succeeding breach of the same or of any other provision, covenant or condition. All rights and remedies herein granted or referred to are cumulative; resort to one shall not preclude resort to another or any other right or remedy provided by law or equity in the State.

20.4 **Entire Agreement/Modification or Amendment.** This Declaration along with the exhibits attached hereto, constitute the entire agreement of the parties hereto pertaining to this subject matter and supersedes all prior or contemporaneous agreements, undertakings and understandings of the parties in connection with the subject matter hereof, and it may be modified or amended only in writing duly signed by the Parties to this Declaration. Notwithstanding the foregoing, the Parties recognize that this Declaration at all times is to be subject to applicable local, state and federal laws, rules and regulations and shall be subject to amendment in the event that such laws, rules or regulations are amended or enacted. Any provisions of law that invalidate, or otherwise are inconsistent with the terms of this Declaration or that would cause one or both of the parties to be in violation of the law, shall be deemed to have superseded the terms of this Declaration, provided, however, that the parties shall exercise their best efforts to accommodate the terms and intent of this Declaration to the greatest extent possible consistent with the requirements of law.

20.5 **Notices.** All notices which either party is required or may desire to give to the other under or in conjunction with this Declaration shall be in writing and shall be given by addressing the same to such other party at the address set forth below, and by depositing the same so addressed, certified mail, postage prepaid, return receipt requested, or by overnight mail or by delivering the same personally to such other party.

If to Silver Carolina Development Company, L.L.C.:  

Attn: Robert S. Guyton, Esquire  
4898 Highway 17 South
North Myrtle Beach, SC 29598

With a copy to: John C. Stewart, Jr., Esq.
Nelson Mullins Riley & Scarborough, LLP
Founders Centre, Suite 301
2411 North Oak Street
Post Office Box 3939 (29578-3939)
Myrtle Beach, SC 29577-3165

If to Intracoastal Development Company, LLC:

Attn: Robert S. Guyton, Esquire
4898 Highway 17 South
North Myrtle Beach, SC 29598

With a copy to: John C. Stewart, Jr., Esq.
Nelson Mullins Riley & Scarborough, LLP
Founders Centre, Suite 301
2411 North Oak Street
Post Office Box 3939 (29578-3939)
Myrtle Beach, SC 29577-3165

If to the Association:

Attn: Robert S. Guyton, Esquire
4898 Highway 17 South
North Myrtle Beach, SC 29598

With a copy to: John C. Stewart, Jr., Esq.
Nelson Mullins Riley & Scarborough, LLP
Founders Centre, Suite 301
2411 North Oak Street
Post Office Box 3939 (29578-3939)
Myrtle Beach, SC 29577-3165

Any notice mailed shall be deemed to have been given three (3) United States Post Office delivery days following the date of mailing. Overnight mail shall be deemed to have been given on the next business day following the date of mailing. Any notice delivered in person shall be deemed effective immediately upon delivery. Either party may change the address for the service of notice upon it by written notice given to the other in the manner herein provided for the giving of notice.
20.6 **Exhibits.** The exhibits attached hereto constitute a part of this Declaration and are incorporated herein by reference in their entirety as if fully set forth in the Declaration at the point where first mentioned herein.

20.7 **Headings.** The headings of this Declaration are inserted for convenience only and are not to be considered in the construction of the provisions hereof and shall not in any way limit scope or modify the substance or context of any section of paragraph hereof.

20.8 **Inclusive Words.** Unless the context otherwise requires, any terms of the Declaration which indicate the neuter of any gender shall be held to include the neuter and the other gender, as the case may be; and the words in singular shall be held and constructed to include the plural and vice versa.

20.9 **Severability.** The provisions of this Declaration shall be severable. The unenforceability, of any provision in this Declaration shall not affect the validity of the remaining provisions, unless either party should determine in its sole and complete discretion that such term or provision materially or adversely affects the benefit of its bargain under this Declaration in which case said party may terminate this Declaration without further liability to the other party hereto.

20.10 **Execution in Multiple Counterparts.** This Declaration may be signed by each party upon a separate copy, in such case one counterpart of this Declaration shall consist of enough of such copies to reflect the signature of each party. This Declaration may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary to produce or account for more than one such counterpart.


20.12 **Cumulative Effect: Conflict.** The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood or Village Association and the Association may, but shall not be required to, enforce the latter; provided, however, in the event of conflict between or among such covenants, restrictions, and provisions or any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood or Village shall be subject to and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association. Nothing in this Section shall preclude any Supplemental Declaration or other covenants applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than set forth in this Declaration, and the Association shall have the standing and authority to enforce the same.

20.13 **Ownership of Unit by Government.** Silver Carolina shall have the right
to exempt the United States, the State of South Carolina, Horry County, South Carolina, the City of North Myrtle Beach, South Carolina, or any related entity, as the Owner of a Unit, from any of the restrictions contained. in this Declaration, the By-Laws, or rules and regulations of the Association if such exemption is legally and reasonably required by the United States, the State of South Carolina, Horry County, South Carolina, the City of North Myrtle Beach, South Carolina, or any related entity.

20.14 **Joinder by Wachovia and Anchor.** Wachovia and the Anchor Bank ("Anchor") join in this Declaration so as to subordinate the liens of their respective mortgages on the portions of Barefoot Resort to the terms hereof. The subordinations by Wachovia and Anchor are expressly subject to the following conditions, to the extent provided below:

(a) Any condemnation proceeds or casualty proceeds paid in respect to any property subject to any mortgage executed in favor of: (i) Wachovia by Silver Carolina with respect to the Barefoot Resort and recorded in the Office of the Register of Deeds for Horry County (the "Wachovia Mortgages"), and (ii) Anchor by Barefoot Golf Properties Limited Partnership and Barefoot Private Golf, LLC with respect to the Barefoot Resort and recorded in the Office of the Register of Deeds for Horry County (the "Anchor Mortgages"), will be applied against the indebtedness secured by such Wachovia Mortgages and Anchor Mortgages pursuant to the terms of the Wachovia Mortgages and the Anchor Mortgages, respectively.

(b) Wachovia has required, and Silver Carolina has agreed, to collaterally assign certain rights reserved herein to Silver Carolina. Pursuant to that certain Collateral Assignment of Rights, to be recorded in the Horry County Register of Deeds, Silver Carolina has assigned certain rights to Wachovia, all as described therein.

20.15 **Golf Course Consent.** Silver Carolina shall not make any changes pursuant to its rights herein reserved which substantially or adversely affect the drainage, water supply, maintenance or operation of the Golf Courses without the prior written consent of Anchor.
IN WITNESS WHEREOF, this Declaration has been executed this 12th day of April, 2000.

DECLARANTS: SILVER CAROLINA DEVELOPMENT COMPANY, L.L.C., a Delaware Limited Liability Company

By: Its:

Witness #1

Witness #2

INTRACOASTAL DEVELOPMENT COMPANY, LLC, a South Carolina Limited Liability Company

By: Its:

Witness #1

Witness #2
PARTIES:

BAREFOOT PRIVATE GOLF, LLC, a South Carolina Limited Liability Company

By: 
Its: 

Witness #1

Witness #2

BAREFOOT GOLF PROPERTIES, LIMITED PARTNERSHIP, a South Carolina Limited Partnership

By: 
Its: Barefoot Golf General Partner, LLC
General Partner

By: 
Its: 

Witness #1

Witness #2
By:  
Its:  

THE ANCHOR BANK  

Witness #1  

Witness #2
Witness its hand and seal the date first above written.

Witness:

WACHOVIA BANK, N.A.
By: Chuck 
Its Senior Vice President
STATE OF SOUTH CAROLINA  ) PROBATE
COUNTY OF HORRY     )

PERSONALLY appeared before me the undersigned witness who made oath that s/he saw the within named SILVER CAROLINA DEVELOPMENT COMPANY, L.L.C., a Delaware Limited Liability Company, by Samuel W. Poylin its Manager, sign, seal and as its act and deed deliver the within written instrument and that s/he with Cristin Backs witnessed the execution thereof.

SWORN to and subscribed before me this 12 day of April, 2000.

[Signature]
Notary Public for South Carolina
My Commission Expires: 2-19-2008

STATE OF SOUTH CAROLINA  ) PROBATE
COUNTY OF HORRY     )

PERSONALLY appeared before me the undersigned witness who made oath that s/he saw the within named INTRACOASTAL DEVELOPMENT COMPANY, LLC, a South Carolina Limited Liability Company, by Samuel W. Poylin its Manager, sign, seal and as its act and deed deliver the within written instrument and that s/he with Cecilia Backs witnessed the execution thereof.

SWORN to and subscribed before me this 12 day of April, 2000.

[Signature]
Notary Public for South Carolina
My Commission Expires: 2-19-2008

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PERSONALLY appeared before me the undersigned witness who made oath that s/he saw the within named BAREFOOT PRIVATE GOLF, LLC, a South Carolina Limited Liability Company, by Samuel W. Puglia its Manager, sign, seal and as its act and deed deliver the within written instrument and that s/he with Cristinie Barke witnessed the execution thereof.

SWORN to and subscribed before me this 12th of April, 2000.

[Signature]
Notary Public for South Carolina

My Commission Expires: 2-19-2005

PERSONALLY appeared before me the undersigned witness who made oath that s/he saw the within named BAREFOOT GOLF PROPERTIES LIMITED PARTNERSHIP, a South Carolina Limited Partnership, by Barefoot Golf General Partner, LLC, its General Partner, by Samuel W. Puglia, its Manager, sign, seal and as its act and deed deliver the within written instrument and that s/he with Cristinie Barke witnessed the execution thereof.

SWORN to and subscribed before me this 12th of April, 2000.

[Signature]
Notary Public for South Carolina

My Commission Expires: 2-19-2005
STATE OF SOUTH CAROLINA   )
COUNTY OF    Harry    )   PROBATE

PERSONALLY appeared before me the undersigned witness who made oath that s/he saw the within named THE ANCHOR BANK, a duly authorized banking institution under South Carolina law, by Rdmyae Wicker its VP sign, seal and as its act and deed delivered the within written instrument and that s/he with Allison Coban witnessed the execution thereof.

SWORN to and subscribed before me this 13 day of April, 2000.

[Signature]
Notary Public for South Carolina

My Commission Expires: 2-19-2008
STATE OF SOUTH CAROLINA  
COUNTY OF HORRY  

PERSONALLY appeared before me the undersigned witness who made oath that s/he saw the within named Wachovia Bank, N.A., by Charles D. Bryant, Jr., its Senior Vice President, sign, seal and as its act and deed deliver the within written instrument and that s/he with the other witness subscribed above witnessed the execution thereof.

Witness

SWORN to and subscribed before me  
this 11th day of April 2000.

Notary Public for South Carolina  
My Commission Expires: 8-6-2002
EXHIBIT "A"

Land Initially Included in the Declaration

The land initially included as being subject to this Declaration will be all that land designated on the Master Plan as being within the P.U.D. for the Barefoot Resort Project, excluding: (1) any properties included on Exhibit B; (2) the land within the boundaries of the Master Plan's "Town Center" (including all areas labeled as (Proposed) Town Center, Future Commercial Development and Proposed Hotels), and specifically including, without limitation, the areas designated as the Sales Center, Public Facilities (Police/Fire/Rescue), Convenience Store and Temporary Office; and (3) the land and improvements constituting the Dye Course Lodge; and (4) the land within the boundaries of the Master Plan's designation "2MF-l" or otherwise described as that tract of land totaling 32.42 Acres known as the "Fairfield Tract" or Tract "B", more particularly described as follows:

ALL AND SINGULAR that certain piece, parcel, or tract of land containing 2,342.35 acres, more or less, being shown and described on Page 119A of Plat Book 168, which page is a part of that certain map or plat entitled "Barefoot Resort Final Master Plat", prepared for Silver Carolina Development Company, L.L.C., by DDC Engineers, Inc., dated January 6, 2000, revised on February 4, 2000, and recorded March 10, 2000 in Plat Book 168 at Pages 119 through 119H, public records of Horry County, South Carolina;

LESS AND EXCEPT those areas designated as areas "2", "3"", "4", "5", "6" and a portion of area "57" (that portion containing the Dye Course Lodge and associated parking) on Drawing Numbers 4 and 5 of a plat entitled "Barefoot Resort Final Master Plat" prepared for Silver Carolina Development Company, L.L.C. by DDC Engineers, Inc., dated January 2000, revised February 4, 2000 and recorded March 10, 2000 in Plat Book 168 at Pages 119-119H, as revised by recombination plat entitled "Map of 82.56 Acres Designated as Tract 'X'", dated March 29, 2000 and recorded April 10, 2000 in Plat Book 169 at Page 022, in the public records of Horry County, South Carolina; and

ALSO LESS AND EXCEPT that certain piece, parcel or tract of land being shown and designated as "Tract 'B' ", containing 32.42 acres, more or less, on that certain map or plat entitled "Map of 32.42 Acres Designated as Tract 'B'", prepared for Silver Carolina Development Company, L.L.C., by DDC Engineers, Inc., dated May 14, 1999, last revised November 3, 1999.
EXHIBIT "B"
Land Initially Excluded from the Declaration

The land initially excluded from this Declaration will be all that land described as follows:

None.
EXHIBIT "C"

Initial Use Restrictions and Rules

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed, or limited by rules of the Association adopted pursuant to Article III of the Declaration.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or sales office for any real estate broker retained by Silver Carolina to assist in the sale of property described on Exhibits "A" or "B," or any property made subject to this Declaration by Supplemental Declaration, offices for any property manager retained by the Association, or business offices for Silver Carolina or the Association consistent with this Declaration and any Supplemental Declaration). Except as specifically provided in this Exhibit "C," Units shall be used for single-family residential purposes only.

2. Restricted Activities. The following activities are restricted within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

   (a) Parking of more than two vehicles per Unit on public or private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, boats, trailers, tents, stored or inoperable vehicles in places other than enclosed garages; provided, the Board may adopt reasonable regulations regarding guest and commercial parking;

   (b) Raising, breeding, or keeping of animals, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit subject to such additional rules as may be adopted for the Properties or any portion thereof, which rules may prohibit all pets or specific types of animals. Any pet that the Board in its sole discretion determines to be a nuisance shall be removed from the Unit upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet;

   (c) Any activity or condition that interferes with the reasonable enjoyment of any part of the Properties or that detracts from the overall appearance of the Properties, which includes but is not limited to the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkempt condition of buildings or grounds on property either before, during, or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the community as a whole or in the specific area;

   (d) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and filed in the Office of Register of Deeds of Horry County, South Carolina, except that Silver Carolina, and any person or entity expressly authorized in writing by Silver Carolina, shall be permitted to subdivide or re-plat Units which it owns.
(e) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(f) Conducting, participating in, or holding of any events, functions, or programs that involve games of chance, raffles, gambling, wagering, betting or similar activities where the participants pay money or give other valuable consideration for the opportunity to receive monetary or other valuable consideration; provided, however, that this subparagraph (i) does not apply to Silver Carolina; (ii) does not apply to Special Events, as defined herein and in the P.U.D.; and (iii) is not intended to bar the occasional use of the interior of a residential dwelling on the Properties for the activities described herein so long as such use is either: (A) in conjunction with fund raising activities for a non-profit or charitable organization, or (B) is a private, social, non-commercial activity, and is in compliance with applicable federal, state, and local laws;

(g) Any business, trade, or similar activity, except as provided herein or in the P.U.D. and except that an Owner or occupant residing in a Unit may conduct "discrete business activities" within the Unit so long as the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; the business activity does not involve regular visitation of the Unit or door-to-door solicitation of residents of the Properties; and the business activity is consistent with the residential character of the Properties and does not violate these Use Restrictions and Rules. Examples of "discrete business activities" include, but are not limited to, computer-based telecommunications and literary, artistic, or craft activities. The Board may restrict any business activities that it determines interfere with the enjoyment or residential purpose of the Properties in its sole and absolute discretion.

    The leasing of a Unit in accordance with these Use Restrictions and Rules shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Silver Carolina or a Builder approved by Silver Carolina with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties, including the operation of a timeshare or similar program.

Garage sales, rummage sales, or similar sales not exceeding two consecutive days in duration will not be considered a business or trade within the meaning of this subparagraph 2(g) so long as the Owners or occupants of a Unit do not hold, sponsor or participate in more than one such sale within the Properties in any 12 month period.

Notwithstanding anything to the contrary in this Declaration, Silver Carolina and any Builder approved by Silver Carolina may utilize a Unit as a show house or model home. Furthermore, Silver Carolina and any approved Builder may utilize a Unit as a sales office for homes being constructed within the Properties; and

(h) Any modifications to existing construction or landscaping, or exterior additions to Units except as provided in Article IV.
(i) Any activity or condition that violates any governmental requirement under any authorization, certification or permit for the Properties, including but not limited to any construction in or land disturbance in wetlands, wetland buffers, archeological or historical sites, stormwater drainage facilities and natural areas.

(j) Operation of golf carts within the Properties in violation of S. C. Code Ann. § 56-3-15 (1998 as Amended) and in unpaved areas.

(k) Noxious or offensive activity carried on upon any Unit, or at any place within Barefoot Resort, or anything done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to Barefoot Resort or its Owners.

3. Prohibited Conditions. The following shall be prohibited within the Properties:

(a) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Silver Carolina, its assigns, and those to whom Silver Carolina has given express written consent may operate such a program with respect to Units which it owns;

(b) Exterior antennas, aerials, satellite dishes, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind unless completely contained within the dwelling on the Unit so as not to be visible from outside the dwelling or unless otherwise approved pursuant to Article IV and in compliance with State and Federal Communications laws. Unless the Board of Directors disapproves or the reviewing entity under Article IV determines that the apparatus is aesthetically incompatible with the surrounding structure or environment, one such apparatus measuring no more than 24 inches in diameter may be placed on a Unit. Such structure shall be placed in a location consistent with the Design Guidelines and shall not extend above the ridge line of any roof, or be visible from any street.

Silver Carolina and the Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Properties. Nothing in this Declaration shall prohibit Silver Carolina from installing equipment necessary for a master antenna system, security system, cable television and mobile radio systems or any voice, video or other system used for the transmission of intelligence or other similar systems within Barefoot Resort.

4. Signs. The following restrictions on signs shall apply to all Units within the Properties unless otherwise stated in applicable design guidelines or unless otherwise approved by the Board of Directors. All signs must meet the guidelines adopted by the Board of Directors.
(a) Each Unit may have posted, prior to initial occupancy of the Unit, a sign setting forth the Owner's name and the name of the architect and builder of the Unit and, in the case of a Unit owned by Silver Carolina or a Builder approved by Silver Carolina, a sign indicating that the Unit is available for sale; provided, any such signs shall be removed at the time of initial occupancy.

(b) Except as provided in Paragraph 4(a) above, no "for sale," "for lease" or "for rent" signs may be posted on a Unit. An "open house" sign indicating that the Owner of the Unit is hosting such an event may be posted on the Unit for a period not to exceed three continuous days.

(c) One sign not exceeding 18" x 24" containing political or similar endorsements may be posted on a Unit. Such sign may only be posted for 45 days prior to an election or a vote on a referendum and for two days thereafter.

(d) Silver Carolina may post "model home" or similar signs on a Unit containing model homes open to the public prior to initial occupancy of the Unit. Builders may post "model home" or similar signs on a Unit constructed on their property containing model homes open to the public prior to initial occupancy of the Unit.

(e) No "For Sale" or similar signs shall be permitted on or in vehicles maintained or parked within the Residential Properties.

No other signs, except those required by law, including posters, circulars, and billboards, may be posted on any Unit so as to be visible from outside the Unit; provided, however, Silver Carolina shall be entitled to post signs without Board approval.

5. Window Coverings.

(a) Unless the Board of Directors otherwise agrees, the only acceptable window coverings that may be affixed to the interior of any windows visible from any street, alley or other portion of the Properties are drapes, blinds, shades, shutters and curtains. The side of such window coverings that is visible from the exterior of any improvements must be white or off-white in color.

(b) No window tinting or reflective coating may be affixed to any window that is visible from any street, alley or other portion of the Properties, without the prior approval of Silver Carolina (or the Board of Directors, if Silver Carolina hereafter elects to delegate such approval responsibility to the Association). No mirrored coatings will be permitted.

6. Bridges. Silver Carolina expressly reserves to itself, its successors and assigns, any other provisions in this Declaration notwithstanding, the right to build bridges, walk-ways, or fixed spans across any or all natural or man-made canals, creeks, walkways, or
lagoons in Barefoot Resort. However, nothing in this Declaration shall be construed as placing an affirmative obligation on Silver Carolina to provide or construct any such improvement.

7. 1% Marketing Assessment. It is the Owner's obligation upon sale of the Owner's Unit to pay and to notify the prospective purchaser of the 1% marketing assessment to be levied pursuant to Section 8.12. Further each Owner shall inform any prospective purchaser of said purchaser's responsibility pay the 1% marketing assessment on any future resale of the Unit.
EXHIBIT "D"
Rules of Arbitration

1. Claimant shall submit a Claim to arbitration under these Rules by giving written notice to all other Litigants stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's desire to submit the Claim to arbitration ("Arbitration Notice").

2. Each Litigant shall select an arbitrator ("Litigant Appointed Arbitrator"). The Litigant Appointed Arbitrators shall, by agreement, select one or two neutral arbitrators ("Neutral(s)") so that the total arbitration panel ("Panel") has an odd number of arbitrators. If any Litigant fails to appoint a Litigant Appointed Arbitrator within 20 days from the date of the Arbitration Notice, the remaining arbitrators shall conduct the proceedings, selecting a Neutral in place of any missing Litigant Appointed Arbitrator. The Neutral arbitrator(s) shall select a chairperson ("Chair").

3. If the Panel is not selected under Rule 2 within 45 days from the date of the Arbitration Notice, Claimant may notify the Joint Committee, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Litigants in writing of such appointment. The Appointed Neutral shall thereafter be the sole arbitrator ("Arbitrator"), and any Litigant Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.

4. No person may serve as a Neutral in any arbitration under these Rules in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral shall immediately disclose in writing to all Litigants any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Litigant objects to the service of any Neutral after receipt of that Neutral's Bias Disclosure, such Neutral shall be replaced in the same manner in which that Neutral was selected.

5. The Arbitrator or Chair, as the case may be, shall fix the date, time, and place for the hearing. The place of the hearing shall be within the Properties unless otherwise agreed by the Litigants.

6. Any Litigant may be represented by an attorney or other authorized representative throughout the arbitration proceedings.

7. All persons who, in the judgment of the Arbitrator or Chair, have a direct interest in the arbitration are entitled to attend hearings.

8. There shall be no stenographic record of the proceedings.

9. The hearing shall be conducted in whatever manner will, in the Arbitrator's or Chair's judgment most fairly and expeditiously permit the full presentation of the evidence and arguments of the Litigants.
10. The Litigants may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator or Chair may deem necessary to an understanding and determination of the Claim. The Arbitrator or Chair shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator or Chair shall be authorized, but not required, to administer oaths to witnesses.

11. The Arbitrator or Chair shall declare the hearings closed when satisfied the record is complete.

12. There will be no post hearing briefs.

13. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Litigants. The Award shall be in writing, shall be signed by the Arbitrator or Chair and acknowledged before a notary public. If the Arbitrator or Chair believes an opinion is necessary, it shall be in summary form.

14. If there is more than one arbitrator, all decisions of the Panel and the Award shall be by majority vote.

15. Each Litigant agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Litigant or its attorney at the address communicated to the Arbitrator or Chair at the hearing.
EXHIBIT "E"
BY-LAWS OF BAREFOOT RESORT OWNERS ASSOCIATION, INC.