ADDITIONAL PHASES AND NONE OF THE REMAINING PORTION OF THE PROPERTY DESCRIBED HEREIN SHALL BE DEEMED A PART OF ANY SCHEME OF DEVELOPMENT UNTIL ACTUALLY BROUGHT UNDER THESE RESTRICTIONS AS HEREIN PROVIDED. THE RIGHT TO ADD FUTURE PHASES SHALL TERMINATE 15 YEARS FOLLOWING THE DATE OF THIS DECLARATION.

Section 3. Reservation of Additional Easements and Rights. Declarant reserves for itself and its successors and assigns as developer (and all conveyances by Declarant to Association of Common Areas shall be deemed to automatically reserve) easements over, under and across all Common Areas for ingress and egress and for construction and completion of construction and development of future phases including, without limitation, easements for the installation, construction, reconstruction, repair, maintenance and operation of all utility services; said easements to be in addition to and not in lieu of any other rights or easements reserved by Declarant herein or in any supplement hereto or any other conveyance by or to Declarant or its predecessors in title.

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

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

ARTICLE XI.

Rights of Mortgagees

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

ARTICLE XII

Insurance and Casualty Losses

Section 1. Insurance. The Association's Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain blanket all-risk insurance, if reasonably available, for all insurable improvements on the Common Areas. If blanket all-risk coverage is not reasonably available, then at a minimum an insurance policy providing fire and extended coverage shall be obtained. The Association need not provide (but is not prohibited from providing) property insurance, with respect to any swimming pool, fence or sign.

The Board shall also obtain a public liability policy covering the Common Area, and any other areas Association is permitted to enter upon, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a One Million and No/100 ($1,000,000.00) Dollar single person limit as respects bodily injury and property damage, a Three Million and No/100 ($3,000,000.00) Dollars limit per occurrence, and a Five Hundred Thousand and No/100 ($500,000.00) Dollar minimum property damage limit.

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

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

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

(a) All policies shall be written with a company licensed to do business in South Carolina which holds a Best's rating of A or better as is assigned a financial size category of XI or larger as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies referred to above shall be for the benefit of the Association and Declarant shall be named as additional insured.

(c) Exclusive authority to adjust losses under the policies required under this Section shall be vested in the Association's Board of Directors.

(d) In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners.

(e) The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

> (i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, its manager, the Owners, and their respective tenants, servants, agents, and guests;
>
> (ii) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any Director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, its Owner, or mortgagee;
>
> (iii) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and
>
> (iv) That no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

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

The Association may purchase officers and directors liability insurance, if reasonably available and the Board of Directors of the Association approves the purchase of same. However, every Director and every officer of the Property Owners Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or

imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Association, whether or not he is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty or willful misfeasance or malfeasance in the performance of his duties; provided, that in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

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

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as my be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, shall be retained by and for the benefit of the Association and placed in a capital improvements account.

(b) If it is determined, as provided for in Section 4 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner provided for excess proceeds in Section A above. However, repair or replacement of the affected Common Area must be made unless prevented by law or governmental rule or regulation.

Section 3. Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board of Directors, or its duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Common Areas. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Common Areas to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Voting Members representing at lease seventy-five (75%) percent of the total vote of the

Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) additional days. No mortgagee shall have the right to participate in the determination of whether the Common Area damaged or destroyed shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Common Area shall be restored to their natural state and maintained by the Association, in a neat and attractive condition.

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

ARTICLE XIV

General Provisions

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

Section 2. Enforcement. In the event of a violation or breach of any of these restrictions by any Owner, or agent, or agent of such Owner, the Owners of Lots in the subdivision, or any of them, jointly or severally, the Declarant and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any such event or to recover damages. In addition to the foregoing, the Declarant, its successors and assigns, shall have the right, but shall be under no obligation whenever there shall have been built on any lot in the subdivision any structure which is in violation of these restrictions, to enter upon the property where such violation exists, and summarily abate or remove the same at the expense of the Owner, if, after thirty (30) days written notice of such violation, it shall not have been corrected by the

Owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any rights, reservation, restriction or condition contained in this Declaration, however long continued, shall not be deemed a waiver of the rights to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. Should Declarant or Association employ Counsel to enforce any of the foregoing covenants, conditions, reservations or restrictions, because of a breach of the same, all costs incurred in such enforcement, including a reasonable fee for Declarant's Counsel shall be paid by the Owner of such lot or Lots in breach thereof. Any amount assessed hereunder shall constitute a lien on such lot and shall be enforceable as herein provided. Failure of Declarant, the Association or any Owner to enforce any covenant or restriction contained herein shall not be deemed a waiver of the right to do so thereafter.

Section 3. Responsibility of Declarant. The Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In addition, nothing contained in this Declaration shall be deemed to be a representation by Declarant with regard to the requirements of any governmental authority and it shall be the duty of each Owner to comply with any such requirements in addition to the provisions of this Declaration.

Section 4. Rule Against Perpetuities. In the event that any of the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then in that event, such term shall be reduced to a period of time which shall not violate the rule against perpetuities or any other law of the State of South Carolina, and such provision shall be fully effective for said reduced period of time.

Section 5. Binding Effect. All covenants, conditions, limitations, restrictions, easements and affirmative obligations set forth in this declaration shall be binding on the Owners of the Lots, and their respective heirs, successors and assigns and run with the land. All rights, easements and agreements reserved by or granted to Declarant shall inure to the benefit of Declarant, its successors and assigns including, without limitation, the right to develop and submit additional phases. Declarant reserves the right in addition to all other rights of Declarant, to assign its rights of consent and approval as set out in this Declaration and any amendment hereto or supplement hereof, to Association, or to any assignee of Declarant's development rights.

Section 6. The Project. The term "Springlake" "Project" or any synonymous term, shall be deemed to mean the Lots designated as 1 through 51 inclusive, on the recorded plat of the Project, together with the roads or streets shown thereon as Springlake

Boulevard, Sunflower Court and Blackberry Lane and the Common Areas show on said plat. No areas lying outside of these designated Lots, Common Areas and streets shall be considered a part of the Project unless and until such area has been submitted to the terms and the provisions of this Declaration in accordance with the terms hereof. Declarant, without being under any obligation to do so, may extend Springlake Boulevard and Blackberry Lane (in any direction) in the future if it so desires, whether or not such additional property served by such extension of the street is submitted to the provisions of this Declaration. Should either of said streets be so extended, those parties utilizing property to be served by such extensions shall have the right to use all streets and roads within the Project. In addition, Declarant reserves the right to use the name "Springlake" to refer to additional developments which may be developed by Declarant in the vicinity of the Project, whether or not such additional developments are made subject to this Declaration.

Section 7. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, the Association, or the Owner of any land subject to this Declaration, and their respective legal representatives, heirs, successors and assigns.

Section 8. Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, postpaid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 9. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in nowise effect any other provisions which shall remain in full force and effect.

Section 10. Amendment. In addition to any other manner herein provided for the amendment of this Declaration, the covenants, restrictions, easements, charges and liens of this agreement may be amended, changed, added to, derogated or deleted at any time and from time to time upon the execution and recordation of any instrument executed by Owners holding not less than two-thirds (2/3) vote of the membership in the Association, provided, that so long as the Declarant is the Owner of any Lot affected by this Declaration the Declarant's consent must be obtained. Provided, further, that the provisions for voting of Class A and Class B Members as hereinabove contained in this Declaration shall also be effective in voting for changes in this Declaration.

Section 11. Amendment Prior to Sale by Declarant. At any time prior to the closing of the first sale of a Lot by Declarant, the Declarant, and any mortgage holder, if any, may amend this Declaration by mutual consent. The closing of the first sale shall mean transfer of title and delivery of a deed and not execution of a Contract of Sale or a like document.

Section 12. Effective Date. This Declaration shall become effective upon its recordation in the Office of the R.M.C. for Horry County, South Carolina.

Section 13. Plat. Reference to Exhibit A, "plat", "map" other term synonymous therewith shall mean and include Exhibit A as recorded herewith and all subsequent revisions thereof as and when recorded in the Office of the RMC for Horry County, South Carolina.

IN WITNESS WHEREOF, Springlake Development Corporation, Inc., has caused this instrument to be executed by its proper officers and its corporate seal to be affixed thereto on the day and year first above written.

In the Presence of:

DECLARANT:
Springlake Development Company, Inc.

By: Roger E. Grigg
Roger E. Grigg, ~~its President~~

Attest: Donald D. Leonard
Donald D. Leonard, its Secretary

Springlake Property Owners Association, Inc. executes this Declaration for the purposes of acknowledging and agreeing to the terms and conditions hereof.

SPRINGLAKE PROPERTY OWNERS ASSOCIATION, INC.

By: Roger E. Grigg
Roger E. Grigg, its President

Attest: Donald D. Leonard
Donald D. Leonard, its Secretary

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

PERSONALLY appeared before me the undersigned witness and made oath that s/he saw the within named SPRINGLAKE DEVELOPMENT COMPANY, INC., Sign, Seal and as its Corporate Act and Deed deliver the within written DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR SPRINGLAKE AT CAROLINA FOREST; and that s/he with the other witness subscribed above witnessed the execution thereof and saw the Corporate Seal thereto affixed.

Sylvia J. Cheek

SWORN to before me this 1st
day of November, 1996.

Penny H. Hairston (L.S.)
Notary Public for South Carolina
My Commission Expires: 2/2/2000

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)

PERSONALLY appeared before me the undersigned witness and made oath that s/he saw the within named SPRINGLAKE PROPERTY OWNERS ASSOCIATION, INC., Sign, Seal and as its Corporate Act and Deed deliver the within written DECLARATION OF PROTECTIVE COVENANTS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR SPRINGLAKE AT CAROLINA FOREST; and that s/he with the other witness subscribed above witnessed the execution thereof and saw the Corporate Seal thereto affixed.

Sylvia J. Cheek

SWORN to before me this 1st
day of November, 1996.

(L.S.)
Notary Public for South Carolina
My Commission Expires: 3/2/2000

EXHIBIT A

(HERE INSERT LEGAL DISCRIPTION OF LOTS IN PHASE I BY REFERENCE TO RECORDED PLAT)