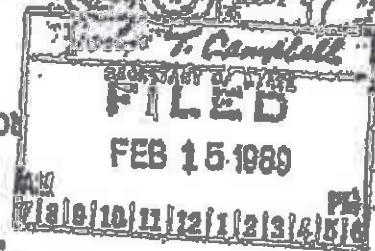


DECLARATION AND PETITION FOR INCORPORATION
OF

THE LAKES PROPERTY OWNERS ASSOCIATION, INC.



The undersigned having given three days notice in The Sun News, a newspaper published in the County of Horry, that this Declaration would be filed, for the purpose of forming a non-profit corporation under Chapter 31, Code of Laws of South Carolina, 1976, as amended, certify as follows:

ARTICLE I. SUBSCRIBERS

The names and addresses of the subscribers of this Declaration and Petition for Incorporation are as follows:

<u>Name</u>	<u>Address</u>
Edward J. Edelen, III	600 Waccamaw River Road Surfside Beach, SC 29575
R. Randolph Wallace	600 Waccamaw River Road Surfside Beach, SC 29575
C. Van Harden	600 Waccamaw River Road Surfside Beach, SC 29575

ARTICLE II. NAME.

The name of the corporation shall be THE LAKES PROPERTY OWNERS ASSOCIATION, INC. For convenience the corporation shall be referred to in this instrument as the Association.

ARTICLE III. PRINCIPAL OFFICE.

The principal office of the Association shall be located in South Carolina, but the Association may maintain offices and transact business in such other places within or without the State of South Carolina as may from time to time be designated by the Board of Directors. The initial principal office of the Association shall be located at 600 Waccamaw River Road, Surfside Beach, South Carolina, 29575.

ARTICLE IV. PURPOSE AND POWERS OF THE ASSOCIATION

FEB 15 1989

DATE _____
CERTIFIED TO BE A TRUE AND CORRECT COPY
AS TAKEN FROM AND COMPARED WITH THE
ORIGINAL ON FILE IN THIS OFFICE.

T. Campbell
SECRETARY OF STATE OF SOUTH CAROLINA

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This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence lots and Common Area within that certain tract of property described as:

See Exhibit A.

and to promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association and for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions, Restrictions and Easements hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Clerk of Court for Horry County and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of two-thirds (2/3) of each class of members mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of each class of members, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purpose or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the assent of two-thirds (2/3) of each class of members;

(g) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of South Carolina by law may now or hereafter have or exercise.

ARTICLE V. DIRECTORS.

A. The affairs of the Association shall be managed by a Board consisting of the number of directors determined by the By-Laws, and the first elected Board of Directors shall consist of Three (3) members.

B. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws and all of the Board of Directors shall be members of the Association or shall be authorized representatives, officers or employees of a corporate or partnership member of the Association.

C. The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and have qualified or until removed are as follows:

<u>Name</u>	<u>Address</u>
Edward J. Edelen, III	600 Waccamaw River Road Surfside Beach, SC 29575
R. Randolph Wallace	600 Waccamaw River Road Surfside Beach, SC 29575
C. Van Harden	600 Waccamaw River Road Surfside Beach, SC 29575
Paul T. Edwards	306 New River Road Surfside Beach, SC 29575
Edsell DeVille	761 Hickory Circle Myrtle Beach Air Force Base, SC 29577

ARTICLE VI. TERM.

The term of the Association shall be perpetual.

ARTICLE VII. MEMBERS.

A. The members of the Association shall consist of all of the owners by the records of Horry County, South Carolina, of any Lot which is subject to the above referenced Declaration.

B. Change of membership in the Association shall be established by recording in the public records of Horry County, South Carolina, a deed or other instrument establishing a record title to Lot and the delivery to the Association a certified copy of such instrument. The owner designated by such instrument then becomes a member of the Association and the membership of the prior owner is terminated.

C. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his Lot.

D. All owners, by virtue of their ownership of a Lot are mandatory members of the Association, and shall be entitled to vote on all matters upon which members of the Association are entitled to vote, pursuant to these Articles and in accordance with the By-Laws. Subject to the provisions of the By-Laws of the Association, Owners shall be entitled to one vote for each lot owned in the project.

ARTICLE VIII. VOTING RIGHTS

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Developer, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Developer (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) on February 10, 1995.

ARTICLE IX. OFFICERS.

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The affairs of the Association shall be administered by the officers designated in the By-Laws. The officers shall be elected by the Board of Directors at its first meeting following the annual meeting of the members of the Association and shall serve at the pleasure of the Board of Directors. The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

President: Edward J. Edelen, III

Vice President/Assistant Secretary: R. Randolph Wallace

Secretary: C. Van Harden

Treasurer: Paul T. Edwards

ARTICLE X. INDEMNIFICATION.

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding or any settlement of 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 he is a director or officer at the time such expenses are incurred, except when the director or officer is adjudged guilty of willful misfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be an addition and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE XI. BY-LAWS.

The first By-Laws of the Association shall be adopted by the Board of Directors and shall be attached to the Declaration and may be altered, amended or rescinded by the members in the manner provided for by the By-Laws.

ARTICLE XII. AMENDMENTS.

Amendments to these Articles of Incorporation shall be proposed and adopted by the members in the following manner:

A. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered and shall be proposed by either the Board of Directors or a majority of the total lots in the Association,

B. An amendment shall be approved by three-fourths (3/4) of all of the members. Members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the meeting.

C. Provided, however, that no amendment shall make any changes in the qualifications for membership nor the voting rights of members, without the approval in writing by all members.

ARTICLE XIII. FHA/VA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

Wherefore your petitioners pray that the Secretary of State do issue to the aforesaid The Lakes Property Owners Association, Inc., a Certificate of Incorporation, with all rights, powers, privileges and immunities, and subject to all the limitations and liabilities conferred by Section 33, Chapter 31, 1976 Code, and Acts amendatory thereto, to provide for the incorporation of Religious, Education, Social, Fraternal or Charitable Churches, Lodges, Societies, Associations, or Companies, and for amending the Charters of those already formed and to be formed.

Edward J. Edelen, III
Edward J. Edelen, III
R. Randolph Wallace
R. Randolph Wallace
C. Van Harden
C. Van Harden

Date: January 30, 1989

STATE OF SOUTH CAROLINA)

COUNTY OF HORRY)

AFFIDAVIT

The undersigned Edward J. Edelen, III, R. Randolph Wallace and C. Van Harden do hereby certify that they are the officers or persons signing the petition for incorporation of a non-profit corporation having no capital stock, that all the facts

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in the petition are true and correct and that the corporation will not operate for a profit for itself or any of its members.

Edward D. [Signature]
Edward D. [Signature]
R. Randolph [Signature]

C. VanHarden

SWORN TO BEFORE ME this
10th day of January, 1939

[Signature]
Notary Public for South Carolina
My commission expires 5-2-91

EXHIBIT A

ALL AND SINGULAR all those certain pieces, parcels or lots of land lying and being near the Town of Surfside Beach, Horry County, South Carolina, shown and designated on Plat of The Lakes Subdivision Phase I recorded in Plat Book 100 at Page 171; Plat of The Lakes Subdivision Phase II recorded in Plat Book 100 at Page 172; Preliminary Plat of The Lakes Subdivision Phase III recorded in Plat Book 96 at Page 59; Preliminary Plat of The Lakes Subdivision Phase IV recorded in Plat Book 99 at Page 120; and Preliminary Plat of The Lakes Subdivision Phase V recorded in Plat Book 99 at Page 122, all in the records of the HUC of Horry County, South Carolina; and all future phases annexed by the Developer.

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STATE OF SOUTH CAROLINA)

COUNTY OF Horry)

SHERIFF'S APPROVAL

Pursuant to Section 33-31-40 of the Code of Laws of South Carolina, 1976 (as amended), the undersigned as Sheriff of the County in which the Association proposes to have its principal place of business, does hereby approve the Declaration and Petition for Incorporation of The Lakes Property Owners Association, Inc.

DATED: February 3, 1989

/s/
Arlon Small, Sheriff of Horry
County, South Carolina

Sun Publishing Company, Inc.
P.O. Box 426
Myrtle Beach, 29575-0426

Date: January 30, 1989

Name/Address:

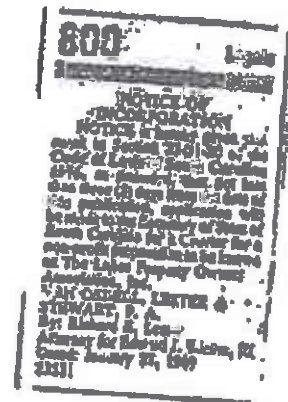
Van Ondell Law Firm
1301 48th Avenue North
Myrtle Beach, S.C. 29577

NEWSPAPER

The Sun News

DATES

January 30, 1989



AFFIDAVIT OF PUBLICATION: State of South Carolina
County of Horry

Before me, a Notary Public, personally appeared - J. Michael Pat., who, after being duly sworn, deposes and says: That he is publisher of The Sun Publishing Company Inc., at Myrtle Beach, SC. In the county and state aforesaid: that the above ad (s) was (were) printed and published in said newspaper, on said date (s).

J. Michael Pat.

J. Michael Pat.

Sworn to and subscribed before me this 30 day of January 1989

K. L. W. W. W.
Notary Public

My Commission Expires April 5, 1993