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DECLARATION OF PROTECTIVE COVENANTS AND EASEMENTS

FOR

THE HERITAGE AT DUNES WEST TOWNHOMES

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TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Name</u>
"A"	Property Submitted
"B"	Bylaws of The Heritage at Dunes West Townhome Association, Inc.

DECLARATION OF PROTECTIVE COVENANTS AND EASEMENTS

FOR

THE HERITAGE AT DUNES WEST TOWNHOMES

THIS DECLARATION is made on the date hereinafter set forth by John Wieland Homes and Neighborhoods of the Carolinas, Inc., a Georgia corporation (hereinafter referred to as "Declarant").

WITNESSETH

WHEREAS, Declarant is the owner, or if not the owner, the authorized agent of the owner, of the real property, which is located in Charleston County, South Carolina, and is described in Exhibit "A" of this Declaration, attached hereto and incorporated herein by reference.

WHEREAS, Declarant desires to subject the real property described in Exhibit "A" hereof, including the improvements thereon, to the provisions of this Declaration to create a residential community and to provide for the submission of other real property to the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that the real property described in Exhibit "A" of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title and assigns, and shall inure to the benefit of each and every owner of all or any portion thereof.

Article I
Definitions

The following words, when used in this Declaration or in any amendment thereof (unless the context shall prohibit), shall have the following meanings:

(a) "Architectural Control Committee" or "ACC" shall mean the board established pursuant to Article V, Section 2 of the Declaration with the duties, power and authority as provided in this Declaration and the Master Declaration.

(b) "Area of Common Responsibility" shall mean and refer to the Common Property, together with those areas, if any, which by the terms of this Declaration or by contract or agreement with any other Person or entity become the responsibility of the Association.

(c) "Association" shall mean and refer to The Heritage at Dunes West Townhome Association, Inc., a nonprofit South Carolina corporation, its successors and assigns.

(d) "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under South Carolina corporate law.

(e) "Building" shall mean a group of Townhomes connected by common interior walls as shown on the recorded plats for this Community.

(f) "Bylaws" shall refer to the Bylaws of The Heritage at Dunes West Townhome Association, Inc., attached to this Declaration as Exhibit "B" and incorporated herein by this reference.

(g) "Common Expense" shall mean the expenses incurred or anticipated to be incurred by the Association for the general benefit of the Community, including, but not limited to, those expenses incurred for maintaining, repairing, replacing and operating the Common Property as provided for herein.

(h) "Common Property" shall mean any and all real and personal property, together with any facilities and improvements located thereon, now or hereafter owned in fee by the Association.

(i) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "A", attached hereto.

(j) "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, must be consistent with the Community-Wide Standard originally established by Declarant.

(k) "Declarant" shall mean and refer to John Wieland Homes and Neighborhoods of the Carolinas, Inc., a Georgia corporation, and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "A", attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as "Declarant" hereunder by the grantor of such conveyance, which grantor shall be "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "A", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one Person or legal entity entitled to exercise the rights and powers of "Declarant" hereunder at any one point in time.

(l) "Majority" means those eligible votes, Owners or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

(m) "Master Association" shall mean Dunes West Property Owners Association, Inc., South Carolina non-profit corporation, its successors and assigns; organized under the laws of the State of South Carolina to administer the Master Declaration.

(n) "Master Declaration" shall mean that certain Declaration of Covenants and Restrictions for Dunes West, executed September 18, 1999 and recorded in Book W-188, Page 68, as amended, Charleston County, South Carolina records.

(o) "Mortgage" means any mortgage, deed to secure debt, and any and all other similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

(p) "Mortgagee" shall mean the holder of a Mortgage.

(q) "Occupant" shall mean any Person occupying all or any portion of a Townhome or other property located within the Community for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

(r) "Owner" shall mean and refer to the record owner, whether one or more Persons, of the fee simple title to any Townhome located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(s) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

(t) "Total Association Vote" means all of the votes attributable to members of the Association (including votes of Declarant) and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community).

(u) "Townhome" shall mean any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single dwelling site (whether an attached or detached dwelling), as shown on any plats for the Community, or amendments or supplements thereto, recorded in the land records for the county where the Community is located. If a dwelling upon a Townhome lot is attached by party wall(s) to one or more other dwellings, the boundary between Townhomes shall be a line running along the center of the party wall(s) separating the Townhomes. The ownership of each Townhome shall include the exclusive right to possession of any and all portions of the heating and air conditioning units which are appurtenant to and serve each Townhome (including, but not limited to, furnaces, compressors, conduits, wires and pipes), regardless of the location of such units, and of any porch, deck, patio, sunroom or any similar appurtenance as may be attached to a Townhome when such Townhome is initially constructed. The ownership of each Townhome shall also include, and there shall pass with each Townhome as an appurtenance thereto, whether or not separately described. The Association acknowledges and consents that certain appurtenances described above may encroach upon the Common Property, but that such encroachments are not a detriment, but

rather a benefit to the Community. Consequently, such appurtenances shall be considered a part of the Townhome, maintained as provided in the Declaration, and allowed to encroach upon the Common Property; provided, however, no such appurtenant structure may be altered, changed or enlarged except in accordance with pertinent provisions of this Declaration.

Article II

Property Subject to this Declaration

Section 1. Property Hereby Subjected to this Declaration. The real property described in Exhibit "A" attached hereto and by reference made a part hereof is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied and mortgaged or otherwise encumbered subject to this Declaration.

Article III

Association Membership and Voting Rights

Section 1. Membership. Every Person who is the record owner of a fee or undivided fee interest in any Townhome that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one membership per Townhome. In the event of multiple Owners of a Townhome, votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Townhome. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one vote be cast for each Townhome owned.

Section 2. Voting. Members shall be entitled to one vote for each Townhome owned. When more than one Person holds an ownership interest in any Townhome, the vote for such Townhome shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Townhome's vote shall be suspended if more than one Person seeks to exercise it.

Article IV

Assessments

Section 1. Purpose of Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, welfare, common benefit and enjoyment of the Owners and Occupants of Townhomes, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Townhome, by acceptance of a deed therefore, whether or not it shall be so expressed

in such deed, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Townhome which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest on the principal amount due at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum, costs and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Townhome against which each assessment is made. Each such assessment, together with late charges, interest, costs and reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such Townhome at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of a Townhome, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

The Association shall, within ten (10) days after receiving a written request therefore and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Townhome have been paid. A properly executed certificate of the Association as to the status of assessments on a Townhome shall be binding upon the Association as of the date of issuance.

Assessments shall be paid at a uniform rate per Townhome in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of assessments for delinquents. Unless otherwise provided by the Board, assessments shall be paid in monthly installments.

The monthly costs of operating the Association may fluctuate dramatically during each budget year. Therefore, the Board is not required to prorate the assessment obligation of any Owner who has not lived in the Community for a full year. For example, if the bulk of the costs of operating the Association are likely to be incurred in the summer months, any Owner moving into the Community after the beginning of the budget year but prior to the summer months may be required to pay full assessments.

Section 3. Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessment to be levied against each Townhome for the year (or portion thereof in the case of the initial budget) to be delivered to each member at least thirty (30) days prior to the due date for payment of the assessment (or the first installment thereof). The assessment shall become effective unless disapproved at a meeting by a Majority of the Total Association Vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for

the then current year shall continue for the succeeding year.

Section 4. Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments. So long as the total amount of special assessments allocable to each Townhome does not exceed Five Hundred Dollars (\$500.00) in any one fiscal year, the Board may impose the special assessment. Except as provided in Article VIII, Section 2 hereof, any special assessment which would cause the amount of special assessments allocable to any Townhome to exceed this limitation shall be effective only if approved by a Majority of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. Lien for Assessments. All sums assessed against any Townhome pursuant to this Declaration, together with late charges, interest, costs and reasonable attorney's fees actually incurred, as provided herein, shall be secured by a lien on such Townhome in favor of the Association, and the Association shall be entitled to file such a lien in the land records of the county in which the Townhome is located. Such lien shall be superior to all other liens and encumbrances on such Townhome, except for (a) liens of ad valorem taxes, or (b) liens for all sums unpaid on a first Mortgage, or (c) liens for all sums on any Mortgage to Declarant duly recorded in the land records of the county where the Community is located and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument.

All other Persons acquiring liens or encumbrances on any Townhome after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Section 6. Effect of Nonpayment of Assessments: Remedies of the Association. Any sums (including assessments or installments thereof) assessed against any Townhome pursuant to this Declaration which are not paid when due shall be delinquent. Any such sums delinquent for a period of more than ten (10) days shall incur a late charge in such amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If any such sums are not paid within thirty (30) days after the due date, the Board may accelerate and declare immediately due all such sums (including annual assessments or installments thereof) without any further notice being given to the delinquent Owner, and a lien, as herein provided, shall attach. Such lien shall include the late charge, interest on the principal amount due at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum, all late charges from the date first due and payable, all costs of collection, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law.

If any sum assessed against any Townhome pursuant to this Declaration remains unpaid after sixty (60) days from the due date, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring

all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Townhome at any foreclosure sale or to acquire, hold, lease, mortgage or convey the same.

If any sum assessed against any Townhome pursuant to this Declaration is delinquent for sixty (60) days or more, in addition to all other rights provided in this Declaration, the Association shall have the right, upon ten (10) days written notice, to suspend any utility services the cost of which are a common expense of the Association, including, but not limited to, water, electricity, heat, air conditioning, gas and cable television to that Townhome, until such time as the delinquent amounts and all costs permitted pursuant to this paragraph are paid in full. Any costs incurred by the Association in discontinuing and/or reconnecting any utility service, including reasonable attorney's fees, shall be an assessment against the Townhome and shall be collected as provided herein for the collection of assessments. The notice requirement of this paragraph shall be deemed complied with if the notice is sent by certified mail to the Townhome address and to any other address the Owner of the Townhome has provided in writing to the Association.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Townhome. No diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the Bylaws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance or order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs and attorney's fees, then to late charges, then interest and then to delinquent assessments.

Section 7. Date of Commencement of Assessments/Assessment Obligation of Declarant.

(a) The assessments provided for herein shall commence as to all Townhomes subject to assessment hereunder as of the first day of the calendar year in which the first Townhome is conveyed by Declarant to a Person other than Declarant. All assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. All assessments shall be rounded up to the nearest dollar and payable as such.

(b) After the commencement of assessment payments as to any Townhome, Declarant and its affiliates, on behalf of themselves and their respective successors and assigns, covenant and agree to pay the full amount of the assessments provided herein for each Townhome owned by Declarant or its affiliates containing an occupied residence; provided, however, each Townhome owned by Declarant or its affiliates which does not contain an occupied residence shall not be subject

to any assessment provided for herein.

(c) Any Townhome which has been approved by Declarant for use as a model home for marketing and sales purposes shall not be deemed to be occupied for residential purposes and shall not be subject to assessments under this Declaration whether owned by Declarant or any other Person, so long as such Townhome is approved for use as a model home and is not occupied for residential purposes.

(d) Notwithstanding anything to the contrary herein, the Declarant and its affiliates may contribute assessments due from them in services or materials or a combination of services and materials, rather than in money (herein collectively called "in kind contribution"). The amount by which monetary assessments shall be decreased as a result of any in kind contribution shall be the fair market value of the contribution. If the Declarant, or its affiliate, as the case may be, and the Association agree as to the value of any contribution, the value shall be as agreed. If the Association and the Declarant, or its affiliate, as the case may be, cannot agree as to the value of any contribution, the Declarant, or its affiliate, as the case may be, shall supply the Association with a detailed explanation of the service performed and materials furnished, and the Association shall acquire bids for performing like services and furnishing like materials from three (3) independent contractors, approved by the Declarant, or its affiliate, as the case may be, who are in the business of providing such services and materials. If the Association and the Declarant, or its affiliate, as the case may be, are still unable to agree on the value of the contribution, the value shall be deemed to be the average of the bids received from the independent contractors.

Section 8. Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. Fines levied pursuant to Article XII, Section 1 of this Declaration and the costs of maintenance performed by the Association for which the Owner is responsible under Article VI, Section 2 of this Declaration shall be specific assessments. The Board may also specifically assess Townhomes for the following Association expenses:

(a) Expenses of the Association which benefit less than all of the Townhomes may be specifically assessed equitably among all of the Townhomes which are benefited according to the benefit received.

(b) Expenses of the Association which benefit all Townhomes, but which do not provide an equal benefit to all Townhomes, may be assessed equitably among all Townhomes according to the benefit received.

Section 9. Capitalization of Association. Upon acquisition of record title to a Townhome by the first Owner thereof other than Declarant or its affiliates, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal

to two (2) months of the then current monthly assessment per Townhome for that year with the exact amount to be determined from time to time by the Board. This contribution shall be in addition to, not in lieu of, any other assessments levied on the Townhome and shall not in any way be construed as part of or identical to any such assessments or as an advance payment of any such assessments. This contribution shall be collected at the closing of the Townhome and disbursed to the Association for use in covering operating and other expenses (including reserves) incurred by the Association pursuant to the terms of the Declaration and these Bylaws.

Section 10. Budget Deficits during Declarant Control. For so long as Declarant has the authority to appoint the directors and officers of the Association, Declarant may (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of Declarant, or (b) cause the Association to borrow such amount from a commercial lending institution at the then-prevailing rates for such a loan in the local area of the Community. Declarant in its sole discretion may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan.

Article V **Architectural Controls**

Section 1. Architectural Standards. Except as provided herein, no Owner, Occupant, or any other Person (including, without limitation, the Association) may make any encroachment onto Common Property, or make any exterior change, alteration, or construction in or to a Townhome (including painting, utility work and/or alteration, installation of alarms and/or alarm systems, and landscaping), nor erect, place or post any object, sign, clothesline, speaker, playground equipment, light, storm door or window, door knob or knocker, artificial vegetation, woodpiles, exterior sculpture, fountains, flags, or thing on the exterior of the Townhomes (except for reasonable seasonal decorations displayed in only windows between Thanksgiving and January 15), in any windows (except window treatments as provided herein), or on any Common Property without first obtaining the prior written approval of the Architectural Control Committee (ACC); in addition to approval by the ACC, any and all of the foregoing shall be subject to prior written approval by the Master Association, as provided in the Master Declaration. Any application vetoed or disapproved by the Master Association shall be disapproved by the ACC, Board and Association. The standard for approval of such improvements shall include, but not be limited to, aesthetic consideration, materials to be used, harmony with the external design of the existing buildings, Townhomes and structures, and the location in relation to surrounding structures and topography. Notwithstanding the above, Declarant and its affiliates shall not be required to obtain any approvals under this Section.

Applications for approval of any such modification or addition shall be in writing and shall provide such information as the ACC or Master Association may reasonably require. The Master Association and the ACC shall be the sole arbiters of such application and each may withhold approval

for any reason, including purely aesthetic considerations, and each shall be entitled to stop any construction which is not in conformance with approved plans. Pursuant to the terms of Article 5 of the Master Declaration, any application for additions or alterations approved by the ACC shall be immediately forwarded to the Master Association's architectural control authority for review as provided in the Master Declaration. If an application is vetoed by the Master Association, the notice to the Owner shall so state and shall set forth any appeal rights that may be provided. The Board or ACC may publish written architectural standards for exterior, interior and Common Property alterations or additions. Any such architectural standards shall be submitted to, and shall be subject to prior written approval by, the Master Association architectural control authority.

If the ACC or Master Association fails to approve or to disapprove such application within forty-five (45) days after the application and all information as may be reasonably required have been actually received by it, approval will not be required and this subsection will be deemed complied with; provided, however, even if the requirements of this subsection are satisfied, nothing herein shall authorize anyone to construct or maintain any structure or improvement that is otherwise in violation of the Declaration, the Bylaws, or the rules and regulations, or in violation of the Master Declaration or the Master Association's bylaws and rules and regulations.

Section 2. Architectural Control Committee. The ACC shall constitute a standing committee of the Association and shall consist of the Board unless the Board delegates to other Owners the authority to serve on the ACC. The chairperson of the ACC shall be a Board member.

Section 3. Condition of Approval. As a condition of approval for requested construction, change, addition, or alteration, an Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance of such construction, change, modification, addition, or alteration. It is the responsibility of each Owner to determine on such Owner's own behalf what modifications have been made to such Owner's Townhome by any predecessor-in-interest. In the discretion of the ACC and/or Master Association, an Owner may be made to verify such condition of approval by written instrument in recordable form acknowledged by such Owner. The ACC and/or Master Association also may establish such other conditions of approval as each may determine necessary or appropriate, including reasonable construction commencement and completion times.

Section 4. Limitation of Liability. Review and approval of any application hereunder may be made on any basis, including solely the basis of aesthetic considerations only. The Board, the ACC, their respective members, and the Association, the Master Association, the Declarant and its affiliates, and their respective officers, directors, employees and agents, shall not bear any responsibility for ensuring the design quality, structural integrity or soundness of approved construction or modifications, or for ensuring compliance with building codes, zoning regulations and other governmental requirements. The Board, the ACC, their respective members, and the Association, the Master Association, the Declarant and its affiliates, and their respective officers, directors, employees and agents, shall not be held liable for any injury, damages or loss arising out of the manner or quality of approved construction on or modifications to any Townhome.

Section 5. No Waiver of Future Approvals. Each Owner acknowledges that the Board,

ACC members and representatives of the Master Association will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly. Each Owner further acknowledges that different architectural and other standards may be adopted and/or applied for different parts of the Community, based on street visibility, location of proposed modification in a building, or other criteria reasonably determined. Approval hereunder shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

Section 6. Enforcement. Any construction, alteration, or other work done in violation of this Section shall be deemed to be nonconforming. Upon written request from the Board, Owners shall, at their own cost and expense, remove such construction, alteration, or other work and shall restore the property to substantially the same condition as existed prior to the construction, alteration, or other work. Should an Owner fail to do so, the Board shall have the right to enter the property and do so. All costs thereof, including, without limitation, reasonable attorney's fees, shall be chargeable to, and collectable from, such Owner and/or shall be an assessment and lien against such Owner's Townhome, collectable in the manner provided under Article VI of the Bylaws for the collection of assessments.

In addition, the Board shall have the authority and standing, on behalf of the Association, to impose reasonable fines for violation of this Section. The Board, on behalf of the Association, may pursue all legal and equitable remedies available to enforce the provisions of this Section and decisions made pursuant thereto. Furthermore, the Board shall have the authority to record, in the land records of the county in which the Townhome is located, notices of violation of the provisions of this Section.

If any Owner or Occupant makes any change, alteration, or construction (including landscaping) upon Common Property in violation hereof, such Owner or Occupant does so at such Owner's or Occupant's sole risk and expense, and subject to possible removal by the Board or Master Association at any time. However, if the change, alteration or construction is permitted to remain on the Common Property, it shall so remain without reimbursement to the Owner or Occupant for any expense such Owner or Occupant may have incurred in making the change, alteration or construction.

Any and all rights and powers vested in the Master Association under this Section may be exercised by and through the Master Association's board of directors, on behalf of the Master Association.

Section 7. Commencement and Completion of Construction. All changes, modifications and improvements approved hereunder must be commenced within one hundred eighty (180) days from the date of approval. If such work is not commenced within such time period, then such approval shall be deemed revoked, unless the ACC (with prior approval from the Master Association) gives a written extension for commencing the work. All work approved hereunder shall be completed in its entirety within ninety (90) days from the date of commencement, unless otherwise agreed in writing by the ACC (with prior approval from the Master Association).

All approved changes, modifications, and improvements must be completed in their entirety. An Owner may not construct only a portion or part of an approved change, modification, or improvement.

Section 8. Lighting. Notwithstanding any other provision herein, the following exterior lighting may be installed without the necessity of obtaining the prior approval of the Board or its designee: (1) seasonal decorative lights during the Christmas season; (2) illumination of model homes and entrance features constructed by Declarant or its affiliates; and (3) other lighting originally installed by the Declarant or its affiliates. Plans for all other exterior lighting must be submitted and approved in accordance with the provisions herein. Decorative post lights will not be approved unless they conform with established street lighting.

Article VI **Maintenance**

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping, paving and other improvements situated on the Common Property. The Association shall also maintain (i) all entry features for the Community, to the extent such areas are not maintained on an ongoing basis by a governmental entity or the Master Association, (ii) any private Community Streets and alleys including street signs, if any, originally installed by Declarant or its affiliates, to the extent such areas are not maintained on an ongoing basis by a governmental entity or the Master Association, (iii) all drainage detention and retention areas which were originally maintained by Declarant or its affiliates, to the extent such areas are not maintained on an ongoing basis by a governmental entity or the Master Association, and (iv) all water and sewer pipes or facilities which serve more than one (1) Townhome, whether located within or without the Townhome's boundaries, to the extent that such pipes and facilities are not maintained by public, private or municipal utility companies, or by the Master Association. The Association shall also maintain all property outside of Townhomes located within the Community which was originally maintained by Declarant or its affiliates.

The Association shall also maintain and keep in good repair the Area of Common Responsibility which shall be deemed to include the following: (a) exterior surfaces of garage doors (but the Townhome Owner shall be responsible for the operation of the garage doors), (b) mowing and maintenance of all grass within the Community (except for grass enclosed within fences and/or structures on the Townhome), (c) all roofs, downspouts and gutters, (d) all exterior building surfaces with the exception of hardware and glass; provided, however, the Association shall not be responsible for waterproofing foundations either above or below grade, and (e) all driveways. Specifically excluded from the Area of Common Responsibility shall be the following: (1) walkways, steps, decks (whether enclosed or not) and deck surfaces, patios (whether enclosed or not) and patio surfaces and landscaping within the patios, planters or courtyards, if any, of the Townhomes, (2) HVAC or similar equipment located outside the Townhomes, (3) all doors, including screen and storm doors, hinges, frames and door frames and hardware which are part of the entry system, (4) hose bibs contained in exterior walls of a Townhome, (5) lighting fixtures pertaining to a particular Townhome and being located outside an entryway or in a garage,

(6) window screens, window frames and glass, (7) foundations and footings, including waterproofing, and (8) pipes which serve only one (1) Townhome whether located within or without the Townhome's boundaries. Upon resolution of the Board of Directors and approval of a Majority of the Total Association Vote, the Association may assume responsibility for providing additional exterior maintenance of a Townhome.

The Association may, but shall not be obligated to, maintain, repair or replace, as necessary, all mailboxes or mailbox posts located within the Community. In addition, the Association shall have the right, but not the obligation, to maintain property not owned by the Association where the Board has determined that such maintenance would benefit all Owners.

There is hereby granted to the Association a blanket easement upon, across, over and under all property within the Community for access, ingress and egress as necessary to permit the Association to perform its maintenance responsibilities hereunder. The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

The Association shall not be liable for injury or damage to person or property caused by or resulting from the elements, the Owner of any Townhome, any other person, any utility, rain, snow or ice which may leak or flow from any portion of the Common Property, or any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain hereunder. The Association shall not be liable to any Owner, or any Owner's Occupants, guests or family, for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Property. The Association shall not be liable to any Owner, or any Owner's Occupants, guests or family, for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities hereunder where such damage or injury is not a foreseeable, natural result of the Association's failure to discharge its responsibilities.

The Association shall repair incidental damage to any Townhome resulting from performance of work which is the responsibility of the Association. In performing its responsibilities hereunder, the Association shall have the authority to delegate to such Persons of its choice such duties as are approved by the Board of Directors.

Except as provided above, the Association shall maintain part or all of the yards and an easement is hereby reserved for such maintenance. Similarly situated Townhomes are to be treated the same with regard to yard maintenance. Maintenance of yards by the Association shall be performed at the expense of the Association and shall include maintenance only and shall not include any responsibility for replacing dead or dying grass, bushes, shrubs, trees, or other vegetation. Such maintenance shall be performed at a level to be determined in the sole discretion of the Board; provided, however, that all Townhome yards maintained by the Association must be maintained according to the same standard. In addition, the Board may decide that the Association shall maintain any or all vegetation originally planted or placed by the Declarant or its affiliates on the areas to be maintained by the Association as provided above. Owners shall have the right to add planters, trees, shrubs, bushes, plants and other vegetation to the portions of the Townhome maintained by the Association so long as such additions otherwise comply with this Declaration, but any of these additions shall be maintained by the Owner. Owners shall have the right, but not the

obligation, to contract individually with the Association's landscape contractor to maintain those portions of the Townhome which the Association does not maintain. No Owner shall be entitled to a diminution in assessments hereunder due to the fact that such Owner has a smaller yard area to be maintained by the Association than other Owners, whether by reason of a garage, approved fencing or any other reason.

Section 2. Owner's Responsibility. Except as provided in Section 1 above, all maintenance of the Townhome shall be the sole responsibility of the Owner thereof. In addition, the Owner shall maintain all pipes, lines, ducts, conduits or other apparatus which serve only the Townhome, whether located within or without a Townhome's boundaries (including all gas, electricity, water, sewer and air conditioning pipes, lines, ducts, conduits and other apparatus serving only the Townhome). Such maintenance shall be performed in a manner consistent with this Declaration and the Community-Wide Standard. Any maintenance which involves an exterior change, including, without limitation, repainting of the exterior of improvements in a different color, shall require prior approval of the Board or its designee pursuant to Article VII, Section 16 of this Declaration.

Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Property by an Owner or Occupant which is the responsibility of the Association hereunder (including, but not limited to, landscaping of Common Property) shall be performed at the sole expense of such Owner or Occupant, and the Owner or Occupant shall not be entitled to reimbursement from the Association, even if the Association accepts the maintenance or repair.

Each Owner shall be obligated:

- (a) to perform his or her responsibility in such manner so as not to unreasonably disturb other persons in other Townhomes;
- (b) to promptly report to the Association or its agent any defect or need for repairs for which the Association is responsible; and
- (c) not to make any alterations in the portions of the Townhome which are to be maintained by the Association, remove any portion thereof, make any additions thereto, or do anything with respect to the exterior or interior of the Townhome which would or might jeopardize or impair the safety or soundness of any Townhome, without first obtaining the written consent of the Board and all Townhome Owners and Mortgagees of the Townhomes affected, and each Owner shall also be obligated not to impair any easement without first obtaining written consent of the Association and of the Townhome Owner or Owners and their Mortgagees for whose benefit such easement exists.

Section 3. Failure to Maintain. If the Board of Directors determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair or replacement of items for which such Owner is responsible, then the Association shall give the Owner written notice of the Owner's failure or refusal and of the

Association's right to provide necessary maintenance, repair or replacement at the Owner's cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary by the Board of Directors.

Unless the Board of Directors determines that an emergency exists, the Owner shall have ten (10) days from the date of the notice within which to complete maintenance or repair, or if the maintenance or repair is not capable of completion within such time period, to commence replacement or repair within such ten (10) day period and diligently pursue completion of such replacement or repair. If the Board determines that an emergency exists or that an Owner has not complied with the demand given by the Association as herein provided, the Association may provide any such maintenance, repair or replacement at the Owner's sole cost and expense, and such costs shall be added to and become a part of the assessment to which such Owner is subject, shall become and be a lien against the Townhome, and shall be collected as provided herein for the collection of assessments.

If the Board determines that the need for maintenance or repair is in the Area of Common Responsibility and is caused through the willful or negligent act of any Owner or Occupant or their family, guests, lessees or invitees, then the Association may assess the cost of any such maintenance, repair or replacement against the Owner's or Occupant's Townhome, which shall become a lien against the Townhome and shall be collected as provided herein for the collection of assessments.

Section 4. Measures Related to Insurance Coverage.

(a) The Board of Directors, upon resolution, shall have the authority to require all or any Townhome Owner(s) to do any act or perform any work involving portions of the Community that are the maintenance responsibility of the Townhome Owner which will, in the Board's sole discretion, decrease the possibility of fire or other damage to any improvements located in the Community, reduce the insurance premium paid by the Association for any insurance coverage, or otherwise assist the Board in procuring or maintaining such insurance coverage. This authority shall include, but need not be limited to, requiring all Owners to turn off cut-off valves, which may now or hereafter be installed, during winter months for outside water spigots; requiring Owners to insulate pipes sufficiently or take other preventive measures to prevent freezing of water pipes; requiring Owners to install smoke detectors; requiring Owners to make improvements to the Owner's Townhome; and such other measures as the Board may reasonably require, so long as the cost of such work does not exceed Five Hundred Dollars (\$500.00) per Townhome in any twelve (12) month period.

(b) In addition to, and not in limitation of, any other rights the Association may have, if any Townhome Owner does not comply with any reasonable requirement made by the Board pursuant to Section 4(a) above, the Association, upon fifteen (15) days' written notice (during which period the Townhome Owner may perform the required act or work without further liability), may perform such required act or work at the Townhome Owner's sole cost. Such cost shall be an assessment and a lien against the Townhome and shall be collected as provided herein for the collection of assessments. The Association shall have all rights necessary to implement the requirements mandated by the Board pursuant to Section 4(a) above, including, but not limited to, a

right of entry during reasonable hours and after reasonable notice to the Owner or Occupant of the Townhome, except that access may be had at any time without notice in an emergency situation.

Section 5. Party Walls and Party Fences.

(a) General Rules of Law to Apply. Each wall or fence built as a part of the original construction of the Townhomes which shall serve and separate any two (2) adjoining Townhomes shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and fences and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

(c) Damage and Destruction. If a party wall or fence 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 wall may restore it, and if the other Owner or Owners thereafter make use of the wall or fence, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of any 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.

(e) Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefore by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a Majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Article VII

Use Restrictions and Rules

Section 1. General. This Article, beginning at Section 2, sets out certain use restrictions which must be complied with by all Owners and Occupants. These use restrictions may be amended only in the manner provided in Article XII, Section 4 hereof regarding amendment of this Declaration. The Board of Directors may, from time to time, without consent of the members, promulgate, modify or delete other use restrictions and rules and regulations applicable to the Townhomes and the Common Property. This authority shall include, but shall not be limited to, the right to limit the type and size and to set the maximum and minimum speeds of vehicles within the

Community. The Board shall also have the authority to impose all other necessary traffic and parking regulations and to restrict the maximum noise levels of vehicles in the Community. Such regulations and use restrictions shall be distributed to all Owners and Occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, canceled or modified in a regular or special meeting by a Majority of the Total Association Vote.

Section 2. Use of Townhomes. All Townhomes shall be used for single-family residential purposes exclusively, and no trade, business or business activity of any kind shall be carried on or conducted in, from or upon any Townhome or any part of the Community at any time without the prior written approval of the ACC, except that the Owner or Occupant residing in a Townhome may conduct such ancillary business activities within the Townhome so long as:

(i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside of the Townhome;

(ii) the business activity does not involve visitation of the Townhome by employees, clients, customers, suppliers or other business invitees in greater volume than would normally be expected for guest visitation to a Townhome without business activity;

(iii) the business activity is legal and conforms to all zoning requirements for the Community;

(iv) the business activity does not unreasonably increase traffic in the Community (other than by a reasonable number of deliveries by couriers, express mail carriers, parcel delivery services and other such similar delivery services);

(v) the business activity does not increase the insurance premium paid by the Association or Master Association, or otherwise negatively affect the Association's or Master Association's ability to obtain insurance coverage;

(vi) the business activity is consistent with the residential character of the Community and does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Community, as may be determined in the sole discretion of the ACC; and

(vii) the business activity does not result in a materially greater use of common facilities or Association services and/or Master Association facilities or service.

The terms "business" and "trade," as used herein, shall have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether (i) such activity is engaged in full- or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefore. Notwithstanding the above, the use of a Townhome by an on-site management agent operating on behalf of the Association or Master Association shall not be considered a trade or business within the meaning of this subsection.

Likewise, the establishment and use of a model home in a Townhome by the Declarant shall not be considered a trade or business within the meaning of this subsection. The Board shall have the sole discretion to determine what, if anything, is unreasonable about a particular business activity.

This Section shall not apply to activities of the Association or Master Association. Leasing of a Townhome shall not be considered a trade, business or business activity. Townhomes may be leased for residential purposes only.

Section 3. Signs. No sign of any kind, whether temporary or permanent, shall be erected or displayed within the Community without the prior written consent of the ACC except: (a) one (1) professional security sign consistent with the Community-Wide Standard not to exceed four inches (4") by four inches (4") in size displayed from within a Townhome; (b) such signs as may be required by legal proceedings; (c) signs erected by Declarant and its affiliates; (d) signs in connection with a bona-fide offer to sell or lease a Townhome, one (1) professionally lettered "For Sale" or "For Rent" sign consistent with the Community-Wide Standard may be displayed in the Townhome, but only if (i) the sign has a maximum area of four (4) square feet and (ii) the content of the sign and anything else attached to, associated with or in the vicinity of the sign states or conveys only that that the Townhome is for sale or for rent and the name and telephone number of the person to contact for additional information (any other type of "For Sale" or "For Rent" sign shall not be permitted in the Community); and (e) signs in connection with a political campaign, candidate yard signs consistent with the Community-Wide Standard displayed from a Townhome, but only if (i) the sign has a maximum area of four (4) square feet and (ii) the sign is displayed no sooner than thirty (30) days prior to the election and is removed within five (5) days after the election. The Board shall have the right to erect any reasonable and appropriate signs. The Board may impose a fine against any Owner or Occupant of up to Five Hundred Dollars (\$500.00) per day for violations of this Section, in addition to any other remedies of the Association. Any fine imposed pursuant to this Section shall be deemed an assessment against the Townhome and may be collected in the same manner as provided herein for collection of assessments.

Section 4. Vehicles/Parking. No Owner or Occupant may keep, store or bring into the Community more than a reasonable number of vehicles per Townhome at any time, as determined by the Board. The Board may adopt reasonable rules limiting the number of vehicles which may be parked at a Townhome. Vehicles may be parked only in driveways or other areas authorized in writing by the Board. Vehicles may be parked in the driveway and additional parking spot, if any serving a Townhome, only after all of the garage parking spaces serving such Townhome have vehicles parked in them.

Disabled and stored vehicles are prohibited from being parked in the Community. For purposes hereof, a vehicle shall be considered "disabled" if it does not have a current license tag or is obviously inoperable. A vehicle shall be considered "stored" if it remains in the Community for fourteen (14) consecutive days or longer without prior written Board permission (the intent of this provision is that vehicles not be stored in the Community, and the temporary removal of a vehicle to break the continuity of the fourteen (14) day period shall not be sufficient to establish compliance with this restriction).

Boats, trailers, panel trucks, buses, trucks with a load capacity of one (1) ton or more, vans (excluding mini-vans or utility vehicles used as non-commercial passenger vehicles and receiving a "car" or "passenger vehicle" classification by the South Carolina Department of Motor Vehicles), recreational vehicles (RVs and motor homes), vehicles used primarily for commercial purposes, and vehicles with commercial writings on their exteriors are also prohibited from being parked in the Community except in areas designated by the Board as parking areas for particular types of vehicles. Notwithstanding the above, trucks, vans, commercial vehicles and vehicles with commercial writings on their exteriors shall be allowed temporarily in the Community during normal business hours for the purpose of serving any Townhome or Common Property, but no such vehicle shall remain in the Community overnight or for any purpose, except serving a Townhome or Common Property, without prior written Board consent.

If any vehicle is parked in any portion of the Community in violation hereof or in violation of the Association's rules, the Board or agent of the Association may place a notice on the vehicle specifying the nature of the violation and stating that after twenty-four (24) hours the vehicle may be towed. The notice shall include the name and telephone number of an individual to contact regarding the alleged violation. A notice also shall be conspicuously placed at the Townhome stating the name and telephone number of the Person which will do the towing. If twenty-four (24) hours after such notice is placed on the vehicle the violation continues or occurs again within six (6) months of such notice, the vehicle may be towed in accordance with the notice, without further notice to the Owner or user of the vehicle.

If a vehicle is parked in a fire lane, is blocking another vehicle or access to a Townhome, garage or parking space, is obstructing the flow of traffic, is parked on any grassy area, is parked in a space which has been assigned as exclusively serving another Townhome, or otherwise creates a hazardous condition, no notice shall be required and the vehicle may be towed immediately. If a vehicle is towed in accordance with this subsection, the Developer, its affiliates, the Association, the Master Association, and any director, officer, employee or agent of any of the foregoing, shall not be liable to any Person for any claim of damage as a result of the towing activity. The Association's right to tow is in addition to, and not in limitation of, all other rights of the Association, including the right to assess fines. The Board may elect to impose fines or use other available sanctions, rather than exercise its authority to tow.

Section 5. Occupants Bound. All provisions of the Declaration and of any rules and regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants of any Townhome even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

Section 6. Animals and Pets. No Owner or Occupant may keep animals, other than a reasonable number of generally recognized household pets, in any portion of the Community, all as determined in the discretion of the Board. No Owner or Occupant may keep, breed or maintain any animal for any commercial purpose. No structure for the care, housing, or confinement of any animal shall be constructed or maintained on any part of the Townhome lot or Common Property

without prior written ACC approval. Dogs must be kept on a leash and be under the physical control of a responsible person at all times while outdoors, except that dogs need not be leashed within an enclosed balcony, deck, porch or fenced in yard when attended by a person. Any animal feces left upon the Common Property must be removed immediately by the owner of the animal or the person responsible for the animal.

No potbellied pigs, venomous snakes, pit bulldogs, rottweilers, Doberman pinchers, or other animals determined in the Board's sole discretion to be dangerous may be brought onto or kept in the Community at any time. The Board may require that any animal which, in the Board's opinion, endangers the health of any Owner or Occupant, or creates a nuisance or unreasonable disturbance, be permanently removed from the Community upon seven (7) days' written notice. If the Owner or Occupant fails to do so, the Board may remove the animal. Any animal which, in the Board's sole discretion, presents an immediate danger to the health, safety or property of any Person may be removed by the Board without prior notice to the animal's owner.

Any Owner or Occupant who keeps or maintains any animal in the Community shall be deemed to have agreed to indemnify and hold harmless the Association, the Developer and its affiliates, the Master Association, and the directors, officers, employees and agents of each of the foregoing, from and against any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Community.

Section 7. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly or unkempt condition on or within his or her Townhome. No Townhome shall be used, in whole or in part, for the storage of any property or thing that will cause such Townhome to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept upon or within any Townhome that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on upon or within any Townhome, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to any Person using any property adjacent to the Townhome. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Townhome unless required by law.

Section 8. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions shall not be pursued or undertaken in any part of the Community.

Section 9. Antennas and Satellite Dishes. No exterior antenna, receiving dish or similar apparatus of any kind for receiving or transmitting of radio or video signals shall be placed,

allowed or maintained upon any portion of the Community, including any Townhome, unless approved in accordance with the provisions herein; provided, however, no such approval shall be necessary to install (i) antennas designed to receive direct broadcast satellite services, including direct-to home satellite services, or to receive or transmit fixed wireless signals via satellite, so long as such antennas are one meter or less in diameter; (ii) antennas designed to receive video programming services via multi-point distribution services, or to receive or transmit fixed wireless signals other than via satellite, so long as such antennas are one meter or less in diameter or diagonal measurement; or (iii) antennas that are designed and intended to receive television broadcast signals.

Owners shall install any permitted antennae on the rear of the dwelling unless such installation (1) imposes unreasonable delay or prevents the use of the antennae; (2) unreasonably increases the cost of installation; or (3) an acceptable quality signal cannot otherwise be obtained. The Board and Developer (and its affiliates) reserve the right to (but shall not be obligated to) erect any type and size of master antenna, satellite dish or other similar master system for the benefit of the Community. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and Occupant agrees to comply with this provision despite the fact that the erection of an individual outdoor antenna or similar device would be the most cost-effective way to receive the signals sought to be received.

Section 10. Gardens, Basketball Goals, Etc. Any planting may be done only with the prior written approval of the ACC or its designee or in accordance with the guidelines previously established by the ACC or its designee. No vegetable garden, hammocks, statuary or recreational equipment (including basketball goals) may be placed, erected, allowed or maintained within the Community without the prior written consent of the ACC or its designee.

Section 11. Clotheslines, Garbage Cans, Woodpiles, Etc. No exterior clotheslines, woodpiles and other similar items of any type shall be permitted in the Community without the prior written consent of the ACC or its designee.

Garbage cans and other similar items shall be located or screened so as to be concealed from view of neighboring Townhomes, streets and property located adjacent to the Townhome. All rubbish, trash and garbage shall be regularly removed from the Townhome and shall not be allowed to accumulate thereon. No garbage or trash shall be placed on the Common Property, temporarily or otherwise, except as provided herein. Notwithstanding the foregoing, the Association reserves the right to provide and maintain a dumpster for the use of residents within the Community. Declarant, however, hereby expressly reserves the right to dump and bury rocks and trees on property within the Community as needed for efficient construction and to allow, in Declarant's sole discretion, Declarants and builders within the Community to do so. The Board of Directors may establish rules and regulations with regard to private trash pick-up within the Community. The Association may, but shall not be required to, contract with a private trash collection company to pick up all usual and customary household trash on a regular basis. Trash and recycling receptacles shall be placed at the curb no earlier than 5:00 p.m. the day before pick up and shall be removed within twenty-four (24) hours. Trash pick up shall also be subject to such reasonable rules and regulations as the Board of Directors may adopt.

Section 12. Subdivision of Townhome. No Townhome shall be subdivided or its

boundary lines changed except with the prior written approval of the ACC or its designee. Declarant, however, hereby expressly reserves the right to replat any Townhome(s) or other property in the Community. Any such division, boundary line change or replatting shall not be in violation of the applicable subdivision and zoning regulations.

Section 13. Firearms and Fireworks. The display or discharge of firearms or fireworks in the Community is prohibited; provided, however, that the display of lawful firearms is permitted by law enforcement officers and is also permitted for the limited purpose of transporting firearms to or from a Townhome. The term "firearms" includes "B-B" guns, pellet guns and small firearms of all types. The term "fireworks" shall include those items listed in Section 23-35-10 of the Code of Laws of South Carolina.

Section 14. Solar Devices. No artificial or man-made device which is designed or used for collection of or heating by solar energy or other similar purposes shall be placed, allowed or maintained upon any portion of the Community, including any Townhome, without the prior written consent of the ACC or its designee.

Section 15. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed or maintained upon any portion of the Community, except as installed by Declarant (or its affiliates) or the ACC, without the prior written consent of the ACC or its designee. The ACC or its designee may issue guidelines detailing acceptable fence styles or other specifications, but in no event may a chain link fence or a free-standing hog wire fence be approved.

Section 16. Exterior Colors. As provided in Article VI, Section 1 hereof, exterior maintenance of Townhomes, including, without limitation, painting, is the responsibility of the Association. Accordingly, Owners shall not paint or otherwise alter the exterior of any Townhome or improvements constructed or maintained thereon without the prior written consent of the ACC or its designee.

The exterior of all improvements, including, without limitation, residences, constructed, erected, allowed or maintained upon any Townhome must be painted or repainted in a color used by Declarant or its affiliates in the original construction and marketing of residences within the Community or in a color used by John Wieland Homes and Neighborhoods in the original construction and marketing of residences in any subdivision located within the same county as the Community.

Section 17. Mailboxes. No mailboxes and appurtenant posts and/or structures shall be erected without the prior written approval of the ACC or its designee. Generally, the foregoing must be of the same type and color as that originally installed by Declarant or its affiliates.

Section 18. Window Treatments. The color of all window treatments visible from outside the Townhome must be white or off-white. Bed sheets, blankets, paper and similar type items shall not be used as window treatments. No foil or other reflective material shall be used on any windows for sun screens, blinds, shades or any other purpose.

Section 19. Garage Sales. Garage sale, yard sale, flea market or similar activities are prohibited in the Community unless approved in writing by the Board. Any such activities that have been permitted by the Board shall be subject to all reasonable conditions imposed by the Board.

Section 20. Entry Features and Street Signs. Owners shall not alter, remove or add improvements to any entry features or street signs constructed within the Community, or any part of any easement area associated therewith, without the prior written consent of the ACC or its designee.

Section 21. Use of Common Property. There shall be no obstruction of the Common Property nor shall anything be kept, parked or stored on any part of the Common Property without the prior written consent of the Board.

Section 22. Prohibition of Damage. Without the prior written consent of the Board, nothing shall be done or kept in the Community which would increase the rate of insurance which the Association or the Master Association is obligated to obtain hereunder, which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body, or which would increase the common expenses of the Association or the Master Association. No Owner shall do any work which, in the reasonable opinion of the Board or its designee, would jeopardize the soundness or safety of the Community or any structure located within the Community, would reduce the value thereof, or would impair any easement or hereditament thereto, without in every such case the unanimous prior written consent of all members of the Association and their Mortgagees. No damage to or waste of the Common Property, or any part thereof, or of the exterior of any Townhome shall be permitted by any Owner or member of his or her family or any invitee of any Owner. Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner, members of his or her family, guests, invitees or Occupants of his or her Townhome.

Section 23. Heating of Townhomes during Colder Months. In order to prevent breakage of water pipes during colder months of the year resulting in damage to the Community, increased common expenses of the Association, and increased insurance premiums or cancellation of insurance policies due to numerous damage claims, the thermostats within the Townhomes shall be maintained with the heat in an "on" position and at a minimum temperature setting of fifty-five degrees (55°) Fahrenheit (except during power failures or periods when heating equipment is broken) whenever the temperature is forecasted to or does reach thirty-two degrees (32°) Fahrenheit or below. Owners and Occupants of Townhomes shall take all steps possible on a timely basis to keep heating equipment, including, but not limited to, the thermostat, in good working order and repair. At any time during the months specified above when the heating equipment is not working properly, the Owner or Occupant shall immediately inform the Association of this failure of the equipment and of the time needed to repair the equipment. The Board may fine any Owner or Occupant up to Five Hundred Dollars (\$500.00) for violation of this Section in addition to any other remedies of the Association. Any fine imposed pursuant to this Section shall be deemed an assessment against the Townhome and may be collected in the same manner as provided herein for collection of assessments.

Section 24. Swimming Pools. No swimming pools shall be permitted in the Community unless installed by Declarant.

Section 25. Detached and Converted Structures. No detached structures shall be placed, erected, allowed or maintained upon any Townhome or within the Community unless installed by Declarant, without the prior written consent of the ACC or its designee. All detached structures must be consistent in design materials and color with the dwelling on the Townhome. In no event shall any trailers, campers, vehicles, shacks, tents, any garages (attached and detached), barns or other structures be used as a residence or living space in any manner whatsoever, either temporarily or permanently, within the Community. Specifically, no garage, including, but not limited to, attached and detached garages, shall be utilized in any manner whatsoever as an additional living space or residence.

However, this Section shall not be construed to prevent Declarant and those engaged in development, construction, marketing, property management or sales from using sheds, trailers or other temporary structures for any of the foregoing purposes. In addition, nothing in this Declaration shall be construed to prevent Declarant from developing, constructing, marketing, or maintaining model homes or speculative housing within the Community.

Section 26. Noise. Owners and Occupants shall not undertake or pursue hobbies or other activities within a Townhome which can be heard in any other Townhome. Accordingly, no Owner or Occupant shall install a speaker of any kind in the common party wall of a Townhome.

Section 27. Window Air-Conditioning Townhomes. No window air conditioning units or window fans may be installed.

Section 28. Leasing. In order to preserve the character of the Community as predominantly owner-occupied, leasing of Townhomes shall be governed by the restrictions imposed by this Section. As used herein, "leasing" shall mean the regular, exclusive occupancy of a Townhome by any Person(s) other than the Owner for which the Owner receives any direct or indirect monetary or economic benefit; the occupancy of a Townhome by a roommate of an Owner then occupying a Townhome shall not constitute leasing. Except as provided herein, the leasing of Townhomes shall be prohibited.

(a) **General.** Owners desiring to lease their Townhomes may do so only if they have applied for and received from the Board either a "leasing permit" or a "hardship leasing permit." Such a permit, upon its issuance, will allow an Owner to lease such Owner's Townhome, provided that such leasing is in strict accordance with the terms of the permit and this Section. The Board shall have the authority to establish conditions as to the duration and use of such permits consistent with this Section. All leasing permits and hardship leasing permits shall be valid only as to a specific Owner and Townhome and shall not be transferable between either Townhomes or Owners (including a subsequent Owner of a Townhome where a permit was issued to the Owner's predecessor in title).

(b) **Leasing Permits.** An Owner's request for a leasing permit shall be approved if and only if current, outstanding leasing permits have not been issued for more than 30% of the

Townhomes in the entire Community. Declarant reserves the right to adjust the maximum percentage of leasing permits issued until such time as Declarant has surrendered control of the Association to the Homeowners. A leasing permit shall be automatically revoked upon the happening of any of the following events: (i) the sale or transfer of the Townhome to a third party [excluding sales or transfers to (a) an Owner's spouse, (b) a person cohabiting with the Owner, and (c) a corporation, partnership, company, or legal entity in which the Owner is a principal]; (ii) the failure of an Owner to lease such Owner's Townhome within 90 days of the leasing permit having been issued; or (iii) the failure of an Owner to have such Owner's Townhome leased for any consecutive six (6) month period thereafter. If current leasing permits have been issued for more than the numbers allowed as stated above, no additional leasing permits shall be issued (except for hardship leasing permits) until the number of outstanding current leasing permits falls below the numbers allowed as stated above. Owners who have been denied a leasing permit shall automatically be placed on a waiting list for a leasing permit and shall be issued the same if they so desire when the number of current outstanding leasing permits issued falls to or below the numbers allowed as stated above. The issuance of a hardship leasing permit to an Owner shall not cause the Owner to be removed from the waiting list for a leasing permit.

(c) Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board for a hardship leasing permit. The Board shall have the authority to issue or deny requests for hardship leasing permits in its discretion after considering the following factors: (i) the nature, degree, and likely duration of the hardship, (ii) the harm, if any, which will result to the Community if the permit is approved, (iii) the number of hardship leasing permits which have been issued to other Owners, (iv) the Owner's ability to cure the hardship, and (v) whether previous hardship leasing permits have been issued to the Owner. Hardship leasing permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional hardship leasing permits. Hardship leasing permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a leasing permit.

(d) Leasing Provisions. Leasing which is authorized, pursuant to a permit, hereunder shall be governed by the following provisions:

(i) Notice. At least seven (7) days prior to entering into the lease of a Townhome, the Owner shall provide the Board with a copy of the proposed lease agreement. The Board shall approve or disapprove the form of said lease. In the event a lease is disapproved, the Board shall notify the Owner of the requisite action to be taken in order to bring the lease in compliance with the Declaration and any rules and regulations adopted pursuant thereto.

(ii) General. Townhomes may be leased only in their entirety; no fraction or portion may be leased without prior written Board approval. All leases shall be in writing and in a form approved by the Board prior to the effective date of the lease. The Board may maintain and, upon request, provide a form which is deemed acceptable. There shall be no subleasing of Townhomes or assignment of leases without prior written Board approval. All leases must be for an initial term of not less than one (1) year, except with written Board approval, which shall not be unreasonably withheld in cases of undue hardship. Within ten (10) days after executing a lease agreement for the lease of a Townhome, the Owner shall provide the Board with a copy of the lease and the name of the lessee and

all other people occupying the Townhome. The Owner must provide the lessee copies of the Declaration, Bylaws, and the Association's rules and regulations, as well as the Master Declaration and the Master Association's bylaws and rules and regulations. Nothing herein shall be construed as giving the Association the right to approve or disapprove a proposed lessee; the Board's approval or disapproval shall be limited to the form of the proposed lease.

(iii) Liability for Assessments, Use of Common Property, and Compliance with Declaration, Bylaws, and Rules and Regulations. Each Owner covenants and agrees that any lease of a Townhome shall contain the following language and agrees that if such language is not expressly contained therein, then such language shall be incorporated into the lease by existence of this covenant, and the lessee, by occupancy of the Townhome, agrees to the applicability of this covenant and incorporation of the following language into the lease:

(A) Compliance with Declaration, Bylaws, and Rules and Regulations. The lessee shall comply with all provisions of the Declaration, Bylaws, and Association rules and regulations adopted pursuant thereto, as well as the Master Declaration and the Master Association's bylaws and rules and regulations (collectively, "Governing Documents"), and shall control the conduct of all other Occupants and guests of the leased Townhome in order to ensure such compliance. The Owner (lessor) shall cause all Occupants of such Owner's (lessor's) Townhome to comply with the Governing Documents and shall be responsible for all violations by such Occupants, notwithstanding the fact that such Occupants of the Townhome are fully liable and may be sanctioned for any such violation. If the lessee, or a person living with the lessee, violates the Governing Documents for which a fine is imposed, notice of the violation shall be given to the lessor and the lessee, and such fine may be assessed against the lessee in accordance with Article XII, Section 1 of the Declaration. If the fine is not paid by the lessee within the time period set by the Board, the lessor shall pay the fine upon notice from the Association of the lessee's failure to pay the fine. Unpaid fines shall constitute a lien against the Townhome.

Any violation of the Governing Documents by the lessee, any Occupant, or any guest of lessee, is deemed to be a default under the terms of the lease and authorizes the lessor to terminate the lease without liability and to evict the lessee in accordance with South Carolina law. The lessor hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee for breaches resulting from the violation of the Governing Documents, including, without limitation, the power and authority to evict the lessee as attorney-in-fact on behalf and for the benefit of the lessor, in accordance with the terms hereof. If the Association proceeds to evict the lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be an assessment and lien against the Townhome.

(B) Use of Common Property. The lessor transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the lessor has to use the Common Property and the Master Association common property, including, but not limited to, the use of any and all recreational facilities and other amenities.

(C) Liability for Assessments. If lessor fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable,

then lessor hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid annual and special assessments and other charges payable during and prior to the term of the lease and any other period of occupancy by lessee. However, lessee need not make such payments to the Association in excess of, or prior to the due dates for, monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply herewith, lessee shall pay to the Association all amounts authorized under the Declaration as if lessee were the owner of the Townhome. The above provision shall not be construed to release the lessor from any obligation, including the obligation for assessments, for which lessor would otherwise be responsible.

(e) Applicability. Notwithstanding the above, this Section shall not apply to any leasing transaction entered into by the Declarant, the Association, or the holder of any first Mortgage on a Townhome who becomes the Owner of a Townhome through foreclosure or any other means pursuant to the satisfaction of the indebtedness secured by such Mortgage, and they shall be permitted to lease without obtaining a permit.

Section 30. Transient Use and Abandoned Personal Property. No transient tenants or Occupants shall be accommodated in a Townhome.

Personal property, other than vehicles as provided for in Section 4 of this Article, is prohibited from being stored, kept, or allowed to remain for more than twenty-four (24) hours upon any portion of the Common Property, without prior written Board permission. If the Board determines that a violation exists, then, not less than two (2) days after written notice is placed on the personal property and/or on the front door of the property owner's Townhome, if known, the Board may remove the personal property and either discard or store the personal property in a location which the Board may determine, and the Board shall have no obligation to return or replace such property or reimburse the owner of the property. The notice shall include the name and telephone number of the Person to remove the property and the name and telephone number of an individual to contact regarding the alleged violation.

The Board, in its discretion, may determine that an emergency situation exists and may exercise its removal rights hereunder without prior notice to the property owner; provided, however, in such case, the Board shall give the property owner, if known, notice of the removal of the property and the location of the property within three (3) days after the property is removed.

The Developer, its affiliates, the Association, the Master Association, and any director, officer, employee or agent of any of the foregoing, shall not be liable to any Person for any claim of damage resulting from the removal activity in accordance herewith. The Board may elect to impose fines or use other available remedies, rather than exercise its authority to remove property hereunder.

Article VIII

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 insurance for all insurable improvements located on the Common Property or required to be maintained by the Association under Article VI, Section 1 hereof and blanket insurance for all Townhomes; provided, however, the Association's insurance shall not include the Townhome Owners' personal property (which shall be the sole responsibility of the Townhome Owner). This insurance shall cover loss or damage by fire, or other hazards, including extended coverage, vandalism and malicious mischief and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts.

If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall obtain a public liability policy applicable to the Common Property insuring 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 a combined single limit of at least One Million Dollars (\$1,000,000.00). If available at reasonable cost, as determined in the sole discretion of the Board, the Board shall also obtain directors' and officers' liability insurance.

The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through Declarant or its affiliates and to reimburse the Person so providing or arranging the insurance coverage for the cost thereof, and Declarant or its affiliates shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Owners upon Declarant or its affiliate, as the case may be, and the Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant or its affiliate, as the case may be, in obtaining such coverage. Notwithstanding anything contained in this Declaration to the contrary, the Board shall not be required to comply with the provisions of this Article if the Board has contracted for or otherwise arranged to obtain the required insurance coverage through Declarant or its affiliates.

Premiums for all insurance shall be Common Expenses of the Association. 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 insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective parties which may be benefitted by such insurance, as their interests may appear. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company authorized to do business in South Carolina.

(b) Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(c) 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, Occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

(d) All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement, if these are reasonably available, and all insurance policies shall be reviewed annually by one or more qualified Persons, at least one of whom must be in the real estate industry and familiar with construction in the county where the Community is located.

(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) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) that no policy may be canceled, subjected to nonrenewal, invalidated or suspended on account of any one or more individual Owners;

(iv) that no policy may be canceled, subjected to nonrenewal, invalidated or suspended on account of any defect or 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 or to cease the conduct and the allowance of a reasonable time thereafter within which a cure may be effected by the Association, its manager, any Owner or Mortgagee;

(v) that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

(vi) that no policy may be canceled, subjected to nonrenewal, or substantially modified without at least ten (10) days' prior written notice to the Association.

In addition to other insurance coverage required by this Section, the Board shall obtain workers compensation insurance, if and to the extent necessary to satisfy the requirements of applicable law, and, if available at reasonable cost, as determined in the sole discretion of the Board, a fidelity bond or employees dishonesty coverage covering directors, officers, employees and other Persons handling or responsible for the Association's funds. The amount of fidelity or employees dishonesty coverage, if obtained, shall be determined in the directors' best business judgment. Such coverage, if obtained, shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and shall not be subject to cancellation, nonrenewal or substantial modification without at least ten (10) days' prior written notice to the Association. The Association shall also obtain construction code endorsements, steam boiler coverage and flood insurance, if and to the extent necessary to satisfy the requirements of The Federal Home Loan Mortgage Corporation

or the Federal National Mortgage Association.

Section 2. Damage and Destruction.

(a) In General. Immediately after the damage or destruction by fire or other casualty to all or any portion of any improvement 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 property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessary to comply with applicable building codes.

(b) Repair and Reconstruction. Any damage or destruction to property required to be covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the Total Association Vote and the Owner or Owners of any damaged Townhome or Townhomes otherwise agree. 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 such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

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 Association's members, levy a special assessment against all Owners in proportion to the number of Townhomes owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

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 property shall be restored to its natural state and maintained as an undeveloped portion of the Community by the Association in a neat and attractive condition.

Section 3. Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one Townhome or a Townhome and the Common Property, the cost of the deductible may be apportioned and assessed equitably by the Board among the parties suffering loss in accordance with the total costs of repair, unless the insurance policy provides that the deductible will apply to each Townhome separately. If any Owner fails to pay the deductible when required hereunder, the

Association can pay the deductible and assess the cost to any such Owner pursuant to Article IV, Section 8 of this Declaration; provided, however, no Owner shall be assessed more than One Thousand Dollars (\$1,000.00) as the cost of the deductible for any one occurrence.

Article IX **Condemnation**

Whenever all or any part of the Common Property shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on behalf of the Association or on the written direction of all Owners of Townhomes subject to the taking, if any) by any authority having the power of condemnation or eminent domain, the Association shall represent the Owners. The award made for such taking shall be payable to the Association as trustee for all Owners. The provisions of Article VIII, Section 2 above, applicable to damage or destruction of property insured by the Association, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

Article X **Mortgagee Provisions**

The following provisions are for the benefit of holders of first Mortgages on Townhomes in the Community. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and the Townhome number) (therefore becoming an "eligible holder") will be entitled to timely written notice of:

(a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Townhome on which there is a first Mortgage held, insured or guaranteed by such eligible holder;

(b) any delinquency in the payment of assessments or charges owed by an Owner of a Townhome subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of a Townhome of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(d) any proposed action which would require the consent of a specified percentage of Mortgage holders.

Section 2. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Townhome in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

Section 3. Notice to Association. Upon request, each Townhome Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Townhome.

Section 4. Amendments by Board. Should the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 5. Applicability of Article X. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or South Carolina law for any of the acts set out in this Article.

Section 6. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Article XI **Easements**

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Townhome and such portion or portions of the Common Property adjacent thereto or as between adjacent Townhomes due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Townhome and the adjacent portion of the Common Property or as between adjacent Townhomes, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant or the Association.

Section 2. Easements for Use and Enjoyment.

(a) Every Owner of a Townhome shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to his Townhome, subject to the following provisions:

- (i) the right of the Association to charge reasonable admission and other fees for

the use of any portion of the Common Property, to limit the number of guests of Townhome Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests and invitees;

(ii) the right of the Association to suspend the voting rights of a Townhome Owner and the right of an Owner to use facilities available for use by the Community, if any, for any period during which any assessment against such Owner's Townhome which is hereby provided for remains unpaid; and, for a reasonable period of time, for an infraction of the Declaration, Bylaws, or rules and regulations;

(iii) the right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant and/or its affiliates, any Townhome or Townhome Owner, and/or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Townhome Owner encumbering any Townhome or other property located within the Community (any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, interests, options, easements or privileges herein reserved or established for the benefit of Declarant and/or its affiliates, any Townhome or Townhome Owner, and/or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Townhome Owner encumbering any Townhome or other property located within the Community); no such Mortgage given by the Association shall be effective unless an instrument agreeing to such Mortgage has been approved by Owners of at least two-thirds (2/3) of the Townhomes (other than Townhomes of Declarant so long as the consent of Declarant is required) and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex property to the Community); and

(iv) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by Declarant (so long as Declarant owns any property for development and/or sale within the Community or has the right unilaterally to annex additional property to the Community) and Owners representing at least two-thirds (2/3) of the Total Association Vote (other than Declarant so long as the consent of Declarant is required).

(b) Any Townhome Owner may delegate his or her right of use and enjoyment in and to the Common Property and facilities located thereon to the members of his family, his tenants and guests and shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Townhome if leased.

Section 3. Easements for Utilities. There is hereby granted to the Association blanket easements upon, across, above and under all property within the Community for access to, ingress to, egress from, installation of, repairing, replacing and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity utilities, as well as storm drainage and any other service, such as, but not limited to, a master television antenna system, cable television system, or security system, which Declarant or the Association might decide to have installed to serve the Community. It shall be expressly permissible for Declarant, the Association, or the designees of either, as the case may be, to install, repair, replace and maintain, or to authorize the installation, repairing, replacing and maintaining, of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. Easements for Association Maintenance. There is hereby expressly granted to the Association a perpetual easement across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article VI. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Owners' property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 5. Easements for Entry. In addition to the right of the Board to exercise self-help as provided in Article XII, Section 2 hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security and safety reasons, which right may be exercised by the manager and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 6. Easements for Maintenance and Repair. There shall be reciprocal appurtenant easements between adjacent Townhomes for the purpose of maintaining or repairing the improvements, including, without limitation, landscaping, located on each Townhome, which easement shall extend to a distance of not more than five (5) feet as measured from any point on the common boundary between the Townhomes and along a line perpendicular to such boundary at such point. The easement shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance or repair. The Townhome Owner exercising this easement right shall be liable for the prompt repair of any damage to the Townhome over which this easement is exercised which is caused by the maintenance or repair work. The damaged portions of such Townhome shall be restored to substantially the same condition as existed prior to the damage.

Section 7. Easements for Entry Features and Street Signs. There is hereby reserved to the Declarant, the Association, the Master Association, and the designee of either, an easement over and upon all of the Community for ingress to, egress from, installation, construction,

landscaping and maintenance of entry features and street signs for the Community. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around all entry features and the right to grade the land under and around the entry features.

Section 8. Easements for Encroachments. The dwellings located on the Townhomes may have certain eaves, roof overhangs, building materials and other structures attached to the walls and roofs of such dwellings which may encroach over or extend into the air space, improvements and/or real property located on adjoining or continuous Townhomes and/or Common Property. All of the Townhomes and the Common Property shall be subject to easements for encroachments and for the maintenance, repair and replacement thereof as a result of construction, reconstruction, repair, renovation, restoration, shifting, settlement or movement so long as such encroachment exists. If any such Townhome, including any dwelling located thereon, is damaged or destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, the Owner of such Townhome shall have an easement to reconstruct such encroachments in connection with the reconstruction of such dwelling. Easements shall also exist for encroachment upon the Common Property and/or Townhomes as necessary for the express purpose of maintenance, repair and restoration of any Townhome or structure located thereon. The easements shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance, repair and restoration. The Owner of the Townhome exercising the easement right shall be liable for the prompt repair of any damage to the property over which the easement is exercised which is caused by the maintenance, repair or restoration work. The damaged portions of such property shall be restored to substantially the same condition as existed prior to the damage.

Section 9. Easements for Driveway Turnaround. Each Townhome is hereby granted an appurtenant easement for encroachment onto adjacent Townhomes to a distance of not more than five (5) feet from the common boundary or boundaries with the adjacent Townhomes. This easement is for the sole purpose of the placement, existence, use and maintenance of a driveway turnaround as originally constructed on and to serve the Townhome. If the driveway turnaround on and serving the Townhome is originally constructed so as to not utilize portions of this easement, the portions of this easement not utilized (which could be all of this easement, as the case may be) shall terminate and be null and void forever and of no further force and effect at any time.

This easement shall be for the benefit of the Owner of the Townhome served by a driveway turnaround originally constructed in whole or in part on an adjacent Townhome and shall be solely for access to, and ingress and egress to and from, such Owner's Townhome by such Owner and his or her family members, invitees and designees in, upon, over and across the driveway turnaround serving such Owner's Townhome. No other Person shall be allowed to change, alter or diminish the rights of the Owner of the Townhome benefited by this easement to the use and enjoyment of the driveway turnaround serving such Owner's Townhome. The driveway turnaround shall be cleaned, maintained, repaired and replaced by the Owner of the Townhome served by the driveway turnaround. However, the Owner of the Townhome served by the driveway turnaround shall not in any way expand this easement/encroachment after initial construction on the Townhome.

Section 10. Townhome Owner - Easement for Utilities. Declarant hereby establishes for the benefit of each Townhome a nonexclusive easement for access to and installation, maintenance, repair, replacement and use of all pipes, wires, cables, conduits, utility lines, flues and ducts serving such Townhome and situated in, on or under any other Townhome or the Common Property. The Board, without a vote of the Owners, shall have the right, power and authority to grant permits, licenses, utility easements and other easements, permits or licenses under, through or over the Townhomes and/or the Common Property as may be necessary to or desirable for the proper maintenance and/or ongoing operation of the Community. If any Owner desires access to the attic or other areas of another Townhome or to the Common Property in order to install, maintain, repair or replace any utility pipe, wire, cable, conduit, utility line, flue or duct, the Owner shall contact the Owner of such other Townhome(s) or the Association, as the case may be, at least two (2) days in advance of the date that access is needed and attempt to agree on a convenient date and time for access by the Owner and the Owner's contractors. Access in emergency situations shall be granted immediately upon request. Any owner of property to which access is needed under this Section shall not unreasonably withhold, condition or delay such access. Rights exercised pursuant to this easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect Townhomes, other property and the property of Owners and Occupants, and damage shall be repaired by the Person causing the damage at its sole expense.

Article XII **General Provisions**

Section 1. Enforcement. Each Owner and every Occupant of a Townhome shall comply strictly with the Bylaws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions and restrictions set forth in this Declaration and in the deed to his or her Townhome, if any. The Board of Directors and/or the ACC may impose reasonable fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or the ACC, or, in a proper case, by an aggrieved Owner. Failure by the Association, the ACC or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board and the ACC shall each have the right to record in the appropriate land records a notice of violation of the Declaration, Bylaws, rules and regulations or use restrictions and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing. It is the intent of this Declaration that the ACC will be primarily responsible for enforcement of use restrictions and that the Board and the Association will be primarily responsible for maintenance activities. Accordingly, no Owner shall be subject to a fine or other sanction or remedy imposed by both the Board and the ACC arising out of the same act or occurrence.

Section 2. Self-Help. In addition to any other remedies provided for herein, the Association, the ACC or their respective duly authorized agent shall have the power to enter upon a Townhome or any portion of the Common Property to abate or remove, using such force as may be

reasonably necessary, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations or the use restrictions. Unless an emergency situation exists, the Board or the ACC, as the case may be, shall give the violating Townhome Owner ten (10) days' written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice and as otherwise provided herein. All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Townhome Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors and assigns, perpetually to the extent permitted by law; provided, however, if South Carolina law limits the period during which covenants restricting lands to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time any such provisions shall be (a) automatically extended for successive periods of ten (10) years, unless a written instrument reflecting disapproval signed by the then Owners of at least two-thirds (2/3) of the Townhomes and Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community) has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated to the extent specified therein; or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

Section 4. Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Townhomes subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Townhomes subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to guarantee or insure Mortgage loans on the Townhomes subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Townhome unless any such Townhome Owner shall consent thereto in writing.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of Owners of at least two-thirds (2/3) of the Townhomes and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community). Amendments to this Declaration shall become effective upon recordation, unless a

later effective date is specified therein. No provision of this Declaration which reserves or grants special rights to Declarant and/or its affiliates shall be amended without the prior written consent of Declarant and any affiliates affected by such amendment, so long as Declarant and/or such affiliates, as the case may be, own any property primarily for development and/or sale in the Community or subject to annexation by Declarant to the Community.

Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in a court of competent jurisdiction in a county in which the Community is located within one (1) year of the recordation of such amendment.

Section 5. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 6. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 7. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 8. Conveyance of Property to Association; Assignment of Contracts. Declarant and its affiliates may transfer or convey to the Association at any time and from time to time any personal property and any interest in improved or unimproved real property. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Property to be maintained by the Association. The Association hereby constitutes and appoints Declarant or its assigns as agent and attorney-in-fact to accept on behalf of the Association any such conveyance to the Association and to execute on behalf of the Association any and all documents, including, without limitation, deeds and transfer tax declaration forms, necessary or convenient to effectuate and document any such conveyance to the Association, and all of the acts of such attorney-in-fact are hereby ratified. The power and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise.

Declarant and its affiliates shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section, and Declarant and its affiliates shall have no duty or obligation to convey any property or property rights to the Association, regardless of whether or not any such property has been made available for the use of Owners. The Association shall also accept assignment of, and shall assume and agree to perform, any contracts entered into by Declarant and its affiliates for the benefit of the Association or the Owners, including, without limitation, detention pond maintenance agreements and all types of utility easements.

Neither the recordation of any subdivision plat, nor the use by the Owners or maintenance by the Association of any property, shall create any rights, easements or licenses in the Association or the Owners, express or implied, unless and until any such property, rights, easements or licenses are conveyed to the Association or the Owners, as the case may be, by an instrument recorded in the land records of the county where the property is located.

Section 9. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 10. Indemnification. In accordance with, and to the full extent allowed by, the South Carolina Nonprofit Corporation Act, the Association shall indemnify every Person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association), by reason of the fact that such Person is or was serving as a director or officer of the Association against any and all expenses, including attorneys' fees, imposed upon or reasonably incurred in connection with any action, suit or proceeding, if such Person acted in a manner reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Any indemnification hereunder shall be made by the Association only as authorized in a specific case upon a determination that indemnification of the Person is proper under the circumstances.

Section 11. Construction and Sale Period. Notwithstanding any provisions contained in this Declaration, the Bylaws, the Articles of Incorporation of the Association, rules and regulations, use restrictions, and any amendments to any of the foregoing, Declarant hereby expressly reserves unto itself and its successors and assigns a non-exclusive, perpetual right, privilege, and easement with respect to the Community for the benefit of Declarant, its successors and assigns, over, under, in, and/or on the Community, without obligation and without charge to Declarant, for the purposes of taking all actions related to or connected with construction, installation, relocation, development, sale, maintenance, repair or replacement in the Community and any other property now owned or which may in the future be owned by Declarant (such other property is hereinafter referred to as "Additional Property"). The reserved easement shall constitute a burden on the title to the Community and specifically includes, but is not limited to:

(a) the right of access, ingress and egress for vehicular and pedestrian traffic over, under, on or in the Community; and the right to tie into any portion of the Community with streets, driveways, parking areas and walkways; and the right to tie into and/or otherwise connect and use (without a tap-on or any other fee payable to the Association or any Owner for so doing), replace, relocate, maintain and repair any device which provides utility or similar services, including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community;

(b) the right to use (continually or from time to time) without charge any clubhouse or similar structure and appurtenant facilities, if any, constructed in the Community for business purposes or company functions and any similar use, including, but not limited to, sales and marketing meetings, offices for sales or other employees and agents, a design studio, and employee parties; and

(c) the right to construct, install, replace, relocate, maintain, repair, use and enjoy signs, model residences, construction trailers and sales offices in the Community.

No rights, privileges and easements granted or reserved herein shall be merged into the title of any property, including, without limitation, the Community, but shall be held independent of such title, and no such right, privilege or easement shall be surrendered, conveyed or released unless and until and except by delivery of a quitclaim deed from Declarant releasing such right, privilege or easement by express reference thereto.

If these reserved easements are exercised without annexing any Additional Property to the Community, the owners of the affected Additional Property shall share the costs, if any, of using and maintaining utility and similar facilities, including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities, with the Owners in the Community in the proportion that the number of completed dwellings on the affected Additional Property bears to the sum of the number of completed dwellings on the affected Additional Property plus the number of Townhomes in the Community. The costs of maintenance and repair of Community streets and driveways shall likewise be apportioned to the affected Additional Property if the only means of vehicular access to the affected Additional Property is across the Community. For the purposes of this provision, a dwelling on the affected Additional Property shall be considered completed when a certificate of occupancy has been granted. The allocation of expenses and collection therefore may be done on a monthly, quarterly or annual basis as may reasonably be determined by the Association in accordance with this Declaration. If any of the Additional Property is added to the Community, from the time of the annexation, the sharing of costs and expenses and the use of any property so added shall be governed by this Declaration, rather than by these reserved easements.

This section shall not be amended without the prior written consent of Declarant so long as Declarant owns any property primarily for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community.

Section 12. Books and Records.

(a) Inspection by Members and Mortgagees. This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by his duly appointed representative and by holders, insurers or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to his or her interest as a member or holder, insurer or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

- (b) Rules for Inspection. The Board shall establish reasonable rules with respect to:
- (i) notice to be given to the custodian of the records;
 - (ii) hours and days of the week when such an inspection may be made; and
 - (iii) payment of the cost of reproducing copies of documents.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 13. Financial Statements. Financial statements for the Association shall be compiled annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's financial statements at the annual meeting, the Owners, by a Majority vote, may require that the financial statements of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all costs associated therewith, such holder shall be entitled to receive a copy of the audited financial statements of the Association within ninety (90) days of the date of the request.

Section 14. Notice of Sale or Lease. In the event an Owner sells or leases his or her Townhome, the Owner shall give to the Association, in writing, the name of the purchaser or lessee of the Townhome and such other information as the Board may reasonably require.

Section 15. Agreements. Subject to the prior approval of Declarant, so long as Declarant has an option to unilaterally subject additional property to this Declaration as provided in Article IX above, all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, assigns and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 16. Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

Section 17. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Total Association Vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in Article IV hereof, (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 made by Declarant pursuant to Article XII, Section 4 hereof, or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 18. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, any use restriction or rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 19. Cumulative Effect; Conflicts. The covenants, restrictions and provisions of this Declaration shall be cumulative with those of the Master Declaration; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, the more restrictive provision shall govern. In the event of a conflict between the provisions of this Declaration and the provisions of South Carolina law, then to the extent that the provisions of South Carolina law cannot be waived by agreement, South Carolina law shall control.

Section 20. Security. The Declarant and the Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to make the Community and the Townhomes safer than they otherwise might be. HOWEVER, THE ASSOCIATION, THE DECLARANT, ITS PARTNERS AND AFFILIATES, ANY SUCCESSOR DECLARANT, AND THE OFFICERS, DIRECTORS, COMMITTEES, MEMBERS, SHAREHOLDERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING, SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY, NOR SHALL ANY OF THE FOREGOING 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 CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN 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, THE DECLARANT, ITS PARTNERS AND AFFILIATES, ANY SUCCESSOR DECLARANT, AND THE OFFICERS, DIRECTORS, COMMITTEES, MEMBERS, SHAREHOLDERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING, ARE NOT INSURERS AND THAT EACH PERSON USING THE COMMUNITY ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO PROPERTY, TO TOWNHOMES, AND TO THE CONTENTS OF TOWNHOMES AND THE STRUCTURES THEREON RESULTING FROM ACTS OF THIRD PARTIES.

Section 21. No Discrimination. No action shall be taken by the Declarant, the Association or the Board of Directors which would discriminate against any person on the basis of race, creed, color, national origin, religion, sex, familial status or disability.

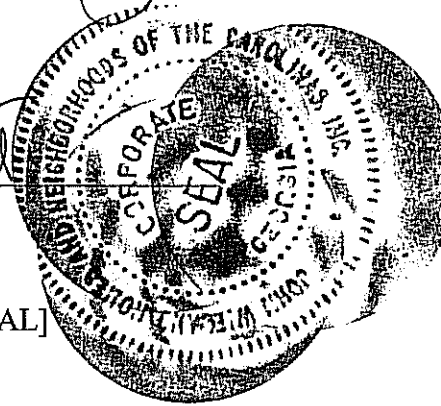
IN WITNESS WHEREOF, the undersigned has executed this instrument and affixed the seal this 23rd day of NOVEMBER, 2009.

JOHN WIELAND HOMES AND NEIGHBORHOODS OF THE CAROLINAS, INC., a Georgia corporation

By: [Signature]
F. Robert Parker
Vice President

Attest: [Signature]
Maria Mollise
Assistant Secretary

[CORPORATE SEAL]



Courtney A. Hull
Witness

[Signature]
Witness

Courtney A. Hull
Witness

[Signature]
Witness

STATE OF GEORGIA

COUNTY OF Cobb

Personally appeared before us the undersigned witnesses, who, being duly sworn, say that they saw the corporate seal of John Wieland Homes and Neighborhoods of the Carolinas, Inc., a Georgia corporation, affixed to the foregoing instrument, that they also saw F. Robert Parker, Vice President of said corporation, and Maria Mollise, Assistant Secretary of said corporation, sign and attest the same, and that they with the other witness witnessed the execution and delivery thereof as the act and deed of said corporation.

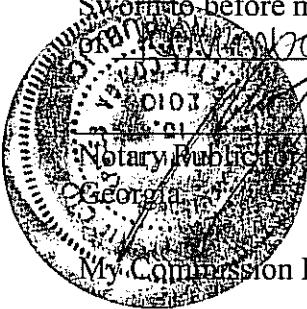
Sworn to before me this 23rd day of NOVEMBER, 2009.

Courtney A. Hull
Witness

[Signature]
Witness

Notary Public for and in Fayette County, Georgia

My Commission Expires: March 15, 2010



[NOTARIAL SEAL]

The Association has executed this instrument and affixed the seal below this 23rd day of November, 2009 for the purpose of consenting to all of the terms and provisions of this Declaration.

THE HERITAGE AT DUNES WEST TOWNHOME ASSOCIATION, INC., a South Carolina nonprofit corporation

By: [Signature]
Ryan Maki
President

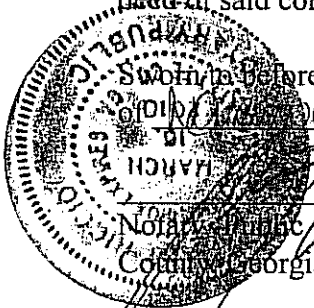
Attest: [Signature]
Kevin Popson
Secretary



Courtney A. Hull
Witness
[Signature]
Witness
Courtney A. Hull
Witness
[Signature]
Witness

STATE OF GEORGIA
COUNTY OF Cobb

Personally appeared before us the undersigned witnesses, who, being duly sworn, say that they saw the corporate seal of The Heritage at Dunes West Townhome Association, Inc., a South Carolina nonprofit corporation, affixed to the foregoing instrument, that they also saw Ryan Maki, President of said corporation, and Kevin Popson, Secretary of said corporation, sign and attest the same, and that they with the other witness witnessed the execution and delivery thereof as the act and deed of said corporation.



Sworn to before me this 23rd day of November, 2009.
[Signature]
Notary Public for and in Fayette County, Georgia
My Commission Expires: March 15, 2010

Courtney A. Hull
Witness
[Signature]
Witness

[NOTARIAL SEAL]

EXHIBIT "A"

Property Submitted

ALL THAT piece, parcel or tract of land, lying and being in the Town of Mt. Pleasant, Charleston County, South Carolina, containing approximately 12.564 acres as shown as **The Heritage Phase 3** on a certain plat entitled "A Combination Plat Abandoning the Property Line Between Phase 2B and 2C to Create Phase 3 The Heritage Containing 12.564 Acres Owned by John Wieland Homes and Neighborhoods of S.C., Inc. and A Boundary Line Adjustment Plat of Parcel 12 and New Phase 3 Parcel 12 Now Containing 9.942 Acres Owned by John Wieland Homes and Neighborhoods of the Carolinas, Inc. Located in the Town of Mount Pleasant Charleston County South Carolina" dated August 3, 2009 and prepared by Douglas L. DeWolff, PLS No. 17565 and recorded on September 25, 2009 in Plat Book L09, Pages 0394-0395 in the RMC Office for Charleston County, South Carolina.

EXHIBIT "B"**BYLAWS OF****THE HERITAGE AT DUNES WEST TOWNHOME ASSOCIATION, INC.****Article I**
General

Section 1. Applicability. These Bylaws provide for the self-government of The Heritage at Dunes West Townhome Association, Inc. in accordance with the Articles of Incorporation filed with the Secretary of State and the Declaration of Protective Covenants and Easements for The Heritage at Dunes West Townhomes, recorded in the RMC Office of Charleston County, South Carolina (the "Declaration").

Section 2. Name. The name of the corporation is The Heritage at Dunes West Townhome Association, Inc. ("Association").

Section 3. Definitions. The terms used herein shall have their generally accepted meanings or the meanings specified in Article I of the Declaration.

Section 4. Membership. An Owner shall automatically become a member of the Association upon taking title to a Townhome and shall remain a member for the entire period of ownership. As may be more fully provided herein, a spouse or cohabitant of a member may exercise the powers and privileges of the member. If title to a Townhome is held by more than one (1) Person, the membership shall be shared in the same proportion as the title, but there shall be only one (1) membership and one (1) vote per Townhome. Membership does not include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. Membership shall be appurtenant to the Townhome and shall be transferred automatically by conveyance of that Townhome and may be transferred only in connection with the transfer of title. Declarant shall be a member of the Association for as long as it owns at least one Townhome in the Community.

Section 5. Entity Members. If an Owner is a corporation, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust, or manager of such other legal entity shall be eligible to represent such entity in the affairs of the Association. Such person's relationship with the Association, and any office or directorship held, shall terminate automatically upon the termination of such person's relationship with the entity which is the Owner, but such entity may replace such person with another person who meets the requirements of this Section, so long as such entity is still a member of the Association.

Section 6. Voting. Each Townhome shall be entitled to one (1) vote. Declarant shall be entitled to one (1) vote for every Townhome which it owns. Said vote may be cast by the Owner,

the Owner's spouse, the cohabitant of the Owner, or by a lawful proxy as provided below. When more than one (1) Person owns a Townhome, the vote for such Townhome shall be exercised as they determine between or among themselves, but in no event shall more than one (1) vote be cast with respect to any Townhome. If only one (1) co-owner attempts to cast the vote for a Townhome, it shall be conclusively presumed that such co-owner is authorized on behalf of all co-owners to cast the vote for such Townhome. In the event of disagreement between or among co-owners and an attempt by two (2) or more of them to cast such vote, such Persons shall not be recognized and such vote shall not be counted. No Owner or representative thereof shall be eligible to vote, either in person or by proxy, or to be elected to the Board, if the Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association or if such Owner's voting rights have been suspended for any reason. If an Owner's voting rights have been suspended, that Owner shall not be counted as an eligible vote for purposes of establishing a majority or a quorum or for purposes of amending these Bylaws or the Declaration.

Section 7. Majority. As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty (50%) percent of the total number of eligible votes, Owners, or other group, respectively. Unless otherwise specifically stated, the words "majority vote" mean more than fifty (50%) percent of the voting power of those voting in person or by proxy. Except as otherwise specifically provided in the Declaration or these Bylaws, all decisions shall be by majority vote.

Section 8. Purpose. The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting assessments, arranging for the management of the Community and performing all of the other acts that may be required to be performed by the Association pursuant to the South Carolina Nonprofit Corporation Act and the Covenants. Except as to those matters which Declaration or the South Carolina Nonprofit Corporation Act specifically require to be performed by the vote of the Association membership, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth below.

Article II

Meetings of Members

Section 1. Annual Meetings. The regular annual meeting of the members shall be held during the last quarter of each year with the date, hour, and place to be set by the Board.

Section 2. Special Meetings. Special meetings of the members may be called for any purpose at any time by the President, by the Secretary, by request of any two (2) or more Board members, or upon written petition of at least twenty percent (20%) of the members. Any such written petition by the members must be submitted to the Association's Secretary. The Secretary shall then verify that the required number of members have joined in the petition and shall submit all proper petitions to the Association's President. The President shall then promptly call a special meeting for the purpose stated in the petition, and the Secretary shall send notice of the meeting in accordance with these Bylaws. Any special meeting called pursuant to written petition shall be set to occur within thirty (30) days after the date the Association's President receives the petition.

Section 3. Notice of Meetings. The Secretary shall mail or deliver to each Owner of record or to the Townhomes a notice of the place, date and time of each annual, regular and special Association meeting of members no fewer than ten (10) days, or if notice is mailed by means other than first class or registered mail, no fewer than thirty (30) days prior to the meeting; but the Secretary shall not mail notices of meetings more than sixty (60) days before the meeting date. Mailing or delivering notice as provided in this Section shall be considered proper service of notice.

Section 4. Waiver of Notice. Waiver of notice of an Association meeting shall be deemed the equivalent of proper notice. Any Owner may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by an Owner, whether in person, by representative, or represented by proxy, shall be deemed waiver by such Owner of notice of the time, date, and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 5. Quorum. Except as may be provided elsewhere, the presence, in person, by representative or by proxy, at the beginning of the meeting of Owners entitled to cast at least twenty-five (25%) percent of the total eligible voting power of the Association shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished. Owners whose voting rights have been suspended pursuant to the Declaration or these Bylaws shall not be counted toward the quorum requirement.

Section 6. Adjournment. Any meeting of the members may be adjourned from time to time for periods not exceeding ten (10) days by vote of members holding a majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at a reconvened session, and no additional notice of such reconvened session shall be required.

Section 7. Proxy. Any member entitled to vote may do so by written proxy duly executed by the member setting forth the meeting at which the proxy is valid. To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies may be delivered to the Board by personal delivery, U.S. mail or facsimile transmission to any Board member or the property manager. Proxies may be revoked only by written notice delivered to the Association, except that the presence in person by the proxy giver at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting and a later dated proxy shall automatically be deemed to invalidate any previously given proxy. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy. Members whose voting rights have been suspended hereunder or under the Declaration may not act as proxy for any other member.

Section 8. Action Taken Without a Meeting. In the Board's discretion, any action that may be taken by the Association members at any annual, regular, or special meeting may be taken

without a meeting if the Board delivers a written consent form or written ballot to every member entitled to vote on the matter.

(a) Ballot. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the vote cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the approval vote equals or exceeds the amount of the vote that would be required to approve the matter at a meeting at which the total vote cast was the same as the amount of vote cast by ballot.

All solicitations for votes by written ballot shall: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be received by the Association in order to be counted. A written ballot may not be revoked. The Association shall maintain such ballots in its file for at least three (3) years.

(b) Written Consent. Approval by written consent shall be valid only when the vote represented by written consent equals or exceeds the requisite majority of the voting power required to pass such action and such action is consented to by the Declarant, if required. Executed written consents shall be included in the minutes or filed with the Association's records. If an action of the members is approved by written consent hereunder, the Board shall issue written notice of such approval to all members who did not sign written consents. Membership approval shall be effective ten (10) days after written notice is issued; provided, however, if the consent is to an amendment to the Declaration or Bylaws which must be recorded, the effective date shall be no earlier than the date of recording of such amendment.

Section 9. Order of Business. At all meetings of the Association, Roberts Rules of Order (latest edition) shall govern when not in conflict with the Covenants, these Bylaws or the Articles of Incorporation, unless the members present at a particular meeting vote to suspend Robert's Rules at that meeting.

Article III **Board of Directors**

A. Composition and Selection.

Section 1. Composition and Eligibility. The affairs of the Association shall be governed by a Board of Directors. Except for directors appointed by the Declarant hereunder, the directors shall be Owners or spouses or cohabitants of such Owners; provided, however, no Owner and such Owner's spouse or cohabitant may serve on the Board at the same time, and no co-Owners may serve on the Board at the same time. Except for directors appointed by the Declarant, all directors must reside in the Community. No persons shall be eligible to be elected to or continue to serve on the Board if they are shown on the books and records of the Association to be more than thirty (30) days delinquent in the payment of any assessment or charge to the Association.

Section 2. Directors Appointed by the Declarant. Notwithstanding anything to the contrary herein or in the Covenants, Declarant shall have exclusive right and authority to appoint and remove directors and officers of the Association until the earlier to occur of: 1) ten (10) years after the recording of the Covenants, 2) December 31 immediately following the date that ninety percent (90%) of the Townhomes intended by Declarant to be constructed and submitted to the Regime have been conveyed to Townhome Owners other than a successor Declarant, or 3) the surrender in writing by Declarant of the authority to appoint and remove officers and directors of the Association.

Section 3. Number of Directors and Term of Office. During the period that the Declarant has the authority to appoint directors and officers of the Association, the Board shall consist of not less than three (3) directors, nor more than nine (9) member, the precise number to be an odd number fixed by resolution of the Board of Directors from time to time. Not later than thirty (30) days after termination of the Declarant's right to appoint directors and officers of the Association as described in Section 2 of this Article, the Association shall call a meeting to be held at which Owners shall elect the corresponding number of directors, as determined by resolution of the Board. If such meeting is not the annual meeting, the directors elected shall serve until the next annual meeting. At the first annual meeting after Declarant has surrendered control of the Association, if there are three (3) directors, two (2) of the directors shall be elected for a term of two (2) years and one (1) director shall be elected for a term of one (1) year; if there are five (5) directors, three (3) of the directors shall be elected for terms of two (2) years and two (2) directors shall be elected for terms of one (1) year; if there are seven (7) directors, three (3) of the directors shall be elected for terms of two (2) years and four (4) of the directors shall be elected for terms of one (1) year; or, if there are nine (9) directors, four (4) of the directors shall be elected for terms of two (2) years and five (5) directors shall be elected for terms of one (1) year. At each annual meeting thereafter, a successor shall be elected to serve for a term of two (2) years. The members of the Board shall hold office until their respective successors shall have been elected by the Association.

Section 4. Removal of Members of the Board of Directors. At any duly called annual or special Association meeting, any one or more Board members, except for directors appointed by the Declarant hereunder, may be removed with or without cause by a majority of the Association voting power, and a successor may then and there be elected to fill the vacancy created. Moreover, any director who has had three (3) consecutive unexcused absences from regularly scheduled Board meetings, or who is more than sixty (60) days past due in the payment of any amounts due the Association, may be removed by the vote of a majority of the other directors. Any director whose removal has been proposed shall be given at least ten (10) days written notice of the calling of the meeting to consider such director's removal and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 5. Vacancies. Vacancies in the Board caused by any reason, except the removal of a director by vote of the membership or by the Declarant, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any Board meeting. The successor so selected shall hold office for the remainder of the term of the director being replaced.

Section 6. Compensation. Directors shall not be compensated for services performed as

directors unless authorized by a majority of the voting power of the Association. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon Board approval of such expenses. Directors also may be given nominal gifts or tokens of appreciation or recognition of services performed not to exceed a value of \$100.00 per calendar year.

Section 7. Conflicts of Interest. Nothing herein shall prohibit a director or Owner from entering into a contract and being compensated for services or supplies furnished to the Association in a capacity other than as director or Owner, provided that the director's or Owner's interest is disclosed to the Board and the contract is approved by a majority of the directors who are at a Board meeting at which a quorum is present, excluding any director with whom the contract is made. The interested director shall not count for purposes of establishing a quorum of the Board. The interested director or Owner shall be entitled to be present at any meeting at which the proposed contract is discussed and to discuss the proposed contract unless requested by any director to leave the room during the discussion. Notwithstanding anything herein, the Board, during the period of Declarant control, shall be authorized on behalf of the Association to enter into contracts with the Declarant and its affiliates as set forth in Section 18(I) of the Covenants.

Section 8. Nomination. Nomination for election to the Board may be made from the floor at the annual meeting. The Board also may appoint a nominating committee to make nominations prior to the annual meeting.

Section 9. Elections. All members of the Association eligible to vote shall be entitled to cast their entire vote for each directorship to be filled. There shall be no cumulative voting. The directorships for which elections are held shall be filled by that number of candidates receiving the most votes. Voting for election of Board members shall be by written ballot (unless dispensed by unanimous consent at such meeting at which such voting is conducted).

B. Meetings.

Section 1. Regular Meetings. Regular Board meetings shall be held at least two (2) times per year at such time and place as determined by the Board. The newly elected Board shall meet within ten (10) days after each annual meeting of the membership.

Section 2. Special Meetings. Special Board meetings may be called by the President on three (3) days' notice to each director given by mail, in person, by telephone, or by facsimile transmission, which notice shall state the time, place, and purpose of the meeting. Special Board meetings shall be called by the President, Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

Section 3. Waiver of Notice. Any director may, at any time, in writing, waive notice of any Board meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any Board meeting shall also constitute a waiver of notice by such director of the time and place of such meeting. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting.

Section 4. Conduct of Meetings. The President shall preside over all Board meetings, and

the Secretary shall keep a minute book recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The presence of directors entitled to cast at least one-half (½) of the votes of the Board shall constitute a quorum for the transaction of business. One or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other. Directors may not participate in meetings by proxy.

Section 5. Open Meetings. Board meetings need not be open to the members. However, if the Board permits members to attend Board meetings, then members other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. Notwithstanding the above, the Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may order the removal of any meeting guest who, in the Board's opinion, either disrupts the conduct of business at the meeting or fails to leave the meeting upon request after an announcement of reconvening in executive session.

Section 6. Action Without a Meeting. Any Board action required or permitted to be taken at any meeting may be taken without a meeting if a majority of the directors consent in writing to such action. Such written consents must describe the action taken, be signed by no fewer than a majority of the directors, and be filed with the Board minutes.

C. Powers and Duties.

Section 1. Powers and Duties. The Board shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Community and may do all such acts and things as are allowed by the Covenants, the Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these Bylaws, the Board shall have the power to and shall be responsible for the following, in the way of explanation, but not limitation:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment as provided in Article VI herein;

(c) providing for the operation, care, upkeep, and maintenance of all of the Area of Common Responsibility, as defined in the Declaration;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Common Property, Association property, and the Area of Common Responsibility and, where appropriate, providing for the

compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties, but subject also to the duties and responsibilities of the Master Association as set forth in the Declaration;

(e) collecting the assessments, depositing the proceeds thereof in a financial depository or institution which the Board shall approve, or otherwise investing the proceeds in accordance with any limitations set forth in Section 27-31-10 *et seq.*, of the South Carolina Code of Laws (1976), and using the proceeds to administer the Association;

(f) making and amending rules and regulations and imposing sanctions for violation thereof, including, without limitation, reasonable monetary fines;

(g) opening of bank or other financial accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to, or alterations of, the Common Property in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Covenants, these Bylaws, and the rules and regulations adopted by the Board;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the costs of all services rendered to the Association or its members and not directly chargeable to specific Owners;

(l) collecting assessments on behalf of the Master Association and forwarding said assessments to the Master Association as provided for in the Declaration and the Master Declaration;

(m) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred; and

(n) contracting with any Person for the performance of various duties and functions; the Board shall have the power to enter into common management agreements with trusts, or other associations or corporations; any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 2. Management Agent. The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board shall authorize. Declarant or an affiliate of Declarant may be employed as managing agent or manager. The Board shall use reasonable efforts in any management contract to provide for termination of such contract by the Association, with or

without cause and without penalty, upon no more than ninety (90) days' prior written notice. No management contract shall have a term in excess of one (1) year.

Section 3. Borrowing. For so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant may (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves) and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of the Declarant, or (b) cause the Association to borrow such amount from a commercial lending institution at the then-prevailing rates for such a loan in the local area of the Community. The Declarant in its sole discretion may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan.

Section 4. Liability and Indemnification. The Association shall indemnify every officer, director and committee member (including officers, directors and committee members appointed by the Declarant, and/or serving, during the period of Declarant control) against any and all expenses, including reasonable attorney's fees, incurred by or imposed upon such officer, director or committee member in connection with any action, suit, or other proceeding (including settlement of any such action, suit, or proceeding, if approved by the then Board) to which such person may be made a party by reason of being or having been an officer, director or committee member, whether or not such person is an officer, director or committee member at the time such expenses are incurred, subject to the limitations below. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, or for injury or damage caused by any such officer, director or committee member in the performance of such person's duties, except for such person's own individual willful misfeasance or malfeasance. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors and committee members may also be members of the Association), and the Association shall indemnify and forever hold each such officer, director and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein 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, if obtainable, officers' and directors' liability insurance to fund this obligation, and the insurance shall be written as provided in the Covenants.

D. Committees.

Section 1. Nominating Committee. As provided in Section A.8 of this Article, there may be a Nominating Committee.

Section 2. Architectural Control Committee. The Board shall appoint an Architectural Control Committee for the purpose of establishing and maintaining architectural standards in the Condominium, as provided in the Declaration.

Section 3. Other Committees. There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize.

Section 4. Service on Committees. Unless otherwise provided in these Bylaws or in the resolution authorizing a particular committee, the members of any committee shall be appointed by the President and shall serve at the pleasure of the Board. Any committee member may be removed with or without cause at any time and with or without a successor being named.

Article IV **Officers**

Section 1. Designation. The principal officers of the Association shall be the President, the Secretary, and the Treasurer. The President and Secretary shall be elected by and from the Board. A Vice President may be elected from the Board at the discretion of the Board. The Treasurer shall be elected by the Board, but need not be a Board member. The Board may appoint one or more Assistant Treasurers, Assistant Secretaries, and such other subordinate officers as in its judgment may be necessary. Any assistant or subordinate officers shall not be required to be Board members. Except for the offices of Secretary and Treasurer, which may be held by the same person, no person may hold more than one (1) office.

Section 2. Election of Officers. The Association officers shall be elected annually by the Board at the first Board meeting following each annual Association meeting and shall hold office at the Board's pleasure and until a successor is elected.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of the Board members, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4. Vacancies. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 5. President. The President shall be the chief executive officer of the Association and shall establish the agenda for and preside at all Association and Board meetings. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the South Carolina Nonprofit Corporation Act, including, but not limited to, the power to appoint committees from among the members as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

Section 6. Vice President. The Vice President, if elected, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 7. Secretary. The Secretary shall keep the minutes of all Association and Board meetings and shall have charge of such books and papers as the Board may direct, and shall perform all duties incident to the office of the secretary of a corporation organized under South

Carolina law.

Section 8. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may be designated by the Board. The Treasurer shall be responsible for the preparation of the budget as provided in the Declaration. The Treasurer may delegate all or a part of the preparation and notification duties associated with the above responsibilities to a management agent.

Section 9. Other Officers. Other offices may be created by the Board, with such titles and duties as defined by the Board.

Section 10. Agreements, Contracts, Deeds, Leases, Etc. All agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by Board resolution.

Article V

Rule Making and Enforcement

Section 1. Authority and Enforcement. The Community shall be used only for those uses and purposes set out in the Declaration and in the Master Declaration. Subject to prior written approval by the Master Association, the Board shall have the authority to make, modify, repeal and enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Townhomes and the Common Property; provided, copies of all such rules and regulations shall be furnished to all Owners and Occupants. Any rule or regulation may be repealed by the affirmative vote or written consent of a majority of the total Association vote, together with the prior consent of the Declarant (so long as Declarant owns at least one (1) Townhouse), and the Master Association.

Each Owner and every Occupant shall comply strictly with the Declaration, the Bylaws, the Association rules and regulations, the covenants, conditions and restrictions set forth in the deed to such Owner's or Occupant's Townhome, if any, and the Master Declaration and the Master Association bylaws and rules and regulations (collectively, the "Governing Documents"). Failure to comply with the Governing Documents shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or, in a proper case, by an aggrieved Owner. The Master Association, through its board of directors, shall also have standing to pursue enforcement actions (including, without limitation, self-help as provided in Section 3 of this Article) for violation of the Governing Documents if the Board fails to take action against the violating Owner or Occupant; provided, however, the entity taking action shall be required to give the Board at least ten (10) days written notice of its intent to proceed with enforcement action, unless such notice is waived in writing by the Board. In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation shall pay all costs, including, without limitation, reasonable attorney's fees actually incurred. Failure to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The

Board and the Master Association shall have the right to record in the appropriate land records a notice of violation of the Governing Documents and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing. Any and all rights and powers vested in the Master Association under the Governing Documents may be exercised by and through the Master Association's board of directors, on behalf of the Master Association.

The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the Owner's Townhome, and to suspend an Owner's right to vote or to use the Common Property and/or Master Association common property for violation of any provision of the Declaration, these Bylaws, or any rules and regulations duly adopted thereunder; provided, however, nothing herein shall authorize the Association or the Board to deny ingress and egress to or from a Townhome. If any Occupant of a Townhome violates the Declaration, Bylaws, or a rule or regulation and a fine is imposed, notice of such violation shall be sent to the Owner and Occupant, and the fine may first be assessed against such Occupant; provided, however, if the fine is not paid by the Occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Board, and the fine shall be an assessment and a lien against the Townhome until paid.

Section 2. Fining and Suspension Procedure. The Board shall not impose a fine, suspend the right to vote, or suspend the right to use the Common Property and/or Master Association common property unless and until the Board has sent or delivered written notice to the violator as provided in Section 2(a) of this Article. However, compliance with this Section shall not be required for the following: (I) late charges on delinquent assessments, (ii) suspension of voting and use rights if an Owner is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association, in which case suspension of the right to vote and the right to use the Common Property and Master Association common property shall be automatic, and (iii) suspension of common utility services, which shall require compliance with the provisions of Article IV of the Declaration.

(a) Notice. If any provision of the Declaration or Bylaws or any rule or regulation of the Association is violated, the Board shall send the violator written notice identifying the violation and fine(s) being imposed and advising the violator of the right to request a hearing before the Board to contest the violation or fine(s) or to request reconsideration of the fine(s). Fine(s) and/or suspensions may be effective or commence upon the sending of such notice or such later date specified in such notice, notwithstanding the violator's right to request a hearing before the Board to challenge the fine. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and fines may be imposed on a per diem basis without further notice to the violator.

(b) Hearing. If a written request for hearing is received from the violator within ten (10) days of the date of the violation notice provided above, then the Board shall schedule and hold in executive session a hearing affording the violator a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. The Board may establish rules of conduct for such hearing, which may include limits on time and on the

number of participants who may be present at one time.

Section 3. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Board and the Master Association may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and performing maintenance for which an Owner is responsible upon failure of the Owner to do so) or by suit at law or in equity to enjoin any violation or to recover monetary damages, or both (and in the case of the Board, without the necessity for compliance with the procedure set forth in Section 2 of this Article). In any such action, to the maximum extent permissible, the Owner or Occupant responsible for the violation for which abatement is sought shall pay all costs, including, without limitation, reasonable attorney's fees actually incurred.

In addition to any other remedies provided for herein, the Board or its duly authorized agents, and the Master Association shall have the power to enter upon a Townhome or any portion of the Common Properties to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Governing Documents. Unless an emergency situation exists, the party so acting shall give the violating Owner or Person ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice and as otherwise provided herein. All costs of self-help, including, without limitation, reasonable attorney's fees actually incurred, shall be chargeable to, and collectable from, such Owner and/or shall be assessed against the violating Owner's Townhome and shall be collected as provided for herein for the collection of assessments.

Article VI

Budget and Assessments

Section 1. Computation of Operating Budget and Assessment. The Board shall prepare a budget covering the estimated costs of operating the Community during the coming year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The total amount of assessments levied by the Master Association shall be budgeted as a Common Expense of the Association. The Board shall cause the budget, the Master Association budget and the assessments to be levied against each Townhome for the year (or portion thereof in the case of the initial budget) to be delivered to each member at least thirty (30) days prior to the due date for payment of the assessment (or the first installment thereof). The budget and the assessment shall become effective unless disapproved at a duly called and constituted Association meeting by a vote of a Majority of the total Association vote and by the Declarant, so long as the Declarant has the authority to appoint and remove directors of the Association. Notwithstanding anything to the contrary herein, the part of the Association budget attributable to Master Association Assessments may be disapproved only as provided for in the Master Declaration.

Notwithstanding the foregoing, if the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then until a budget is determined as provided herein, the budget in effect for the current year shall continue for the succeeding year, except that any increase in the assessments levied by the Master Association

shall automatically go into effect.

Section 2. Capital Budget and Contribution. The Board may prepare an annual capital budget or evaluation which takes into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board may set the required capital contribution, if any, in an amount sufficient to permit meeting the Association's projected capital needs both as to amount and timing by annual assessments over the period of the budget. Any required capital contribution shall be included within the budget and assessment as provided in this Section. Notwithstanding any other provisions of the Governing Documents, during the time Declarant has the authority to appoint and remove directors of the Association, Declarant and the Board shall not be required to prepare a capital budget, set a capital contribution, or otherwise collect amounts for capital reserves. The Board shall at all times have the exclusive right to make expenditures from the Association capital reserve account to pay for emergency or unanticipated expenses incurred by the Association or to cure a financial shortfall resulting from inaccurate expense allocation. Such expenditures from the Association capital reserve account shall be made in the Board's sole discretion, and shall not require the approval of the Owners.

Section 3. Statement of Account. Any Owner, Mortgagee, Person having executed a contract for the purchase of a Townhome, or lender considering a loan to be secured by a Townhome shall be entitled, upon written request, to a statement from the Association setting forth the amount of assessments due and unpaid, including any late charges, interest, fines, or other charges, against a Townhome. The Association shall respond in writing within five (5) days of receipt of the request for a statement; provided, however, the Association may require the payment of a fee in a reasonable amount as determined by the Board, as a prerequisite to the issuance of such a statement. Such written statement shall be binding on the Association as to the amount of assessments due on the Townhome as of the date specified therein.

Section 4. Surplus Funds and Common Profits. Common profits from whatever source shall be applied to the payment of Common Expenses. Any surplus funds remaining thereafter shall be, at the Board's option, distributed to the Owners, credited to the Owners' next chargeable assessment in proportion to the liability for Common Expenses attributable to each Townhome, or added to the Association's capital reserve account.

ARTICLE VII Miscellaneous

Section 1. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) If to an Owner, at the address which the Owner has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Townhome of such Owner;

(b) If to an Occupant, at the address of the Townhome occupied; or

(c) If to the Association, the Board or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary.

Section 2. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws or the Declaration.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year of the Association may be set by Board resolution, or in the absence thereof, shall be the calendar year.

Section 6. Financial Review. A financial review of the Association's accounts shall be performed annually in the manner provided by the Board. However, after receiving the Board's financial review at the annual meeting, the Owners may, by the vote of a majority of the total Association vote, require that the Association's accounts be audited as a Common Expense by an independent accountant.

Section 7. Conflicts. The duties and powers of the Association shall be those set forth in the Act, the South Carolina Nonprofit Corporation Act, the Declaration, these Bylaws, and the Articles of Incorporation, together with those reasonably implied to affect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Act, the South Carolina Nonprofit Corporation Act, the Declaration, these Bylaws, or the Articles of Incorporation, then the provisions of the Act, the South Carolina Nonprofit Corporation Act, as may be applicable, the Declaration, the Articles of Incorporation and these Bylaws, in that order, shall prevail, and each Owner, by acceptance of a deed or other conveyance therefore, Declaration to vote in favor of such amendments as will remove such conflicts or inconsistencies.

Section 8. Amendment. Except where a higher vote is required for action under a particular provision of these Bylaws or by the Act, in which case such higher vote shall be necessary to amend, these Bylaws may be amended by the affirmative vote, written consent, or any combination of affirmative vote and written consent, of the members of the Association holding sixty-six and two-thirds (66-2/3%) percent or more of the total eligible vote of the Association. As long as Declarant owns at least one (1) Townhome, any amendment to these Bylaws shall require the written consent of Declarant. Notice of a meeting, if any, at which an amendment will be considered shall state that fact and the subject matter of the proposed amendment. No amendment shall become effective until it is certified by the Association's President and Secretary and recorded

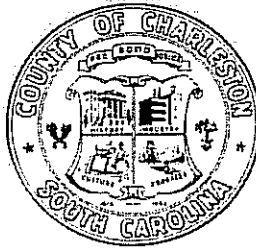
in the land records of the county in which the Community is located. Any amendment duly certified and recorded shall be conclusively presumed to have been duly adopted in accordance with these Bylaws. Owners whose voting rights have been suspended pursuant to the Declaration or these Bylaws shall not be counted toward the amendment requirement.

No provision of these Bylaws which reserves or grants special rights to Declarant and/or its affiliates shall be amended without the prior written consent of Declarant and any affiliates affected by such amendment, so long as Declarant and/or such affiliates, as the case may be, own at least one (1) Townhome. No provision of these Bylaws which reserves or grants special rights to the Master Association shall be amended without the prior written consent of such of the foregoing associations as are affected by such amendment.

Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the amendment's effective date. No action to challenge any such amendment may be brought after such time.

Section 9. Books and Records. To the extent provided in Section 33-31-1602 of the Code of Laws of South Carolina, all Association members and any institutional holder of a first Mortgage shall be entitled to inspect Association records at a reasonable time and location specified by the Board, upon written request at least five (5) days before the date on which the member or holder wishes to inspect and copy. The Association may impose a reasonable charge, covering the cost of labor and material, for copies of any documents provided to the member. Notwithstanding anything to the contrary, members shall not be entitled to inspect privileged documents or the financial records or accounts of other members. Notwithstanding anything to the contrary, the Board may limit or preclude member inspection of confidential or privileged documents, including attorney/client privileged communication, executive session meeting minutes, and financial records or accounts of other members. Minutes for any Board or Association meetings do not become effective and an official Association record until approved by the Board or Association membership, as applicable, at a subsequent meeting.

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