

The
Cliffs

at Keowee Falls South

**DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**



PORTIONS OF THIS AGREEMENT ARE SUBJECT TO ARBITRATION PURSUANT TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT, § 15-48-10, S.C. CODE OF LAWS OF 1976, AS AMENDED.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

THE CLIFFS AT KEOWEE FALLS SOUTH

Record this 19 day of
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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR THE CLIFFS AT KEOWEE FALLS SOUTH

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE CLIFFS AT KEOWEE FALLS SOUTH is made this _____ day of _____, 2002, by Keowee Falls Investment Group, LLC, a _____ ("Declarant").

WITNESSETH

WHEREAS, Declarant is the owner of the Property described on Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, Declarant desires to subject the Property, and any Additional Property as may be added by Declarant, to the provisions of this Declaration in order to provide a flexible and efficient method of administration, assessment and maintenance of the shared elements of the development.

NOW THEREFORE, Declarant hereby declares that this Declaration and the covenants, restrictions and easements established herein are covenants to run with the land and that all the Property, and any additional property as may be added by subsequent amendment hereto, and in accordance with the terms and conditions hereof, is herewith subject and subordinate to the terms, provisions and conditions hereof. Said covenants and restrictions will inure to the benefit of and are binding upon each and every Owner and his or her respective heirs, representatives, successors, purchasers, lessees, grantees and mortgagees. By the recording or acceptance of the conveyance of a Lot and Dwelling or any interest therein, the person or entity to whom the interest is conveyed is deemed to accept and agree to be bound by the provisions of this Declaration and the Bylaws of the Association.

ARTICLE 1

DEFINITIONS

1.1 Definitions. When used in this Declaration, unless the context will prohibit or otherwise require, the following words, will have all the following meanings, and all definitions will be applicable to the singular and plural forms of such terms:

(a) "ARC" will mean and refer to the board or committee established pursuant to this Declaration to approve exterior and structural improvements, the siting thereof, and the additions, and changes within the Development, and the successor or the assign of the architectural review and approval authority. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized members, officers, agents, employees and contractors.

(b) "Articles of Incorporation" will mean and refer to the Articles of Incorporation of The Cliffs at Keowee Falls South Owners' Association, as amended from time to time, filed in the Office of the Secretary of State of the State of South Carolina in accordance with the Nonprofit Corporation Act.

(c) "Assessment" will mean and refer to an Owner's share of the Common Expenses or other charges from time to time assessed against an Owner by the Association in the manner herein provided.

(d) "Association" will mean and refer to The Cliffs at Keowee Falls South Owners' Association, a South Carolina not-for-profit corporation, its successors and assigns. In exercising any right or

easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

(e) "Board of Directors" or "Board" will mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(f) "By-Laws of the Association" or "By-Laws" will mean and refer to those By-Laws of The Cliffs at Keowee Falls South Owners' Association attached hereto as Exhibit "B", which govern the administration and operation of the Association, and as the same may be amended from time to time.

(g) "Common Areas" will mean and refer to any and all real and personal property now or hereafter deeded or leased to, or which is the subject of a use agreement with, the Association, and wherein the property therein described is specifically denominated to be a part of the Common Areas. The Common Areas may include the Association's, private roads, streets, road and street shoulders, walkways, sidewalks, leisure trails, bike paths, gazebos, gates, fountains, entry walls, entry areas and features, lighting, signage, and such maintenance and drainage areas and easements located outside of Lots, as well as lagoons, and ponds located within the Property that public authority does not maintain. The designation of any land and/or improvements as a Common Area will not mean or imply that the public at large acquires any easement of use or enjoyment therein. All Common Areas are to be devoted to and intended for the common use and enjoyment of the Declarant, Owners, and their respective guests, and invitees. The term shall include the Exclusive Common Area, as defined below

(h) "Common Expenses" will mean and refer to all expenditures lawfully made or incurred by or on behalf of the Association, together with all funds lawfully assessed for the creation or maintenance of reserves, pursuant to the provisions of this Declaration for the maintenance, repair and management of the Common Areas, and for the maintenance, repair and management of other property, whether owned by the Association or not and set forth in this Declaration or incorporated herein by a Supplemental Declaration, for which the Association has responsibility.

(i) "Declarant" will mean and refer to Keowee Falls Investment Group, LLC, or any successor-in-title to the entire interest of such person with respect to the Property at the time of such transfer to said successor-in-title, or any party designated Of Record to succeed to the rights of Declarant hereunder as to the matters set forth in such writing. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

(j) "Declarant Control Period" means the time period commencing on the date this Declaration is filed Of Record and ending on the earlier of:

(i) December 31, 2032; or

(ii) Three (3) months after the conveyance by the Declarant, in the ordinary course of business to persons other than a successor Declarant, property representing ninety-five percent (95%) of the total number of Lots intended for development on all of the Property as set forth in a Supplemental Declaration executed and filed Of Record by the Declarant on or before December 31, 2032, making specific reference to this Section; or

(iii) Three (3) months following the date the Declarant terminates the Declarant Control Period by an express amendment to this Declaration executed and filed Of Record by the Declarant.

(k) "Declaration" will mean and refer to this Declaration of Covenants, Conditions, and Restrictions for The Cliffs at Keowee Falls South, as amended, from time to time, by any Supplemental Declaration filed Of Record.

(l) "Development" will mean and refer to the Property and all improvements located or constructed thereon, and being a part of the overall plan, from time to time existing hereunder, for the real estate development known as "The Cliffs at Keowee Falls South."

(m) "Dwelling" will mean and refer to any improved Lot used as a single-family detached residence.

(n) "Exclusive Common Area" will mean and refer to any portion of the Common Area which, pursuant to a Neighborhood Declaration, the Association owns, leases, or otherwise holds possessory or use rights in for the exclusive use or primary benefit of one (1) or more, but less than all Owners within one or more Neighborhood Areas, as more particularly described in Article II.

(o) "Golf Course Land" will mean and refer to any portion of the Property, including any Additional Property, as shall be subject to this Declaration that is intended to be owned and operated as a golf course facility, with appurtenant clubhouse, driving range, cart storage area, golf maintenance facility and any other facility which is ancillary to such golf operations and identified in a Supplemental Declaration as "Golf Course Land." When used herein, the term "owner of the Golf Course Land" and variants thereof shall mean, collectively, the title owner of such land and any other person leasing and/or operating the golf facilities located thereon, their successors and assigns. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

(p) "Institutional Mortgage" will mean and refer to a Mortgage held by a bank, trust company, insurance company, or other recognized lending institution, or by an institutional or governmental insurer or purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.

(q) "Lot" will mean and refer to any unimproved portion of the Property upon which Dwelling will be constructed; as such Lot is shown on the Site Plan. A parcel of land will be deemed unimproved and thus considered to be a Lot, rather than a Dwelling, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements thereon will collectively be considered to be a Dwelling for purposes of this Declaration.

(r) "Member" will mean and refer to an Owner with appurtenant membership in the Association as defined in Section 8.1.

(s) "Mortgage" will mean and refer to a mortgage, security deed, deed of trust, installment lands sales contract, or other similar security instrument granting, creating, or conveying a lien upon, a security interest in, or a security title to a Lot or Dwelling.

(t) "Mortgagee" will mean and refer to the holder of a Mortgage, its successor and assign.

(u) "Neighborhood Area" will mean and refer to any portion of the Property, separately developed and identified by Declarant on the Site Plan therefor or in a Supplemental Declaration as a residential area comprising one (1) or more housing types subject to this Declaration in which Owners of Lots or Dwellings therein may have common interests other than those common to all Owners of the Development, such as common theme, entry feature, development name, and/or common areas and facilities that are not available for use by all

Owners. For example, and by way of illustration and not limitation, an apartment complex, condominium complex, townhouse development, cluster home development, or single-family detached housing development may, upon Declarant filing a Neighborhood Declaration therefor, create a separate Neighborhood Area where common elements are either owned by the Owners in condominium ownership or by a Neighborhood Association composed of such Owners, or where Lots and Dwellings therein are subject to additional covenants, conditions, restrictions and easements not otherwise applicable to Owners outside of such Neighborhood Area.

(v) "Neighborhood Association" will mean and refer to a corporation or an unincorporated association whose shareholders or members are comprised entirely of Owners of Lots or Dwellings within a Neighborhood Area.

(w) "Neighborhood Declaration" will mean and refer to any instrument or document, and any amendments thereto, which is filed Of Record with respect to any Neighborhood Area and which creates a condominium or horizontal property regime for such Neighborhood Area, creates a homeowners' association for such Neighborhood Area, and/or imposes covenants, conditions, easements, and restrictions with respect to such Neighborhood Area.

(x) "Nonprofit Corporation Act" means and refers to the South Carolina Nonprofit Corporation Act of 1994, South Carolina Code Sections 33-31-101, et. seq., as amended.

(y) "Occupant" will mean and refer to any person, including, without limitation, any Owner, occupying or otherwise using a Dwelling within the Development, and their respective families, servants, agents, guests, and invitees.

(z) "Of Record" will mean and refer to the place of filing a writing in the applicable public records, currently being the office of the Register of Deeds for Oconee County ("ROD"), as will give legal notice to the world of the matters set forth in the writing so filed.

(aa) "Owner" will mean and refer to one or more persons, including Declarant, who or which owns fee simple title to any Lot or Dwelling, its respective heirs, executors, legal representatives, successors, and assigns, excluding, however, those persons having such an interest under a Mortgage. In the event that there is filed Of Record any installment land sales contract covering any Lot or Dwelling, the Owner thereof will be deemed to be the purchaser under the installment sales contract and not the fee simple titleholder. An installment land sales contract will be an instrument whereby the purchaser is required to make payment for such property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such property until all such payments are made, although the purchaser is given use thereof.

(bb) "Property" will mean and refer to those pieces, parcels and lots of land described on the Site Plan, together with all improvements thereon, as well as additions thereto pursuant to Section 2.2 below.

(cc) "Referendum" will mean and refer to the vote of Members by mailed ballots on certain actions submitted to the Members by the Board of Directors, as more particularly set forth herein and in the Bylaws.

(dd) "Site Plan" will mean and refer to that certain bonded, final subdivision plat further described in Exhibit "A" hereto and made a part hereof by this reference, and all modifications, revisions and additions thereto. Further, "Site Plan" will mean and refer to any subdivision plat of the Property placed Of Record in furtherance of the development scheme for The Cliffs at Keowee Falls South, as it exists from time to time.

(ee) "Supplemental Declaration" will mean and refer to any amendment to this Declaration filed Of Record, which makes any changes hereto.

ARTICLE 2

THE GENERAL PLAN FOR THE CLIFFS AT KEOWEE FALLS SOUTH

2.1 Plan of Development of The Property. Declarant plans to develop the Property in stages. The first stage of development on the Property is reflected by the Site Plan and will contain ____ Lots. One Dwelling may be constructed on each Lot subject to this Declaration. The Property will also include Common Areas, including recreational facilities as may, but shall not be required to, be developed, and such private roads, utility systems, drainage systems, and other improvements serving the Property and as are, from time to time, denominated as such in this Declaration or by the Declarant on the Site Plan or in any deed, lease, use agreement, Supplemental Declaration or memorandum thereof filed Of Record, and which are installed and existing. All Lots and Dwellings within the Development will be and are hereby restricted exclusively to single-family residential use and will be subject to the standards and restrictions set forth in ARTICLE 3 hereof. Without the consent of any person, Declarant will have the right, but not the obligation, during the Declarant Control Period, to make improvements and changes to all Common Areas and to all such properties owned by Declarant, including, without limitation, (a) installation and maintenance of any improvements, (b) changes in the location of the boundaries of any such properties owned by Declarant, and (c) installation and maintenance of any water, sewer, and other utility systems and facilities.

2.2 Additions To Property. Other property may become subject to this Declaration in the following manner:

(a) Additions By Declarant. During the Declarant Control Period, the Declarant shall have the right, without further consent of the Association or any Owner to bring within the plan and operation of this Declaration, or to consent thereto, the whole or any portion of any property contiguous or nearly contiguous to the Property. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized under this subsection shall be made by filing Of Record a Supplemental Declaration with respect to the land to be added hereto and which shall extend the operation and effect of the covenants and restrictions of this Declaration thereto, and which, upon filing Of Record of a Supplemental Declaration, shall constitute a part of the Property.

(i) The Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant to reflect the different character, if any, of the land added hereto, and as are not materially inconsistent with, this Declaration, but such modifications shall have no effect on the Property described in Section 2.1 above.

(ii) The option reserved under this subsection (a) may be exercised by Declarant only by the execution of a Supplemental Declaration filed Of Record and the filing Of Record of a Site Plan showing the land being added or such portion or portions thereof as are being added to the Development by such amendment, as well as the Lots and Common Areas therein. Any such Supplemental Declaration shall expressly submit the added land to all or specific provisions of this Declaration, as may be provided therein, and such other covenants, restrictions, conditions and easements as Declarant, in its sole discretion, shall determine.

(iii) In the event that Declarant submits the Additional Property or any portion or portions thereof to the terms of this Declaration as Neighborhood Areas, whether composed of Lots, condominium Dwellings or duplexes, the Declarant may establish one or more Neighborhood Associations for the Neighborhood Areas in order to promote their health, safety, and social welfare, as well as to provide for the

maintenance of common elements thereof, provided that such Owners will also be Members of the Association and such Lots, Dwellings, and other improvements will be subject to the terms of this Declaration as are imposed by the Supplemental Declaration with respect thereto. Such Neighborhood Areas may be subject to Neighborhood Declarations which impose covenants and restrictions which are in addition to, but not in derogation or substitution of, those imposed hereby and applicable thereto, and such Neighborhood Associations may levy additional Assessments and make and enforce supplementary covenants, restrictions, rules, and regulations with respect to such Neighborhood Areas.

(b) Additions of Other Properties. Upon approval by two-thirds (2/3) of the votes of the Members pursuant to a Referendum therefor or upon approval by two-thirds (2/3) of the votes of the Members present, in person or by proxy, at a duly held meeting at which a quorum is present, the owner of any property contiguous or nearly contiguous to the Property and who desires to add it to the plan of this Declaration and to subject it to the jurisdiction of the Association, may file Of Record a Supplemental Declaration with respect to the property to be added, which will extend the operation and effect of the covenants and restrictions of the Declaration to such property, thereafter constituting a part of the Property. Any such Member approval shall be reflected in consent to such Supplemental Declaration executed by the President of the Association. During the Declarant Control period, the addition of other properties in accordance with this Section 2.2(b) shall require the written consent of the Declarant, as well as the vote of the members provided herein.

(c) Additions By Merger. Upon merger or consolidation of the Association with another association, following approval by two-thirds (2/3) of the votes of the Members pursuant to a Referendum therefor or upon approval by two-thirds (2/3) of the votes of the Members present, in person or by proxy, at a duly held meeting at which a quorum is present, the Association's property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights, and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated Association may administer the existing property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation will effect any revocation, change, or addition to the covenants established by this Declaration within the Property, including, without limitation, the maximum limits on Assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association. Lands that become subject to this Declaration under the provisions of this Section 2.2(c) may in the future be referred to as a part of the Property.

2.3 Withdrawal of Property by Declarant. The Declarant reserves the right to amend this Declaration during the Declarant Control Period for the purpose of removing any portion of the Property from the coverage of this Declaration, provided the withdrawal is not contrary to the overall, uniform scheme of development for the Property. Such amendment will not require the consent of any Person other than the Owner of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association will consent to the withdrawal.

2.4 Conveyances Of Common Areas. All parcels of land shown as Common Areas on the Site Plan or which are identified herein as Common Areas and require a conveyance to vest in the Association ownership and use thereof, will be deeded or an easement will be granted with respect thereto by Declarant within two (2) years after the Declarant has completed improvements thereon. Upon any such conveyance or grant of easement, if such is required, or upon completion of any improvements thereon or thereto by the Declarant, the Association will immediately become responsible for all maintenance, repair and replacements therefor, the operation thereof and such additional construction of improvements as may be authorized by the Board of Directors. For purposes of measuring the foregoing two (2) -year period, any improvements will be deemed completed the later of the date all required certificates or permits of occupancy or use are issued therefor, or the date such improvements may be used in the manner and for the purposes for which they are constructed. It is the purpose of this provision to provide that the Association will be responsible for all maintenance of Common Areas when improvements

thereto have been completed, notwithstanding the fact that the Declarant is not obligated to deed or grant an easement for such properties until two (2) years after improvements have been completed thereon. Any such conveyance by the Declarant will be conveyed subject to all restrictive covenants filed Of Record at the time of conveyance:

- (a) The right of access of the Declarant, its successors and assigns, over and across such property; and
- (b) The right of both the Declarant, during the Declarant Control Period, or the Association, after expiration of the Declarant Control Period, and the ARC to approve all structures, construction, repairs, changes in elevation and topography and the location of any object (including vegetation) within the Common Areas prior to the commencement of such activities or location of any object therein;
- (c) All utilities and drainage easements; and
- (d) All reserved rights set forth in Section 2.1.

Notwithstanding anything in the foregoing to the contrary, the Declarant will not be required to so convey the Common Areas where such conveyance would be prohibited under agreements to which the Declarant is a party on the date of establishment of such Common Areas, but, in such case, Declarant will be allowed to postpone such conveyance, without a penalty, until such time as said prohibition terminates, is released or is nullified.

In consideration of the benefits accruing to the Association and to the Members under this Declaration and in consideration of the covenants and agreements of the Declarant hereunder, the Association hereby agrees to accept title to any property, or to any interest in property, now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance Of Record to the Association, title or such other interest in property conveyed will vest in and to the Association without the necessity of any further act, deed or approval of any person, including the grantor, lessor and/or Association.

2.5 Owner's Interest Subject to Plan of Development. Every purchaser of a Lot and Dwelling will purchase such property, and every Mortgagee and lienholder holding an interest therein will take title, or hold such security interest with respect thereto, subject to the plan of development for The Cliffs at Keowee Falls South and this Declaration.

ARTICLE 3

PLAN OF DEVELOPMENT ALONG ADJACENT LAKE; OTHER ENVIRONMENTAL MATTERS

3.1 Construction of Docks and Bulkheads. Owners of Lots fronting on a navigable, freshwater lake or waterway may be permitted to erect docks (and bulkheads where appropriate in the discretion of the Declarant, Duke Power Company and governmental authority with jurisdiction thereof) upon their Lots between the outer boundary of their Lots and the high water mark of contiguous navigable waters, upon complying with the following terms and conditions:

- (a) Plans and Specifications; Siting. Complete plans and specifications including, color or finish must be submitted to the ARC in writing for approval in accordance with ARTICLE 5, and must conform to the architectural standards therefor adopted by the ARC in conformity with construction, siting and other conditions established by Duke Power Company and governmental authority with jurisdiction thereof, including,

but not limited to, requirements concerning permitted roof structures, lighting, maximum lengths, and square footage.

(b) Governmental Approval of Docks. Owners shall comply with all applicable rules, regulations, laws and ordinances for obtaining approval from entities having approval authority, including, but not limited to, Duke Power Company and the U.S. Army Corps of Engineers. No representation is made by Declarant that any such entity approval will be granted, nor shall any such representation be inferred from the matters set forth herein. Any plan or plat of proposed dock development or siting does not constitute a covenant, guaranty or warranty to any Owner that required entity approval will be granted

(c) Alteration of Docks. Any alterations of the plans and specifications or of the completed structure must also be submitted to the ARC in writing and the ARC's approval in writing must be similarly secured prior to construction, the ARC being granted the same rights to disapprove alterations as it retains for disapproving the original structures. Any required Duke Power or governmental approval of any such alteration shall be undertaken and completed as may be required by the original permit therefor and by applicable regulations.

ARTICLE 4

PLAN OF DEVELOPMENT OF THE GOLF COURSE LAND

4.1 The Cliffs at Keowee Falls South Golf Club. All persons, including all Owners, hereby acknowledge that the owner of the Golf Course Land intends to create a private, recreational membership club, to be known as the "The Cliffs at Keowee Falls South Golf Club" (the "Club") which will not be owned by the Declarant or the Association, and that the Club does not constitute Common Areas hereunder. No representations or warranties have been or are made by the Declarant or any other person, including the owner of the Golf Course Land, with regard to the continuing ownership or operation of the Club and its facilities (including, but not limited to, swimming pools, tennis courts, clubhouse and parking facilities) as depicted upon any master land use plan, or marketing display or survey of the Golf Course land. No purported representation or warranty, written or oral, in such regard shall ever be effective without an amendment hereto executed or joined into by the Declarant and the then current owner of the Golf Course land.

(a) Change of Ownership and/or Operations. The ownership and/or operational duties of the Club may change at any time and from time to time by virtue of, but without limitation, (a) the sale or assumption of operations of the Club or the whole or any portion of the Club facilities to/by any person or entity, (b) the conversion of the Club membership structure to an "equity" club or similar arrangement whereby the members of the Club or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Club and the then existing Club facilities, (c) the conveyance, pursuant to contract, option, or otherwise, of the Club or the whole or any portion of the Club's facilities to the Declarant or to one or more affiliates, shareholders, employees, or independent contractors of the Declarant, or (d) the conveyance of the Club or the whole or any portion of the Club's facilities, in addition to the tennis courts and swimming pools which shall be conveyed to the Association, with or without consideration and free and clear of any mortgage, but subject to covenants, conditions and restrictions of record, pursuant to Section 4.1(a)(i) below. The Declarant, the owner of the conveyed Club operation and/or facility, or their respective successors and assigns, may undertake conveyance to the Association as aforesaid. As to any of the foregoing, or any other alternative, no consent of the Association or any Owner shall be required to effectuate such transfer, even in the case of a conveyance to the Association. No Owner shall have any ownership interest in the Club solely by virtue of his membership in the Association.

(i) Pool and Tennis Facilities and Hiking and Nature Trails to the Association. All Owners hereby acknowledge that any pool, tennis facilities, hiking and nature trails as may be constructed

throughout The Cliffs at Keowee Falls South may be conveyed by the owner of the Golf Course Land to the Association as Common Area at any time determined by the owner of the Golf Course Land but not later than fifteen (15) years following the date this Declaration is filed Of Record Anything contained herein to the contrary notwithstanding any swimming pools or tennis courts and related facilities located within the Golf Course Land and the hiking and nature trails that may be conveyed to the Association may be conveyed solely on the signature of the owner of the Golf Course Land without further consent of the Declarant or the Association or any Member of the Association or any member of any club operated by the owner of the Golf Course Land and shall be conveyed without consideration and in an as is condition resulting from normal wear and tear

4 2 The Club's Architectural Control Neither the Association, the Architectural Review Committee any Neighborhood Association or any committee or board thereof shall approve or permit any construction addition alteration, change or installation on or to any portion of the Property that is adjacent to or otherwise in the direct line of sight from the Golf Course Land for the depth of one building lot, without giving the owner of the Golf Course Land at least fifteen (15) days prior notice of its intent to approve or permit same and delivering therewith copies of the request and all other documents and information finally submitted in such regard The owner of the Golf Course Land shall then have fifteen (15) days to approve or disapprove the proposal in writing delivered to the appropriate committee or association stating in detail the reasons for any disapproval The failure of the owner of the Golf Course land to respond to the aforesaid notice within the fifteen (15) day period shall constitute a waiver of its right to object to the matter so submitted This Section shall also apply to any work on the Common Areas hereunder or any common property or common elements of a Neighborhood Association, if any

4 3 Declarant's Reserved Rights For Club The Declarant expressly reserves unto itself its successors and assigns the right to lease or grant exclusive or non-exclusive appurtenant easements over across or under any Common Area to the owner of the Golf Course Land for use as a portion of the Club's golf course or other Club facility if such Common Area is adjacent to the Club's property which right to lease or grant easements may be exercised with full discretion.

4 4 Cooperation It is Declarant's intention that the Association and the Club shall cooperate to the maximum extent possible in the operation of the Property and the Club Each shall reasonably assist the other in upholding the community wide standards herein provided as it pertains to maintenance and the architectural standards under ARTICLE 5

ARTICLE 5

ARCHITECTURE GUIDELINES, APPROVAL

5 1 Purpose In order to enhance the beauty of the Development, to establish and preserve harmonious and aesthetically pleasing designs incorporated into the Development, and to protect and promote values for the Development, the subdivisions thereof and the Lots and improvements located therein or thereon, no Lot site plan will be undertaken (including staking cleaning excavation grading and other site work exterior alteration of existing improvements and planting or removal of landscaping materials) nor any structures placed erected or installed upon any Lot or adjacent to any Lot where the purpose of the structure is to service the Lot except in accordance with this ARTICLE 3 and upon approval as herein provided unless specifically exempted from the application and approval requirements hereof by specific terms and conditions hereof pursuant to this Declaration or pursuant to a writing signed by Declarant in recordable form.

5 2 Architectural Review Committee The Architectural Review Committee ("ARC") shall be the governing body charged with using its best efforts to promote and ensure a high level of design quality harmony and conformity throughout the Development consistent with this Declaration to administer the architectural and

aesthetic approval process for the Development; however, an Owner satisfying the architectural guidelines of the ARC functions assigned by the Declarant to a Neighborhood Association or to another committee or board established by the Declarant pursuant to a Neighborhood Declaration will be deemed to have satisfied the architectural guidelines and review procedures hereunder. Until expiration of three (3) years following the termination of the Declarant Control Period, or the earlier written relinquishment by Declarant, Declarant shall constitute the ARC, and may approve plans and submissions or take other actions on behalf of the ARC in Declarant's own name or in the name of the ARC. After the termination of Declarant's right to function alone as the ARC, the ARC under this Declaration will consist of not more than five (5) nor less than three (3) members, who need not be Lot Owners, appointed by the Board. The terms of office for each member and other matters of governance to be applicable to the ARC, will be established by the Board prior to the time any review and approval process hereunder would otherwise have to take place by the ARC to be established by Board. Notwithstanding the foregoing to the contrary, any member appointed to the ARC by the Board following assignment of the whole or any portion of ARC functions pursuant to Section 5.2(a) below is subject to the prior approval of Declarant until that date that is three (3) years following the termination of the Declarant Control Period or the earlier written relinquishment by Declarant of its authority and power to do so. The ARC is responsible for administering the Design Guidelines; adopted and amended from time to time as hereinafter provided, and for the review and approval process conducted in accordance with the Design Guidelines. The ARC is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, and/or attorneys in order to advise and assist the ARC in performing its functions set forth herein. The ARC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the committees in having any application reviewed by architects, engineers or other professionals.

(a) Right to Assign ARC Functions. The Declarant reserves the right to assign to the Association, to a Neighborhood Association, or to a committee or board established by the Declarant pursuant to a Neighborhood Declaration, at its sole discretion at any time during the Declarant Control Period, the whole or any portion of its rights reserved in this Declaration which are exercisable by it sitting as the ARC. The Declarant may establish ARC subcommittees for the purpose of acting on behalf of the ARC with respect to similar circumstances, situations, or types of improvements, such as a swimming pool subcommittee or a subcommittee which would deal with modifications of existing improvements or additional new improvements ancillary to an existing Dwelling, in contrast to the construction of initial improvements upon a previously unimproved Lot. All rights and powers of the ARC may be delegated to such subcommittee with regard to the subject matter of the subcommittee. The rights and powers of the ARC may be assigned to a management company, an architect, design professional or other entity, or any portion of such rights and powers applicable to a particular subcommittee or area of similar circumstance. The Association, each Neighborhood Association and each such committee or board established by the Declarant under a Neighborhood Declaration does hereby agree to accept any such assignment of rights without the necessity of any further action by it. Upon the expiration of three (3) years following the termination of the Declarant Control Period or the earlier written relinquishment by the Declarant of its rights hereunder, any then remaining rights are deemed assigned to the Association, which will succeed to all the rights of Declarant over the ARC then remaining unassigned without further action on the part of either the Declarant or the Association.

(b) Liability of ARC Members. No member of the ARC, or any assignee of rights hereunder, will be liable to any Lot Owner for any decision, action or omission made or performed by the ARC member in the course of his duties unless the member acted in bad faith or in reckless disregard of the rights of any Person or of the terms of this Declaration.

(c) Indemnification. Until all the ARC functions are assigned, the Declarant will, to the full extent permitted by law, indemnify all Persons designated from time to time by the Declarant to serve as members of the ARC exercising unassigned rights hereunder from and against any liability, including attorney fees, as may

be incurred by the members contrary to the provisions of this Section 5.2(c). Following any such assignment by the Declarant, members of the ARC or successor board exercising rights so assigned are indemnified by the Association or Neighborhood Association to which the exercised right was assigned.

5.3 Design Guidelines. The Declarant will prepare the initial design and development guidelines, as well as the form of application and review procedures therefor (the "Design Guidelines"), which will apply to all development and construction activities within the Development, except those development and construction activities of Declarant and Declarant's contractors and sub-contractors which shall not be subject to ARC review or the Design Guidelines. The Design Guidelines may contain general provisions applicable to all of the Development, as well as specific provisions which may vary according to Neighborhood, location therein, unique characteristics, and intended use.

(a) Interior Improvements. Generally speaking, the Design Guidelines will not cover interior improvements, which will, generally, not be subject to review and approval by the ARC, unless the review and approval may otherwise be required because the interior improvements are made within an area plainly within view of adjacent properties.

(b) Drainage. The Design Guidelines may provide that, in connection with the ARC's approval and to prevent excessive drainage or surface water runoff, the ARC may have the right to establish a maximum percentage of property which may be covered by buildings, structures, or other improvements, which guidelines may be promulgated on the basis of topography, percolation rates of the soil, soil types and conditions, vegetation cover, and other environmental factors, or to impose guidelines for the installation of storm water management facilities deemed appropriate to limit or control runoff.

(c) Other Guidelines. The Development's Design Guidelines may, in the sole discretion of Declarant, and, following the Declarant Control Period, the ARC may also provide applicable guidelines (i) prohibiting or restricting the erection and use of temporary structures; (ii) setting permissible times of construction and requirements concerning construction debris; (iii) covering the allowance of and, where allowed, the content, size, style and placement location for, signage; (iv) requiring or encouraging visually screened service yards; (v) establishing exterior lighting design and location criteria; (vi) prohibiting or limiting installation and use of wells; (vii) and setting conditions for property subdivision or consolidation, and for subjecting Development property to further covenants, conditions, restrictions and easements; provided, however, Declarant's activities may be excepted or exempted from any and all such guidelines. The within listing of possible guidelines is not an exhaustive listing, and is intended merely to provide an example of the diversity of guidelines as may be incorporated in the Design Guidelines, and will not act as a limitation upon guidelines and guidelines as may or may not be implemented.

(d) Guidance; Final Authority of ARC. The Design Guidelines are intended to provide guidance, and will not be the exclusive basis for decisions of the ARC, and compliance with the Design Guidelines may not guarantee approval of any application. The ARC will have the sole discretion to determine whether plans and specifications submitted for approvals are acceptable to it, and the refusal of approval of any plans and specifications may be based by the ARC upon any ground which is consistent with the objects and purposes of this Declaration, as may be supplemented by the Design Guidelines, including purely aesthetic considerations, so long as such grounds are not arbitrary or capricious.

(e) Inspections and Permit and Certificate Issuance. The Design Guidelines may also provide procedures for ARC inspection of work, for the issuance of a permit to commence work and for the issuance of a certificate following completion thereof, in addition to any such permits and certificates as may be issued by governmental authority with jurisdiction thereof, which may constitute conditions precedent to use or occupancy.

(f) Fees and Charges. In addition to application fees and charges, the Design Guidelines may provide a schedule of fees, charges, required damage or other deposits, fines for noncompliance, and other amounts due and payable by an Owner as part of the application, review and approval processes, which schedule the ARC may increase, modify and amend at any time. All fees, charges and fines provided herein will constitute specific Assessments and a lien upon the Lot and Dwelling to which the fees and charges relate.

5.4 ARC Landscaping Approval. To preserve the architectural and aesthetic appearance of the Development, no landscaping, grading, excavation, or filling of any nature whatsoever, and no construction of improvements of any nature whatsoever, will be commenced or maintained by the Association or any Owner, other than Declarant, on any portion of the Development, including, without limitation, the construction or installation of sidewalks, driveways, parking lots, decks, patios, courtyards, amenities and recreational facilities, walls, fences, or exterior lights, nor will any building construction, exterior addition, change or alteration, be made (including, without limitation, painting or staining of any exterior surface), unless and until application is made to the ARC pursuant to the Design Guidelines and the plans and specifications therefor are approved by the ARC.

5.5 Approval Not a Guarantee. No approval of plans and specifications and no publication of Design Guidelines and architectural guidelines thereunder will be construed as representing or implying that the plans, specifications, or guidelines will, if followed, result in properly designed improvements. Such approvals and guidelines will in no event be construed as representing or guaranteeing that any dwelling or other improvement built in accordance therewith will be built in a good and workmanlike manner. Neither Declarant, nor the Association, nor the ARC is responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this ARTICLE 3, or any defects in construction undertaken pursuant to the plans and specifications.

5.6 Enforcement. There is specifically reserved unto the ARC the right of entry and inspection upon any Lot or other portion of the Property for the purpose of determining whether there exists any unapproved improvement or whether any improvement violates the terms of any approval by the ARC or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the ARC hereunder should be made only upon reasonable notice given to the Owner at least twenty-four (24) hours in advance of such entry. The Association, acting pursuant to the direction of the ARC, is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any improvement, or to remove any unapproved improvements, the prevailing party in such litigation shall be entitled to recover all legal fees and costs incurred in connection therewith.

ARTICLE 6

USE RESTRICTIONS

6.1 Building Restrictions. Except as may be otherwise set forth in this Declaration, in the Site Plan, in any Supplemental Declaration, in any agreement with Declarant, or by specific deed restriction, the following building restrictions will apply with respect to the properties subject to this Declaration:

(a) Number of Buildings on Lots. On a single-family Lot no structure will be constructed other than one (1) detached, single-family Dwelling and one (1) accessory building, which may include a detached private garage, servant's quarters, guest house or pool house, provided a single structure may incorporate all of said uses and provided such dwelling or accessory building does not overcrowd the Lot and is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building. A guest suite or like facility may be included as part of the main

dwelling or accessory building, but said suite may not be rented or leased except as part of the entire premises including the main dwelling.

(b) Square Footage, Garage and Height Requirements. Unless otherwise provided in a Supplemental Declaration, all residential Dwellings constructed on the Lots shall have a minimum of two thousand two hundred (2,200) square feet of living space, being the enclosed and covered areas within the Dwelling, exclusive of garages, carports, porches, terraces, balconies, decks, patios, courtyard, greenhouses, atriums, storage areas, attics, and basements. At The ARC's sole discretion, due to specific site or other considerations, the ARC may allow for some portion of decks, porches or other unheated and air-conditioned exterior elements to be credited toward the calculation of the 2,200 square foot minimum. All two-story homes shall have a minimum of 1,400 square feet of living space on the main level.

(c) Completion of Improvements. The exterior of all Dwellings and other structures constructed upon any Lot must be completed within eighteen (18) months after the construction of same shall have commenced, except where such completion is impossible or would result in great hardship to the Owner or builder thereof due to strikes, fires, national emergencies or natural calamities. No Dwelling under initial construction shall be occupied until construction is completed and all necessary approvals of any governmental authorities have been obtained.

(d) Other Requirement of Residences. In addition, all residential structures constructed on a Lot will be designed and constructed in compliance with the requirements of such political subdivision with jurisdiction thereof.

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

6.3 Alteration of Setback Lines in the Best Interest of Development. Where because of size, natural terrain, or any other reason in the opinion of the Declarant, it should be in the best interest of the Development that the setback lines of any Lot should be altered or changed, then the Declarant reserves unto itself, its successors or assigns, and no other, the right to change said setback lines to meet such conditions. The Declarant specifically reserves the right to transfer and assign this right of approval to the ARC hereinafter established.

6.4 Use of Lots and Dwellings. Except as permitted by Section 6.22, each Lot and Dwelling will be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a Dwelling as an office by an Owner or Occupant will not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic; provided that in no event will any Lot or Dwelling be used as the office of or storage area for any building contractor, real estate developer or real estate broker, except as may be on a temporary basis, with the express written approval of the Declarant during the Declarant Control Period, and thereafter by the Board of Directors, and in accordance with reasonable rules and regulations promulgated therefor. Nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on a Lot or the showing of Dwellings for the purpose of selling houses in the Development; and nothing herein shall be construed to prevent the Declarant or its permittees from erecting, placing or maintaining signs, structures and offices as it may deem necessary for its operation and sales in the Development. Lease or rental of a Dwelling for residential purposes will also not be considered to be a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling and all the improvements thereon, and (b) is otherwise in compliance with rules and regulations as may be promulgated and published from time to

time by the Declarant and the Board of Directors. All leases or rental agreements will be in writing and will be for a duration of one (1) year or more unless for good cause shown the Board permits in writing a shorter term which nevertheless shall not be shorter than six (6) months. Upon request the Owner will provide the Declarant and Board of Directors with copies of such lease or rental agreement. Any Occupant will in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder.

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

6 5 Antennas No television antenna radio receiver or other similar device will be attached to or installed on any portion of the Development except as required by the Telecommunications Act of 1996 and implementing rules therefor issued by the Federal Communications Commission and by the Association in conformity with rules or guidelines of the Federal Communications Commission provided however the Declarant and the Association will not be prohibited from installing equipment necessary for master antenna security cable television, mobile radio or other similar systems within the Development.

6 6 Water Wells Subject to the terms of Section 7 12(a) no private deep water well may be drilled, installed or maintained on any of the Development. A shallow well pump may be authorized by the ARC in its sole and absolute discretion, following written application therefor by an Owner for lawn and garden use if tests indicate water is satisfactory and will not cause staining of improvements. Furthermore the ARC may authorize shallow wells for closed-end geo-thermal residential systems.

6 7 Clotheslines No clotheslines or drying yards shall be located upon the premises so as to be visible from any Common Area or from any adjoining property or Lot.

6 8 Propane Gas Tanks Any propane gas tanks shall be buried underground on the Lot and the lid shielded from the view from any road by plantings or other means approved by the ARC.

6 9 Firearms and Fireworks No firearms or fireworks of any variety shall be discharged upon the Lots in any Dwelling or upon any Common Area. The term firearms shall include without limitation, guns B B guns and pellet guns.

6 10 Exclusion of Above Ground Utilities All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. Provided however that the normal service pedestals etc used in conjunction with such underground utilities shall be permitted within the Development. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground.

6 11 Signs Except as may be required by law or by legal proceedings no signs or advertising posters of any kind including, but not limited to "For Rent" "For Sale" and other similar signs shall be erected by an Owner the Association or any agent broker contractor or subcontractor thereof nor shall any sign or poster be maintained or permitted on any window or on the exterior of any improvements or on any unimproved portion of property located within the Development without the express written permission of the ARC. The approval of

any signs and posters, including, without limitation, name and address signs, shall be upon such conditions as may be from time to time determined by the ARC and may be arbitrarily withheld. Notwithstanding the foregoing, the restrictions of this Section 6.11 shall not apply to the Declarant or to any person having the prior written approval of the Declarant. In addition, the Association shall have the right to erect reasonable and appropriate signs on any portion of the Common Areas in accordance with architectural design standards adopted therefor by the ARC and approved by governmental authority with jurisdiction thereof.

6.12 Pets. No animals of any kind shall be kept by any Occupant upon any portion of the Development, provided that a reasonable number of generally recognized house pets, not to exceed three (3), may be kept in Dwellings, subject to rules and regulations adopted by the Association, and further provided that such pet or pets are kept or maintained solely as domestic pets and not for any commercial purpose; provided further, however, any exterior dog houses, kennels, fenced runs or pens for the housing of any pet shall be subject to the approval of the ARC, which it may grant or deny in its sole discretion. No pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. Pets shall be under leash at all times when walked or exercised in any portion of the Common Areas, and the owner of such pet shall clean up after such pet. Upon the written request of any Occupant, the Board of Directors may conclusively determine, in its sole and absolute discretion, whether, for purposes of this Section 6.12, a particular pet is a generally recognized house pet or such pet is a nuisance, and the Board shall have the right to require the owner of a particular pet to remove such pet from the Development if such pet is found to be a nuisance or to be in violation of these restrictions. The Board of Directors shall have the further right, subject to Section 14.2, to fine any Occupant for the violation of these pet restrictions by such Occupant, and the Occupant shall be liable to the Association for the cost of repair of any damage to the Common Areas caused by the Occupant's pet. Any such fine or cost of repair shall be added to and become a part of that portion of any Assessment next coming due to which such Dwelling and its Owner are subject.

6.13 Lakes. Any lake shown on any map of the Development may be used for recreational purposes, provided that there shall be no use of powered or motorized boats (except that electric power boats shall be allowed). No piers, docks or barriers shall be constructed on any portion of lakes, streams or ponds, nor attached to the shoreline or banks thereof, except those that may be constructed or approved by the Declarant during the Declarant Control period and thereafter as may be approved by the Board. No Lot Owner may use or permit to be used any water from any lakes or other bodies of water for irrigation of such Owner's Lot. Neither the Declarant nor the Association shall be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within or contiguous to the Development. Nothing shall be done which disturbs or potentially disturbs wetlands within the Development in any manner unless approved by the proper regulatory authority. No dredging or filling shall be undertaken on any property adjacent to any water body or wetland. All lakes within the Development are subject to the easements and restrictions allowing an Owner to use the landscaped area between the Owner's Lot and the water line of the adjacent lake or pond, subject, nevertheless, to the Owner's obligation to maintain such area in a neat and orderly appearance, as set forth in Section 6.21.

6.14 Drainage. No Owner shall channel or direct drainage water onto a neighboring Lot, Common Area or onto any Golf Course Land except in accordance with a drainage plan approved by Declarant and in the case of drainage onto any Golf Course Land, the owner of the Golf Course Land. No Owner shall make any change to or modification of the originally established grades, swales and slopes of his or her lot in any way that changes or impedes the originally established flow of storm water drainage.

6.15 Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted on the exterior of any portion of the Subdivision. Exterior sculpture, fountains, flags, and similar items are subject to Declarant's or the ARC's prior approval; provided, however, that nothing contained herein shall prohibit the appropriate display of the American flag.

6 16 Nuisances No rubbish or debris of any kind will be dumped placed or permitted to accumulate upon any portion of the Development nor will any nuisance or odors be permitted to exist or operate upon or arise from the Development so as to render any portion thereof unsanitary unsightly offensive or detrimental to persons using or occupying any other portions of the Development Noxious or offensive activities will not be carried on in any part of the Development and the Association and each Owner and Occupant will refrain from any act or use which could cause disorderly unsightly or unkempt conditions or which could cause embarrassment, discomfort annoyance or nuisance to the Occupants of other portions of the Development or which could result in a cancellation of any insurance for any portion of the Development, or which would be in violation of any law or governmental code or regulation Without limiting the generality of the foregoing provisions no exterior speakers horns whistles bells or other sound devices except security and fire alarm devices used exclusively for such purposes will be located used, or placed within the Development except as may be permitted pursuant to terms conditions rules and regulations adopted therefor by the Board of Directors Any Owner or Occupant who dumps or places any trash or debris upon any portion of the Development will be liable to the Association for the actual costs of removal thereof plus an administrative fee of \$100 00 or such other sum set therefor by the Board as a recoupment of administrative costs in administering the cleanup and notices to the Owner and Occupant and such sum will be added to and become a part of that portion of any Assessment next becoming due to which such Owner and his property is subject.

6 17 Motor Vehicles Trailers Boats Etc Each Owner will provide for parking of automobiles off the streets and roads within the Development There will be no outside storage or parking upon any portion of the Development of any mobile home trailer (either with or without wheels) motor home tractor truck (other than pick-up trucks) commercial vehicles of any type camper motorized camper or trailer boat or other watercraft, boat trailer motorcycle motorized bicycle motorized go cart, or any other related forms of transportation devices except upon the Lot and screened from view Any permitted parking of a mobile or motor home within a screened area of a Lot will not be construed as to permit any person to occupy such mobile or motor home which is strictly prohibited Furthermore although not expressly prohibited hereby the Board of Directors may at any time prohibit or write specific restrictions with respect to the operating of mobile homes motor homes campers trailers of any kind motorcycles motorized bicycles motorized go-carts all terrain vehicles (ATVs) and other vehicles or any of them upon any portion of the Development if in the opinion of the Board of Directors such prohibition or restriction will be in the best interests of the Development Such policies may change from time to time with changing technology The storage of any such vehicles within a garage will be permitted, even if operating the same is prohibited No Owners or other Occupants of any portion of the Development will repair or restore any vehicle of any kind upon or within a property subject to this Declaration except (a) within enclosed garages or (b) for emergency repairs and then only to the extent necessary to enable the movement thereof to a proper repair facility

6 18 Mining and Drilling No derrick or other structure designed for use in boring for oil or natural gas shall be erected placed or permitted upon any part of the Development, nor shall any oil, natural gas petroleum asphalt or hydrocarbon products or materials of any kind be produced or extracted from the premises.

6 19 Garbage Disposal Each Lot Owner shall provide garbage receptacles or similar facilities in accordance with reasonable standards established by the Declarant or a roll-out garbage rack of the type approved by the Declarant, which shall be visible from the streets on garbage pickup days only No garbage or trash incinerator shall be permitted upon the premises No burning burying or other disposal of garbage on any Lot or within the Development shall be permitted (except licensed contractors may burn construction debris only during the period of construction of improvements on the Lot) provided however the Declarant shall be permitted to modify the requirements of this Section 6 19 where necessary to comply with orders of governmental bodies

6 20 Owner s Landscape Maintenance Between Lot Line and Adjacent Paving Each Owner will be responsible for maintaining on a regular basis the landscaping if any and ground cover along the right-of way

roadside or sidewalk, as applicable, bordering the Owner's Lot, whether or not such area is a part of the Owner's Lot. Each Owner will perform such maintenance within the unpaved area of right-of-way immediately adjacent to a Lot's lot line, and will be of such quality of maintenance as is required to maintain a Development consistency in appearance and cleanliness. An Owner's responsibility under this Section 6.20 to provide regular maintenance will be fulfilled regardless of whether or not an Owner permanently resides in the Development.

6.21 Owner's Landscape Maintenance Between Lot Line and Adjacent Lake or Pond. Each Owner will be responsible for maintaining on a regular basis the landscaping, if any, and ground cover along the edge of any lake or pond (above the waterline, from time to time existing) bordering the Owner's Lot, whether or not such area is a part of the Owner's Lot. Each Owner will perform such maintenance with such quality of maintenance as is required to maintain a Development consistency in appearance and cleanliness, and in manner to prevent erosion of the embankment or any condition or problem that disrupts or interferes with the proper functioning of the Development's approved drainage plan. An Owner's responsibility under this Section 6.21 to provide regular maintenance will be fulfilled regardless of whether or not an Owner permanently resides in the Development. An Owner's maintenance shall be subject to the rights, laws, rules and regulations of any governmental authority or other entity having jurisdiction over the adjacent lake or pond.

6.22 Development Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, the Declarant and its agents, employees, successors, and assigns, including any spec builder to which Declarant assigns the rights hereunder and as may be further restricted by the Declarant under any such assignment, are permitted to maintain and carry on such facilities and activities as may be reasonably required, convenient, or incidental to the development, completion, improvement, and sale of the whole or any portion of the Property, including, without limitation, the installation and operation of development, sales and construction trailers and offices, signs and models, provided that the location of any such trailers of any assignees of Declarant's rights under this Section 6.22 are subject to Declarant's prior written approval. The rights under this Section to maintain and carry on such facilities and activities will include specifically the right to use Dwellings as models and as offices for the sale or lease of Lots and Dwellings and for related activities.

6.23 Use of Trademark. Each Owner and Occupant, by acceptance of a deed to any lands, tenements or hereditament within the Development hereby acknowledges that "The Cliffs at Keowee Falls South" is a service mark and trademark. Each Owner and Occupant agrees to refrain from misappropriating or infringing these service marks or trademarks.

6.24 Owner Recording Additional Restrictions on Property. No Owner may impose additional restrictive covenants on any lands within the Property beyond those contained in this Declaration without approval of the Declarant during the Declarant Control Period, and thereafter without consent of the Board of Directors. The Declarant may impose additional restrictive covenants on property then owned by the Declarant without the consent of any other Owner or the Association.

6.25 Repurchase Option. During the Declarant Control Period, the Declarant will have the right and option to purchase any Lot, or Dwelling within the Development which is offered for sale by the Owner thereof, such option to be at the price and on the terms and conditions of any bona fide offer therefor which is acceptable to such Owner and which is made in writing to such Owner. The Owner will promptly submit a copy of the same to Declarant, and Declarant will have a period of ten (10) business days (exclusive of Saturday, Sunday and Federal holidays) from and after the presentation of such offer to Declarant in which to exercise its purchase option by giving such Owner written notice of such exercise in accordance with Section 17.16. If Declarant fails to respond or to exercise such purchase option within said ten (10) -day period, Declarant will be deemed to have waived such purchase option. If Declarant responds by declining to exercise such option, Declarant will execute an instrument evidencing its waiver of its repurchase option, which instrument will be in recordable form. In the event that Declarant does not exercise its purchase option and such sale to a third party is not consummated on

such terms and conditions set forth in the bona fide offer within six (6) months of the date in which the offer is transmitted to Declarant or within the period of time set forth in such bona fide offer whichever is later the terms and limitations of this Section 6.25 will again be imposed upon any sale by such Owner. If Declarant elects to purchase the transaction will be consummated within the period of time set for closing in said bona fide offer or within thirty (30) days following delivery of written notice by Declarant to such Owner of Declarant's decision to so purchase such Lot or Dwelling whichever is later.

6.26 Owner's Re-subdivision No Common Area or Lot will be subdivided or its boundary lines changed, nor will application for the same be made to any political subdivision with jurisdiction thereof except with the prior written approval of the Declarant during the Declarant Control Period and thereafter except with the prior written approval of the Board of Directors. However, the Declarant reserves the right to so subdivide and to take such other steps as are reasonably necessary to make the re-platted property suitable and fit as a building site including but not limited to the relocation of easements, walkways, rights-of-way, private roads, bridges, parks, and Common Areas.

(a) **Consolidation of Lots** The provisions of this Section 6.25 will not prohibit the combining of two (2) or more contiguous Lots into one (1) larger Lot. Following the combining of two (2) or more Lots into one (1) larger Lot, only the exterior boundary lines of the resulting larger Lot will be considered in the interpretation of this Declaration. Consolidation of Lots as described herein must be approved by the Declarant during the Declarant Control Period and thereafter by the Board of Directors, said approval to be granted in its respective sole discretion upon the terms and conditions established by it from time to time including specific provisions for the payment of Assessments.

6.27 Landscaping, Fencing and Signage Along Golf Course Land, No View Easement. The owner of the Golf Course Land shall have the right to place landscaping, fencing, signage, and similar improvements at the boundary lines of the Golf Course Land and the Property as reasonably necessary to prevent trespass, to regulate play on the Golf Course Land and to frame and beautify golf holes (as determined in its sole discretion). No Lot or Dwelling Owner may install any fencing between the Golf Course Land and the Property except as approved by the ARC and by the owner of the Golf Course Land.

ANY GOLF COURSE LAND IDENTIFIED ON THE SITE PLAN MAY BE DEVELOPED FOR ANY USE OR PURPOSE PERMITTED BY APPLICABLE ZONING AND DEVELOPMENT AGREEMENT. NO OWNER OR OCCUPANT OF A LOT OR DWELLING SHALL HAVE ANY VIEW EASEMENT OVER AND ACROSS ANY PROPERTY TO OR OVER ANY GOLF COURSE LAND. THE DECLARANT MAKES NO REPRESENTATION THAT THE OWNER OF THE GOLF COURSE LAND SHALL BE REQUIRED TO MAINTAIN THE GOLF COURSE LAND OR ITS OPERATION IN ANY PARTICULAR MANNER OR IN ITS CURRENT CONFIGURATION OR EVEN AS OPEN SPACE. THE GOLF COURSE LAND MAY BE OWNED, OPERATED, OR DEVELOPED IN ANY MANNER PERMITTED BY LAW.

6.28 Restrictions and Owners Assumed Risks Related to the Golf Course Land So long as the Golf Course Land is owned and operated as a golf facility, the following shall apply to the Lots and Dwellings:

(a) **Distracting Activity by Owners of Lots Prohibited.** Owners and Occupants of Lots and Dwellings, as well as their pets, will refrain from any actions that would detract from the playing qualities of the Golf Course Land. Such prohibited actions will include, but are not limited to, burning materials where smoke will cross the Golf Course Lands, owning dogs or other pets under conditions which interfere with golf course play due to their loud barking or other actions, playing of loud radios, televisions, stereos, and musical

instruments, running, bicycling, skateboarding, walking or trespassing in any way upon the Golf Course Land, picking up balls or any other similar interference with play.

(b) Assumed Inconveniences and Disturbances by Owners Adjacent to Golf Course Land.

By the acceptance of a deed of conveyance to a Lot or Dwelling located adjacent, or nearly adjacent, to the Golf Course Land, such Owner acknowledges and agrees that such Owner assumes the risks of (a) the entry by golfers onto the Property to retrieve golf balls pursuant to the easement set forth in Section 7.15(a) below (which such entry will not be deemed a nuisance or trespass); (b) possible overspray in connection with the irrigation and fertilization of the roughs, fairways, greens and tees of the golf course and odors arising therefrom; (c) noise from golf course maintenance and operation equipment; (d) disturbance and loss of privacy resulting from golf cart traffic and golfers, and (e) activities associated with lake or lagoon and lagoon edge maintenance. Additionally, each Owner acknowledges and understands that herbicides, fungicides, pesticides and chemicals may be applied to the golf course areas throughout the year, and that treated effluent or other sources of non-potable water may be used for the irrigation thereof.

(c) Assumption of Risks by Owners Adjacent to Golf Course.

Each Owner and Occupant, for himself and his guests and invitees, acknowledges that risks of injury to persons or property are inherent to persons or property located upon or in close proximity to a golf course, and agrees that Owner or Occupant assumes all risks resulting therefrom, including but not limited to, claims of negligent design of the golf course, dwellings and negligent construction of improvements or location of improvements. Each Owner and Occupant, by expressly assuming such detriments and risks, agrees that neither the Declarant, nor the owner of the Golf Course Land, nor the Association, nor their successors or assigns will be liable to any Owner or Occupant claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of, or damage to, property, trespass, or any other alleged wrongdoing or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of such Owner's or Occupant's Lot or Dwelling to the Golf Course Land, including, without limitation, any claim arising in whole or in part from the negligence of the Declarant, any affiliate of the Declarant, the owner of the Golf Course Land, the Association, and/or their invitees, agents, servants, successors and assigns, against any and all such claims, including claims of negligent placement of Lots in relation to the Golf Course Land.

6.29 Assignment of Declarant's Rights to the Association. The Declarant reserves the right to assign to the Association, at its sole discretion, its rights reserved in this Declaration, including all rights set forth in this ARTICLE 6. The Association hereby agrees to accept any and all assignments of rights hereunder, and no further action will be required by it.

6.30 Declarant's Improvements. Anything contained herein to the contrary notwithstanding, neither the improvements constructed and used by Declarant in the conduct of its business or its activities are or will be subject to the restrictions set forth in this ARTICLE 6

6.31 Other Rights and Reservations. THE OMISSION OF ANY RIGHT OR RESERVATION IN THIS ARTICLE WILL NOT LIMIT ANY OTHER RIGHT OR RESERVATION BY THE DECLARANT, WHICH IS EXPRESSLY STATED IN OR IMPLIED FROM ANY OTHER PROVISIONS IN THIS DECLARATION.

ARTICLE 7

PROPERTY RIGHTS

7.1 General Rights of Owners. Each Lot and Dwelling will for all purposes constitute real property which will be owned in fee simple and which, subject to the provisions of this Declaration, may be conveyed, transferred, and encumbered the same as any other real property. If any chutes, flues, ducts, conduits, wires,

pipes, plumbing, or any other apparatus or facilities for the furnishing of utilities or other services or for the provision of support to any Lot or Dwelling lie partially within and partially outside of the designated boundaries of the Lot, any portions thereof which serve only such property will be deemed to be a part thereof; and any portions thereof which serve more than one such Lot or Dwelling or any portion of the Common Areas will be deemed to be a part of the Common Areas. The ownership of each property subject to this Declaration will include, and there will pass with each property as an appurtenance thereto, whether or not separately described, all of the right and interest in and to the Common Areas as established hereunder, and the limitations applicable, which will include, but not be limited to, membership in the Association. Each Owner will automatically become a Member of the Association and will remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association will automatically pass to his successor-in-title to his or its property.

7.2 Owner's Easement of Enjoyment. Subject to the provisions of this Declaration and the rules, regulations, fees, and charges from time to time established by the Board of Directors in accordance with the By-Laws and the terms hereof, every Owner and Occupant will have a nonexclusive right, privilege, and easement of use and enjoyment in and to the Common Areas, including, but not limited to, easements of access, ingress and egress over and across all private roadways, to the extent so entitled hereunder, such easement to be appurtenant to and to pass and run with title, subject to the rights, restrictions, reservations, covenants, easements and obligations reserved, granted or alienable in accordance with this Declaration, including, but not limited to:

(a) Right Of Association To Borrow Money. The right of the Board of Directors of the Association to borrow money (i) for the purpose of improving the Development, or any portion thereof, (ii) for acquiring additional Common Areas, (iii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Development, or (iv) for providing the services authorized herein, and, subject to the provisions of Section 12.2, to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

(b) Declarant's Reserved Rights and Easements. The rights and easements specifically reserved to Declarant in this Declaration.

(c) Association's Rights to Grant and Accept Easements. The right of the Board of Directors of the Association to grant and accept easements as provided in Section 7.7 and to dedicate or transfer fee simple title to all or any portion of the Common Areas to any public agency or authority, public service district, public or private utility, or other person, provided that any such dedication or transfer of the simple title must be approved by Declarant during the Declarant Control Period and thereafter for so long as Declarant owns any of the Property primarily for the purpose of development or sale.

(d) Association's Rights and Easements. The rights and easements specifically reserved in this Declaration for the benefit of the Association, its directors, officers, agents, and employees.

(e) Declarant's Easements for Additional Property. The Declarant's right to add Additional Property to this Declaration pursuant to Section 2.2(a) and the rights and easements reserved in Section 7.5(a) hereof for the benefit of the Additional Property so added to this Declaration.

7.3 Access, Ingress and Egress; Private Roadways. All Owners, by accepting title to property conveyed subject to this Declaration, waive all rights of uncontrolled and unlimited access, ingress, and egress to and from such property and acknowledge and agree that such access, ingress, and egress will be limited to roads, sidewalks, walkways, and paths located within the Development from time to time, provided that pedestrian and

vehicular access to and from all such property will be provided at all times. Subject to the right of the Declarant to dedicate any roadways within the Development pursuant to Section 7.3(b) below, there is reserved unto Declarant, the Association and their respective successors and assigns the right and privilege but not the obligation, to maintain guarded or electronically monitored gates controlling vehicular access to and from the Development provided that access to the Property may be granted to any person who gives reasonable evidence satisfactory to entry guards, if there are any, that entry is with the specific permission of the Owner or his duly authorized agent. Neither the Declarant nor the Association will be responsible, in the exercise of its reasonable judgment, for the granting or denial of access to the Property in accordance with the foregoing.

NEITHER THE DECLARANT NOR THE ASSOCIATION SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF ANY GATE OR CONTROLLED ACCESS TO THE PROPERTY OR SAFETY MEASURES UNDERTAKEN WITH RESPECT THERETO BY EITHER OR BOTH OF THEM NOR SHALL EITHER OR BOTH BE LIABLE FOR ANY LOSS OR DAMAGE RESULTING FROM ANY FAILURE TO PROVIDE CONTROLLED ACCESS OR SAFETY MEASURES OR FROM LEAVING ANY GATE OPEN AS PERMITTED UNDER SECTION 7.3(c) BELOW OR FROM A FAILURE OR INEFFECTIVENESS OF ANY SUCH CONTROLLED ACCESS OR SAFETY MEASURES UNDERTAKEN BY EITHER OR BOTH OF THEM. NO REPRESENTATION WARRANTY OR COVENANT IS GIVEN TO ANY OWNER OR OCCUPANT BY EITHER OR BOTH OF THE DECLARANT AND THE ASSOCIATION THAT ANY CONTROLLED ACCESS OR SAFETY MEASURES INSTALLED OR UNDERTAKEN CANNOT BE BYPASSED OR COMPROMISED OR THAT THEY WOULD IN FACT AVERT DAMAGE OR LOSS RESULTING FROM THAT WHICH THEY ARE DESIGNED TO PREVENT AND EACH OWNER BY ACCEPTANCE OF A DEED TO A LOT OR DWELLING AND EACH OCCUPANT THEREOF SHALL INDEMNIFY AND HOLD THE DECLARANT AND THE ASSOCIATION HARMLESS FROM ANY DAMAGE AND COSTS AND EXPENSES INCLUDING ATTORNEY FEES INCURRED BY EITHER OR BOTH OF THEM AS A RESULT OF ANY SUCH ASSERTION OR DETERMINATION.

(a) Post Sign Towing The Declarant or the Association after title to any private streets and roadways has passed to it from the Declarant may post no parking signs along such private streets and roadways within the Development where it in its sole discretion, determines it to be appropriate to do so. Violators of said no parking signs are subject to having their vehicles towed away and will be required to pay the cost of such towing and storage before their vehicle may be recovered. The act of towing said vehicles will not be deemed a trespass or a violation of the Owners' property rights because the Owner will be deemed to have consented to such action by accepting the right to use the private roads and streets within the Development.

(b) Dedication as Public Roadways During the Declarant Control Period, the Declarant and thereafter the Association shall have the right to dedicate any portion of the roadways within the Development to the State of South Carolina or any political subdivision thereof for the purpose of granting public access thereto and over said roadway and for the purpose of having said political subdivision assume responsibility for maintenance of such roadways. Furthermore during the Declarant Control Period the Declarant and thereafter the Association shall have the right to impose upon the Association the requirement of maintaining any such dedicated roadway until such time as the roadway is brought up to standards acceptable to such public body and maintenance thereof is assumed by such public body provided however Declarant may in its sole discretion reserve an easement over any such public roadway to be primarily maintained by such public body for the purpose of doing additional maintenance to said public streets and roads and to maintain landscaping along the unpaved rights of way thereof and thereafter denominate in a Site Plan or Supplemental Declaration that said easement will constitute a Common Area of the Development to be maintained by the Association. The Board of

Directors may levy a Special Assessment against all Owners without the necessity of a vote pursuant to Section 1.7 hereof in an amount sufficient to provide funds required to bring any roadway up to standards acceptable to any public body for the assumption by it of maintenance of a said roadway

(c) Declarant's Right to Maintain Open Gate Notwithstanding anything herein contained to the contrary the Declarant hereby reserves unto itself its successors and assigns the right and option to control any gate to the Development and to leave the gate in an open position for the unobstructed and uncontrolled passage of construction vehicles for persons engaged in both infrastructure and building construction activities. The within right if exercised will be limited to the hours of 6 a.m. to 6 p.m. and will terminate upon expiration of the Declarant Control Period

7.4 Easements Over Private Roadways

(a) Public and Service Vehicles Police fire water health and other authorized municipal officials employees and their vehicles paramedic rescue and other emergency personnel and their vehicles and equipment school bus and U.S. Postal Service delivery drivers and their vehicles private delivery or courier service personnel and their vehicles and persons providing garbage collection services within the Development and their vehicles and equipment will each have a perpetual non-exclusive easement for access ingress and egress over the private roadways constituting a portion of the Common Areas solely for the performance of their official duties

(b) Golf Course - Rights of Access and Parking The members of any Golf Course Land operations (if there are any and regardless of whether such members are Owners hereunder) members of the public using the facilities with the permission of the owner of the Golf Course Land and the operation's owners employees agents contractors and designers will at all times have a right and non-exclusive easement of access and use over all roadways located within the Property reasonably necessary to travel to or from the entrance to the Property from public rights of way and to or from the facilities located on the Golf Course Land and over those portions of the Property (whether Common Areas or otherwise) reasonably necessary to the construction, operation maintenance repair and replacement of such facilities. Furthermore there is hereby reserved for the use and benefit of the members guests and licensees of any Golf Course Land facilities the non-exclusive easement to operate golf carts over and upon the Development's private roadways as necessary to travel to and from adjoining golf tees and holes and to access the Golf Course Land. Passage through any gate or entry and over the private roadways of the Development by the owner of the Golf Course Land its employees suppliers contractors members guests and licensees will not be hindered or delayed and will include the issuance of passes therefor without charge or toll. Without limiting the generality of the foregoing and anything contained herein to the contrary notwithstanding members of any Golf Course Land operations and permitted members of the public will have the right to park their vehicles on the roadways located within the Property at reasonable times before during and after golf and/or tennis tournaments and other special functions held at the facilities on the Golf Course Land. Privately owned golf carts shall not be allowed on the Golf Course Land without the prior approval of the owner of the Golf Course Land.

7.5 Easements for Declarant. During the period that Declarant owns any of the Property for sale Declarant will have an alienable and transferable right and easement on, over through under and across the Common Areas for the purpose of constructing improvements in and to the Lots and for installing maintaining repairing and replacing other improvements to the Property contemplated by this Declaration or as Declarant desires in its sole discretion including without limitation, any improvements or changes permitted and described by ARTICLE 2, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event will Declarant have the obligation to do any of the foregoing

(a) Declarant's Easements for Any Additional Property There is hereby reserved for Declarant and its successors assigns and successors in title to the Additional Property for the benefit of and as

an appurtenance to the Additional Property when added to this Declaration pursuant to Section 2.2(a) and as a burden upon the then existing Development perpetual non-exclusive rights and easements for (a) pedestrian, vehicular access ingress egress parking over across within and on all private roads sidewalks trails parking facilities and lagoons from time to time located within the Common Areas or within easements serving the Common Areas (b) the installation maintenance repair replacement and use within the Common Areas and those portions of properties encumbered pursuant to Section 7.7 for security systems and utility facilities and distribution lines including without limitation drainage systems storm sewers and electrical gas telephone water sewer and master television antenna and/or cable system lines and (c) drainage and discharge of surface water onto and across the then existing Development provided that such drainage and discharge shall not materially damage or affect the then existing Development or any improvements located thereon

7.6 Changes in Boundaries Additions to Common Areas Declarant expressly reserves the right to change and realign the boundaries of the Common Areas and any Lots or Dwellings between such adjacent properties owned by Declarant, provided that any such change or realignment of boundaries will not materially decrease the acreage of the Common Areas and will be evidenced by a revision of or an addition to the Site Plan which will be filed Of Record

7.7 Fire Breaks During the Declarant Control Period the Declarant and thereafter the Association shall have a perpetual alienable and releasable easement and right on and over and under any property to cut fire breaks and other activities which in the opinion of the holder are necessary or desirable to control fires on any property or any improvements thereon Entrance upon property pursuant to the provisions of this Section 7.7 will not be deemed a trespass

7.8 Easements for Utilities There is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns the alienable transferable and perpetual right and easement, as well as the power to grant and accept easements to and from any public authority or agency public service district, public or private utility or other person upon over under and across (a) all of the Common Areas in accordance with this Declaration (b) as shown on the Site Plan and (c) other such easement areas recited in any Supplemental Declaration for the purpose of installing replacing repairing maintaining and using master television antenna and/or cable systems security and similar systems and all utilities including but not limited to storm sewers and drainage systems and electrical gas telephone water and sewer lines Such easements may be granted or accepted by Declarant, its successors or assigns or by the Board of Directors provided, however that during the Declarant Control Period and thereafter for as long as the Declarant owns any of the Property primarily for the purpose of development and sale the Board of Directors must obtain the written approval of Declarant prior to granting and accepting any such easements To the extent practical in Declarant's sole discretion, all utility lines and facilities serving the Development and located therein will be located underground. By virtue of any such easement and facilities it will be expressly permissible for the providing utility company or other supplier or servicer with respect to the portions of the Development so encumbered (i) to erect and maintain pipes lines manholes, pumps and other necessary equipment and facilities (ii) to cut and remove any trees bushes or shrubbery (iii) to grade excavate or fill or (iv) to take any other similar action reasonable necessary to provide economical and safe installation maintenance repair replacement, and use of such utilities and systems

7.9 Easement for Construction and Installation of Walks, Paths and Signs There is hereby reserved for the benefit of Declarant and the Association the alienable transferable and perpetual right and easement upon over and across (a) all portions of the Common Areas in which improvements are not constructed or erected and (b) all areas shown and noted on any Site Plan or described in any Supplemental Declaration for the installation maintenance and use as recreational bike pedestrian and/or equestrian pathways and trails (trail system) as well as for traffic directional signs and related improvements The trail system shall not interfere with or inhibit the residential purposes of the Properties

(a) Easement for Use of Trail System. The Declarant reserves for itself the Association and the members guests invitees and licensees of the owner of the Golf Course Land a nonexclusive perpetual easement of ingress egress access and use over across and upon the trail system and such portions of the Common Areas which are necessary to travel to and from the trail system

7 10 Easements for the Association. There is hereby reserved a general right and easement for the benefit of the Association and to any manager employed by the Association and any employees of such manager to enter upon any Lot Dwelling or any portion thereof in the performance of their respective duties Except in the event of emergencies this easement is to be exercised only during normal business hours and then whenever practicable only upon advance notice to and with permission of the Owner directly affected thereby

7 11 General Maintenance Easement There is hereby reserved for the benefit of Declarant and the Association an alienable transferable and perpetual right and easement to enter upon any Property subject to this Declaration for the purpose of providing insect and reptile control mowing removing cleaning cutting or pruning underbrush weeds stumps or other unsightly growth and removing trash so as to maintain reasonable standards of health fire safety and appearance within the Development, provided that such easements will not impose any duty or obligation upon Declarant or the Association to perform any such actions or to provide garbage or trash removal services Furthermore it is hereby reserved for the benefit of the Declarant and the Association an alienable transferable and perpetual right and easement but not the obligation to enter upon any unimproved portions of a Lot or Dwelling which is located within twenty (20) feet from the water's edge of any lagoon pond or other body of water within the Development for the purpose of (a) mowing such area and keeping the same clear and free from unsightly growth and trash (b) maintaining such bodies of water such maintenance to include without limitation the maintenance of reasonable water quality standards and (c) installing constructing repairing replacing and maintaining erosion control devices provided that the foregoing reservation of easements will not be deemed to limit the responsibility therefor by Owners under Section 9 1 hereof The costs thereof incurred as a result of the action or inaction of any Owner will be paid by such Owner and until paid will be a continuing lien upon the Owner's Lot or Dwelling.

7 12 Environmental Easement. There is hereby reserved for the benefit of Declarant and the Association an alienable transferable and perpetual right and easement on over and across all unimproved portions of properties subject to this Declaration for the purpose of taking any action necessary to effect compliance with environmental rules regulations and procedures from time to time promulgated or instituted by the Board of Directors or by any governmental entity such easement to include without limitation the right to implement erosion control procedures and practices the right to drain standing water and the right to dispense pesticides

(a) Construction Setbacks Construction setbacks within the Development are measured by reference to front, rear and side yard easements shown and noted on the Site Plan or otherwise provided herein. Unless otherwise shown on the Site Plan rear and front set backs are 25 and side yard setbacks 20 provided however side lot lines within a street or road right-of way shall be 25 a 30 setback shall apply to a lot line adjacent to the Golf Course Land, and setbacks on any front, rear or side lot line immediately adjacent to property lying outside of The Cliffs at Keowee Falls South and not otherwise subject to a right of way may if determined by Declarant not to be adjacent to Additional Property to be made subject to this Declaration and otherwise allowed by applicable zoning will be 5 with Declarant's written consent

7 13 Party Structure

(a) Applicability This Section shall apply to each wall fence or driveway built as a part of the original construction on the Lots

(i) any part of which is built upon or straddling the boundary line between two adjoining Lots or

(ii) which is built within four feet of the boundary line between adjoining Lots has no windows or doors and is intended to serve as a privacy wall for the benefit of the adjoining Lot or

(iii) which otherwise serves and/or separates two adjoining Lots regardless of whether constructed wholly within the boundaries of one Lot

and shall constitute a party wall party fence or party driveway respectively (each herein referred to as Party Structure") The Owners of each such Lot (the Adjoining Owners) shall own that portion of the Party Structure lying within the boundaries of their respective Lots and shall have an easement for use and enjoyment and if needed, for support in that portion, if any of the Party Structure lying within the boundaries of the adjoining Lot

(b) Joint and Equal Obligations of Maintenance Repair and Replacement In the event of required maintenance repair as a result of damage or replacement because of destruction of a Party Structure from any causes other than the negligence of an Adjoining Owner the Adjoining Owners of the subject Party Structure shall at joint and equal expense maintain repair and rebuild the Party Structure Required repair or rebuilding of a damaged or destroyed Party Structure shall be the same size and of the same or similar material and of like quality as the Party Structure initially constructed situate generally in the original location on the common property line between adjoining Lots all pursuant to applicable governmental regulation and permits Each such Adjoining Owner their respective heirs successors and assigns shall have the right to the use of the Party Structure so repaired or rebuilt The Adjoining Owners shall undertake repairs and reconstruction of the Party Structure wherever a condition exists which may result in damage or injury to person or property if repair or reconstruction work is not undertaken Either Adjoining Owner upon discovering the possibility of damage or destruction shall notify the other Adjoining Owner of the nature of the damage the work required to remedy the situation, and the estimated cost of the repair or reconstruction The other Adjoining Owner shall then have twenty (20) days from the receipt of the notice either to object to the repairs or reconstruction or to pay such noticed Adjoining Owner s share of the cost of the work However in the event of an emergency (i.e., a condition that is immediately threatening to the safety of persons or property) the Adjoining Owner giving such notice may undertake without consent only such work as shall abate the emergency and the noticed Adjoining Owner shall then have five (5) days from receipt of the notice which notice shall state with particularity the nature and extent of the existing emergency and the immediate actions taken or to be taken to abate the emergency and what further work, if any is required for full repair and restoration after which the noticed Adjoining Owner shall pay its share of the emergency abatement costs and within the twenty (20) days above provided shall either object to the further repair or reconstruction work or pay the noticed Adjoining Owner s share of the cost of such further work The failure of the Adjoining Owner receiving such notice to object in writing to the Adjoining Owner sending such notice within the period of time provided shall be deemed to constitute such noticed Adjoining Owner s acceptance In the event the Adjoining Owner receiving such notice objects in writing to such work to be done within the period of time provided either Adjoining Owner may initiate resolution of such disputed repair or reconstruction pursuant to the terms and conditions of ARTICLE 15

(c) Damage or Destruction Caused By Negligence If either Adjoining Owner s negligence which is deemed to include the negligence of such Adjoining Owner s family tenant, guest or invitee shall cause damage to or destruction of the Party Structure the negligent Adjoining Owner shall bear the entire cost of repair or reconstruction

(d) Failure to Pay Share of Expenses If an Adjoining Owner shall neglect or refuse to pay such Adjoining Owner s share or all of the cost in case of negligence arising from the repair or reconstruction of the Party Structure in accordance with Section 7 I3(b) the other Adjoining Owner may but shall not be required to undertake such repair or reconstruction and to pay the share of the cost and expense of the Adjoining Owner

neglecting or refusing to so pay which amount thereof shall constitute a Shared Cost Assessment collectable in accordance with Section 7 13(h) and subject to lien therein provided

(e) Decision Not to Rebuild Any portion of the Party Structure which is damaged or destroyed must be repaired or replaced promptly by the Owners unless

(i) Repair or replacement would be illegal under any law statute or ordinance governing health and safety or

(ii) The Adjoining Owners agree unanimously in writing not to repair and reconstruct the damaged or destroyed Party Structure

(f) Disputes Generally All disputes between the Adjoining Owners shall be resolved pursuant to the provisions of ARTICLE 15

(g) Adjoining Owners Easements

(i) Access Each Adjoining Owner and their respective guests invitees successors and assigns shall have a non-exclusive perpetual easement of access ingress and egress on over and across any Party Structure designed for access ingress and egress such as shared driveways and walkways

(ii) Maintenance, Repair and Construction Easement There shall exist for the benefit of each Adjoining Owner and their respective guests invitees successors and assigns a perpetual easement for access ingress and egress on, over and across such portions of the other Adjoining Owner's Lot reasonably necessary or desirable for the construction repair maintenance and replacement of the Party Structure With respect to the whole or any portion of a Party Structure located upon an Adjoining Owner's Lot, an Adjoining Owner shall have an encroachment easement upon the other Adjoining Owner's Lot pursuant to Section 7 13(g)(iii) This construction repair maintenance and replacement easement shall include the right to temporarily alter obstruct and/or block off portions of the Party Structure during construction or repair in order to avoid injury to persons or damage to property However in every case of alteration obstruction or blocking the said Adjoining Owner exercising such right shall provide if possible reasonable alternative means of use and access around the affected area to allow access to and the continued use and enjoyment thereof by persons entitled to such use and enjoyment. All such construction repair maintenance and replacement shall be undertaken and completed in accordance with applicable governmental regulations and permits therefor

(iii) Encroachment Easements and Licenses There shall exist for the benefit of each Adjoining Owner an exclusive perpetual encroachment easement and license on and across such portions of the Party Structure reasonably necessary or desirable to perform any maintenance repair reconstruction or replacement of the Party Structure being generally along the common property line between the Adjoining Owner's Lots. There shall also exist for the benefit of each Adjoining Owner an encroachment easement and license to physically attach to the Party Structure any portion of its improvements attached in the original construction or required or desirable for support. Such encroachment easements and licenses shall include the right (but not the duty) to install use replace and maintain utility lines and facilities under and beneath such properties including without limitation pipes and lines for water electricity telephone and cable television all subject to the reasonable right of the respective Adjoining Owners to designate the actual location of any such utility easements encumbering their respective Lots

(h) Shared Cost Assessments for Joint Structures

(i) Creation of Lien and Personal Obligation for Shared Cost Assessments Each Adjoining Owner hereby covenants to pay its share of the costs and expenses of maintenance repair and

reconstruction of the Party Structure required pursuant to Section 7.13(b). Any such shared cost or expense remaining unpaid following five (5) days written demand therefor shall constitute a "Shared Cost Assessment". Any Shared Cost Assessment remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on the Adjoining Owner's Lot when a claim of lien is filed Of Record. A claim of lien shall set forth the name and address of the Adjoining Owner filing the lien, the name of the delinquent record holder of the adjoining Lot at the time the claim of lien is filed, a description of the Lot and the amount of the lien claimed. Such lien may be enforced by judicial foreclosure by the other Adjoining Owner in the same manner in which mortgages on real property may be foreclosed in the State of South Carolina. In any such foreclosure, the delinquent Adjoining Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees) and such costs and expenses shall be secured by the lien being foreclosed. The delinquent Adjoining Owner shall also be required to pay any Shared Cost Assessments against the Adjoining Owner's Lot which shall become due during the period of foreclosure, and all such Shared Cost Assessments shall be secured by the lien being foreclosed. The Adjoining Owner holding such lien shall have the right and power to bid in at any foreclosure sale, and to thereafter hold, lease, mortgage, or convey the subject Lot. Each such Shared Cost Assessment, together with such interest, costs and reasonable attorney's fees shall be the personal obligation of the person who was the delinquent Adjoining Owner at the time when the Shared Cost Assessment fell due and also of any subsequent Adjoining Owner of the liened Lot; provided, however, that no Adjoining Owner acquiring title to the liened Lot at a foreclosure sale, or conveyance in lieu of foreclosure, of any mortgage, his successors and assigns, shall have any personal obligation with respect to the portion of any Shared Cost Assessments (together with late charges, interest, fees and costs of collection) related to such Lot, the lien for which is subordinate to the lien of the mortgage being foreclosed, as provided in Section 7.13(h)(iv).

(ii) Assumption of Obligation by Transferee. The personal obligation of the Adjoining Owner to pay a Shared Cost Assessment shall remain his personal obligation notwithstanding the fact that any successor in title assumes such personal obligation. Furthermore, such prior Adjoining Owner and his successor in title who assumes such liabilities shall be jointly and severally liable with respect thereto, notwithstanding any agreement between such prior Adjoining Owner and his successor in title creating the relationship of principal and surety as between themselves, other than one by virtue of which such prior Adjoining Owner and his successor in title would otherwise be jointly and severally liable to pay such amounts.

(iii) Miscellaneous. An Adjoining Owner may bring legal action against the defaulting Adjoining Owner personally obligated to pay a Shared Cost Assessment or foreclose its lien against the defaulting Adjoining Owner's Lot or pursue both such courses at the same time or successively. Adjoining Owners are deemed to have, to the fullest extent permitted by law, waived the right to assert any statute providing appraisal rights which may reduce any deficiency judgment obtained against a defaulting Adjoining Owner in the event of such foreclosure, and further waive all benefits that might accrue to an Adjoining Owner by virtue of any present or future homestead exemption or law exempting a Lot or portion thereof from sale.

(iv) Subordination of the Charges and Liens.

(A) The lien and permanent charge for the Shared Cost Assessments (together with late charges, interest, fees and cost of collection) authorized herein with respect to a Lot is hereby made subordinate to liens and encumbrances (specifically including, but not limited to, a Mortgage on the Lot or Dwelling) recorded before the filing of the claim of lien in the ROD, and (ii) liens for real estate taxes and other governmental assessments and charges against the Lot or Dwelling. Sale or transfer of a Lot or Dwelling shall not affect the lien of the Shared Cost Assessments. However, where the holder of a Mortgage, or other purchaser of a Lot or Dwelling obtains title thereto as a result of foreclosure of a Mortgage, such purchaser and its heirs, successors, and assigns, shall not be liable for the Shared Cost Assessments against such Lot or Dwelling which became due prior to the acquisition of title to such Lot or Dwelling by such purchaser. In the event of co-ownership of the Lot or Dwelling against which the Shared Cost Assessments arises, all of such co-Owners

will be jointly and severally liable for the entire amount of such Shared Cost Assessments. Assessments will be paid in such manner and on such dates as may be fixed by the Board of Directors in accordance with Section 13.4(d), provided that unless otherwise provided by the Board, the Annual Assessments will be paid in equal monthly installments.

(B) Such subordination is merely a subordination and shall not relieve the Lot's Adjoining Owner of his personal obligation to pay all Shared Cost Assessments coming due at a time when he is the Adjoining Owner; shall not relieve such Lot or Dwelling from the lien and permanent charge provided for herein (except as to the extent the subordinated lien and permanent charge is extinguished by foreclosure or deed in lieu thereof); and no sale or transfer of such Lot or Dwelling to the Mortgagee or to any other person pursuant to a foreclosure sale, or deed in lieu thereof, shall relieve any previous Adjoining Owner from liability for any Shared Cost Assessment coming due before such sale or transfer.

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

7.15 Easements for the Benefit of the Golf Course Land.

(a) Flight and Retrieval of Golf Balls. The owner of the Golf Course Land and its guests will have, for as long as said land is used as a golf course, a perpetual, exclusive easement of access over the Property for the flight and retrieval of golf balls over, across and upon the Property, and for the purpose of retrieving golf balls from bodies of water within the Common Areas, lying reasonably within range of golf balls hit from the Golf Course Land.

(b) Golf Play. The owner, and its guests, licensees, and employees, of the Golf Course Land will have, for as long as said land is used as a golf course, a perpetual, non-exclusive easement to do every act necessary and incident to playing golf on the Golf Course Land, including, but not limited to, the creation of usual and common noise levels associated with golf play, and the play while standing out of bounds of a golf ball that lies within bounds as permitted by the rules of golf as are from time to time applicable.

(c) Overspray. The Property is hereby burdened with a nonexclusive easement for overspray of water from the irrigation system serving the Golf Course Land, as well as overspray of herbicides, fungicides and pesticides. Under no circumstances will the Declarant or the Association be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) Golf Course Land Maintenance Noise Easement. There is hereby granted to and for the benefit and use of the owner of the Golf Course Land the perpetual, nonexclusive right and easement over and across the Property for the creation of noise related to normal maintenance and operation of the golf course, including, but not limited to, the operation of mowing, raking and spraying equipment.

(e) Errant Golf Balls. The existence of the within easements shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall Declarant, the Association or the owner of the Golf Course Land, nor any of their respective appointees, directors, officers, employees, contractors, consultants, shareholders, affiliates, assignees, successors, nominees or agents, be held liable for any damage or injury to person or Dwelling, Lot or any improvement thereon resulting from errant golf balls, whether in motion or at rest, which has been driven from the golf course or its environs.

(f) Encroachment Easements. If, after any repair, reconstruction, maintenance or other work on the Golf Course Land is complete, minor encroachments exist by the golf course playing area and

improvements onto the Property or the Property onto the golf course playing area and improvements. the Association and the owner of the Golf Course Land shall be deemed to have hereby granted to each other easements which shall allow said encroachments to exist, so long as they are not expanded in any way. Further, should any improvement constituting an encroachment ever be abandoned for a period of six (6) months or destroyed, the easement for that particular encroachment shall be terminated. The Association and the owner of the Golf Course Land shall cooperate with each other to locate and accommodate said minor encroachments.

7.16 Easements Deemed Granted and Reserved All conveyances of a Lot hereunder, whether by the Declarant or otherwise, will be deemed to have granted and reserved, as the context will require, all easements set forth in this Declaration, including, but not limited to, those set forth in this ARTICLE 7.

7.17 No Partition There will be no judicial partition of the Development or any part thereof, nor will any person acquiring any interest in the Development or any part thereof seek any such judicial partition unless the Development has been removed from the provisions of this Declaration.

ARTICLE 8

MEMBERSHIP

8.1 Membership Every Owner, including the Declarant, of a Lot and Dwelling will be a Member of the Association. Ownership of a Lot will be the sole qualification for such membership. In the event that fee title to a Lot or Dwelling is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto will automatically pass to such transferee, notwithstanding any failure of the transferor to endorse to his transferee any certificates or other evidences of such membership. The foregoing is not intended to include Mortgagees or any other persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest will not terminate or otherwise affect an Owner's membership in the Association.

8.2 Voting Rights The Association will have two (2) types of voting memberships which are as follows:

TYPE A: Type A Members will be Owners (including the Declarant) of Lots and Dwellings. A Type A Member will be entitled to one (1) vote for each Lot and Dwelling owned.

TYPE B: The Type B Member will be the Declarant or its designated assign. The Type B Member will be entitled to three (3) votes for each vote held by Type A Members, plus one (1) vote during the Declarant Control Period. Thereafter, the Type B Member will exercise votes only as to its Type A Memberships.

Payment of Special Assessments or Emergency Special Assessments will not entitle Type A Members to additional votes. Only those Members in good standing and eligible to vote pursuant to the Bylaws shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof.

(a) Voting By Multiple Owners When any Lot or Dwelling of a Type A Member of the Association is owned Of Record in the name of two or more persons, other than husband and wife (either of whose vote will bind both), by an entity, or in any other manner of joint or common ownership, the Owner who is present at said meeting of the Association is entitled to vote on behalf of such Lot or Dwelling. If more than one Owner is present at an Association meeting, the vote for such Lot or Dwelling will be exercised as such co-Owners determine among themselves and advise the Secretary of the Association in writing prior to any meeting;

or the vote will be exercised by such co-Owner, or his duly appointed proxy, as will be designated in a writing by all co-Owners filed Of Record, a copy of which will be delivered to the Secretary of the Association and will remain effective for all meetings until revoked by the co-Owners in a similar writing or until such designation terminates pursuant to the terms of such writing.

(b) Creation of Additional Membership Types. The Declarant may create additional types of Members for any Additional Property added to this Declaration pursuant to Section 2.2.

8.3 Association Governance by Board. A Board of Directors consisting of Three (3) or five (5) members will govern the Association. Initially, during the Declarant Control Period, the Board will consist of three (3) members appointed by the Declarant, and following expiration of the Declarant Control Period, the Board will consist of five (5) members elected as provided in the Bylaws of the Association.

8.4 Meetings and Membership Voting. Except as otherwise provided in this Declaration, rules and procedures of the Association, including, but not limited to, conducting elections, meetings (both regular and special), and for casting of votes by members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws.

ARTICLE 9

MAINTENANCE

9.1 Responsibilities of Owners. Unless specifically identified herein as the responsibility of the Association, all maintenance and repair of Lots and Dwellings, together with all other improvements thereon or therein and all lawns, landscaping, and grounds on and within such property will be the responsibility of the Owner thereof. Each Owner will be responsible for maintaining all drainage easements located upon the Owner's Lot. Each Owner will also be responsible for maintaining his or its property in a neat, clean, and sanitary condition. Except as provided in Section 9.2 hereof, each Owner will also be obligated to pay for the costs incurred by the Association for repairing, replacing, maintaining, or cleaning any item which is the responsibility of such Owner, but which responsibility such Owner fails or refuses to discharge. Such costs and expenses, including reasonable costs and expenses of collection and such fines as may be established by the Association, from time to time, to reimburse the Association for the administrative costs incurred thereby, or otherwise, will be a specific Assessment under Section 13.10. No Owner will do any work which, in the reasonable opinion of the Board of Directors, would jeopardize the soundness and safety of the Development, reduce the value thereof, or impair any easement or hereditament thereto, without in every such case obtaining the written approval of the Board of Directors, as well as the Owners and the Mortgagees of property directly affected thereby or benefiting from such easement or hereditament.

9.2 Association's Responsibility.

(a) General. Except as may be herein otherwise specifically provided, the Association will maintain and keep in good repair all portions of the Common Areas; provided, however, and notwithstanding the fact that any drainage easements within the Development may be referred to as Common Areas, the maintenance thereof that is located upon an Owner's Lot shall be the sole responsibility of such Owner. Any easement area for which the Association is responsible under this Declaration, including responsibility prior to transfer to the Association in accordance with Section 2.4, or under any Supplemental Declaration, which responsibility will include the maintenance, repair, and replacement of (a) all drainage not under the expressly specified jurisdictional care and maintenance of any governmental authority or the Owner of a Lot upon which such easement area exists, and walking, ingress and egress easements shown and noted on the Site Plan, (b) all private roads, road shoulders, walks, trails, lagoons, ponds, parking lots, landscaped areas, and other improvements situated within the Common Areas or easements, (c) security systems and utility lines, pipes, plumbing, wires,

conduits, and related systems which are a part of its said properties and which are not maintained by a public authority, public service district, public or private utility, or other person, and (d) all lawns, trees, shrubs, hedges, grass, and other landscaping situated within or upon its said properties. The Association will not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, (ii) resulting from any rain or other surface water which may leak or flow from any portion of its properties, or (iii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair. Nor will the Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner which may be stored in or upon any portion of its properties or any other portion of the Property. No diminution or abatement of Assessments will be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of each Owner.

(b) Work In Behalf of Owners. In the event that Declarant or the Board of Directors determines that: (a) any Owner or Occupant has failed or refused to discharge properly his or its obligations with regard to the maintenance, cleaning, repair, or replacement of items for which he or it is responsible hereunder, or (b) that the need for maintenance, cleaning, repair, or replacement which is the responsibility of the Association hereunder is caused through the willful or negligent act of an Owner or Occupant, and is not covered or paid for by insurance in whole or in part, then, in either event, Declarant or the Association, except in the event of an emergency situation, may give such Owner written notice in accordance with Section 17.16 of Declarant's or the Association's intent to provide such necessary maintenance, cleaning, repair, or replacement, at the sole cost and expense of such Owner, and setting forth with reasonable particularity the maintenance, cleaning, repairs, or replacement deemed necessary. Except in the event of emergency situations, such Owner will have fifteen (15) days within which to complete the same in a good and workmanlike manner, or in the event that such maintenance, cleaning, repair, or replacement is not capable of completion within said fifteen (15)-day period, to commence said maintenance, cleaning, repair, or replacement and diligently proceed to complete the same in a good and workmanlike manner. In the event of emergency situations or the failure of any Owner to comply with the provisions hereof after such notice, Declarant or the Association may provide (but will not have the obligation to so provide) any such maintenance, cleaning, repair, or replacement at the sole cost and expense of such Owner and said cost will be added to, and become a part of the Assessment to which such Owner and his property is subject and will become a lien against such property. In the event that Declarant undertakes such maintenance, cleaning, repair, or replacement, the Association will promptly reimburse Declarant for Declarant's costs and expenses.

ARTICLE 10

INSURANCE AND CASUALTY LOSSES

10.1 Insurance.

(a) Association's Property Insurance. The Board of Directors will have the authority to obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association. Such coverage will insure all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

(b) Association's Liability Insurance. The Board will have the authority to and will obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its Members, its directors and officers, or any of its agents. Such public liability policy will provide such coverages as are determined to be necessary by the Board of Directors.

(c) Fidelity Bonds. The Association will obtain, maintain and pay the premiums, as a Common Expense, upon a blanket fidelity bond for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds belonging to or administered by the Association, including any professional management company assisting with the administration of the Association. The total amount of the fidelity bond coverage required will be based upon the best business judgment of the Board of Directors. Fidelity bonds will meet the following requirements: the Association will be named as an obligee; the bonds will contain waivers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and the bond will provide that it may not be canceled or substantially modified (including cancellation for nonpayment of a premium) without at least ten (10) days prior written notice to the Association and each Mortgagee listed as a scheduled holder of a first Mortgage in the fidelity bond.

(d) Association's Other Insurance. The Board will have the authority and may obtain (a) workers' compensation insurance to the extent necessary to comply with any applicable laws and (b) other types and amounts of insurance as may be determined by the Board to be necessary or desirable, including, but not limited to, fidelity and directors' and officers' liability coverage.

(e) Association's Policies. All such insurance coverage obtained by the Board of Directors will be written in the name of the Association as trustee for each of the Owners and costs of all such coverage will be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development will be vested in the Board of Directors, provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. Insofar as permitted by law, the Association will be required to make every effort to secure insurance policies with the provisions hereinafter set forth:

(i) All policies will be written with a company holding a rating of A+ in a financial category of 10, or a better rating and financial category, as established by Best's Insurance Reports, if such a company is available or, if not available, its equivalent rating or the best possible rating.

(ii) All property insurance policies will be for the benefit of the Owners and their Mortgagees as their interests may appear.

(iii) All policies will contain a waiver of the insurer's right to cancel without first giving thirty (30) days' prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgagee endorsement has been issued.

(iv) In no event will the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees, and all policies will contain a provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual Owners or their Mortgagees.

(v) All policies will contain a waiver of subrogation by the insurer as to any claims against the Association, the Association's directors and officers, the Owners, Occupants, and the Association's manager.

(vi) All policies will contain a provision that no policy may be cancelled, invalidated, or suspended on account of the conduct of one or more of the individual Owners or Occupants on account of the acts of any director, officer, employee, or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

(vii) All liability insurance will contain cross-liability endorsements to cover liability of the Association to an individual Owner.

(f) Owner's Insurance. It will be the individual responsibility of each Owner at his own expense and election to provide public liability, property damage, title, and other insurance with respect to his or its own Lot and Dwelling. The Board of Directors may require all Owners to carry public liability and property damage insurance with respect to their respective properties and to furnish copies or certificates thereof to the Association.

10.2 Damage or Destruction to Common Areas. Immediately after damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent will proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board will 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 ARTICLE 10, means repairing or restoring the damaged property substantially to the same condition in which it existed prior to the fire or other casualty. Unless within sixty (60) days following any damage or destruction to all or a part of the Common Areas, Declarant, for so long as Declarant owns any of the Property primarily for development or sale, and the Board acting on the vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), will otherwise agree, the Association will restore or replace such damaged improvements. If any insurance proceeds for such damage or destruction are not sufficient to defray the cost thereof, including any amount attributable to Association's insurance deductible, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 13.7 hereof, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment will be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. Any and all sums paid to the Association under and by virtue of such Assessments will be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and Assessments will be disbursed by the Association in payment for such repair or reconstruction pursuant to and in accordance with such method of distribution as is established by the Board of Directors. Any proceeds remaining after defraying such costs will be retained by and for the benefit of the Association. If it is determined that the damage or destruction for which the insurance proceeds are paid will not be repaired or reconstructed, such proceeds will be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty will be cleared and the Common Areas left in a clean, orderly, safe, and slightly condition.

10.3 Damage or Destruction to Owners' Properties. In the event of damage or destruction by fire or other casualty to any property subject to this Declaration, or the improvements thereon, and in the further event that the Owner responsible for the repair and replacement of such property elects not to repair or rebuild, such Owner will promptly clear away the ruins and debris of any damaged improvements or vegetation and leave such property in a clean, orderly, safe, and slightly condition. Should such Owner elect to repair or rebuild such property or other improvements thereon, such Owner will repair or rebuild substantially to the same condition as existed prior to such fire or other casualty and in accordance with all applicable standards, restrictions, and

provision of this Declaration (including, without limitation, the procedures and architectural guidelines under ARTICLE 3) and all applicable zoning, subdivision, building, and other governmental regulations. All such work or repair or construction will be commenced promptly following such damage or destruction and will be carried through diligently to conclusion.

ARTICLE 11

CONDEMNATION

11.1 Condemnation of Common Areas. Whenever all or any part of the Common Areas of the Development will be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board acting on the affirmative vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members, which percentage will also constitute the quorum required for any such meeting, and following written approval by the Declarant for so long as Declarant owns any of the Property primarily for development or sale, the award or proceeds made or collected for such taking or sale in lieu thereof will be payable to the Association and will be disbursed or held as follows:

(a) Common Areas With Improvements. If the taking or sale in lieu thereof involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, for so long as Declarant owns any of the Property primarily for development or sale, and the Board, acting on the vote of seventy-five percent (75%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), will otherwise agree, the Association will restore or replace such improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Board of Directors, the ARC, and by Declarant during the Declarant Control Period. If the awards or proceeds are not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a Special Assessment against all Owners, without the necessity of a vote pursuant to Section 13.6, such Special Assessment to be in an amount sufficient to provide funds to pay such excess cost or repair or reconstruction. Such a Special Assessment will be levied against the Owners equally in the same manner as Annual Assessments are levied, and additional Special Assessments may be made at any time during or following the completion of any repair or reconstruction. If such improvements are not to be repaired or restored, the award or proceeds will be retained by and for the benefit of the Association.

(b) Common Areas Without Improvements. If the taking or sale in lieu thereof does not involve any improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such improvements is completed, then such award, proceeds, or net funds will be retained by and for the benefit of the Association.

(c) Including Owner's Property. If the taking or sale in lieu thereof includes all or any part of an Owner's property and also includes any part of the Common Areas, then a court of competent jurisdiction will apportion such award or proceeds and such award or proceeds will be disbursed to the Association and the Owners so affected so as to give just compensation to the Owners for their interest in such property; provided, however, such apportionment may instead be resolved by the agreement of (a) the Board of Directors, (b) the Owners of all properties wholly or partially taken or sold, together with the Mortgagees, for each such property, and (c) Declarant, for so long as Declarant owns any of the Property primarily for development or sale.

11.2 Condemnation of Owners' Properties.

(a) Election Not To Restore. In the event that all or any part of a property subject to this Declaration, or any improvements thereon is taken by any authority having the power of condemnation or eminent

domain, or is conveyed in lieu thereof, and in the further event that the Owner thereof elects not to restore the remainder of such property, then the Owner making such election will promptly clear away any remaining improvements damaged or destroyed by such taking or conveyance and will leave such property and any remaining undamaged improvements thereon in a clean, orderly, safe, and sightly condition. In addition, if the size or configuration of such property remaining after such taking or conveyance is insufficient to permit the restoration of the remaining improvements thereon or therein to their condition prior to such taking or conveyance in compliance with all applicable standards, restrictions, and provision of this Declaration and all applicable zoning, subdivision, building, and other governmental regulations, then such Owner will have the option, after clearing away all remaining improvements or portions thereof and placing the remainder in a clean, orderly, safe, and sightly condition referred to above, of deeding the remaining portion of the property to the Association as a part of the Common Areas, and thereafter any such Owner will not have any further voting rights or membership rights or privileges in the Association or with respect to the Development and will not be subject to any further Assessments imposed by the Association and payable after the date of such deeding and attributable to such property deeded to the Association.

(b) Election to Restore. In the event that any part of a property subject to this Declaration, or any improvements thereon, is taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof, and if the Owner thereof elects to restore the remainder of the property, such Owner making such election will restore such remainder thereof as nearly as practicable to the same condition it was in prior to such taking or conveyance and in accordance with all applicable standards, restrictions, and provisions of this Declaration and all applicable zoning, subdivision, building, and other governmental regulations. All such work of restoration will be commenced promptly following such taking or conveyance and will be carried through diligently to conclusion.

ARTICLE 12

FUNCTIONS OF THE ASSOCIATION

12.1 Board of Directors and Officers. The Association, subject to the rights of Declarant and the rights and duties of the Owners set forth in this Declaration, will be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including furnishings and equipment related thereto) and will keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions thereof. Except to the extent otherwise required by the provisions of the Nonprofit Corporation Act, this Declaration, the Bylaws, or the Articles of Incorporation, the powers herein or otherwise granted to the Association shall be exercised by the Board of Directors, acting through the officers of the Association and their duly authorized delegees, without any further consent or action on the part of the Owners. As provided in Section 17.1 hereof and notwithstanding any other provision to the contrary contained in any instruments evidencing or establishing the Development, Declarant will have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association during the Declarant Control Period. Each Owner, by acceptance of a deed to or other conveyance of a Lot or Dwelling vests in Declarant such authority to appoint and remove directors and officers of the Association as provided by this Section 12.1 and by Section 17.1 hereof.

12.2 Duties and Powers. The duties and powers of the Association will be those set forth in the provision of the Nonprofit Corporation Act, the Bylaws, and the Articles of Incorporation, together with those reasonably implied to effect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Nonprofit Corporation Act, this Declaration, the Bylaws, or the Articles of Incorporation, the provisions of the Nonprofit Corporation Act, this Declaration, the Articles of Incorporation, and the Bylaws, in that order, will prevail, and each Owner of a property within the Development, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by

this Declaration or the Bylaws, together with every other right or privilege reasonable to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Such powers of the Association will include, but will not be limited to, the power to purchase one or more properties subject to this Declaration and to hold, lease, mortgage, sell, and convey the same. Such duties may include, but will not be limited to, arranging with governmental agencies, public service districts, public or private utilities, or others, as a Common Expense or by billing directly to the Owners, to furnish trash collections, water, sewer, and/or security service for the properties subject to this Declaration. Notwithstanding the foregoing provision of this Section 12.2 or any other provision of this Declaration to the contrary, during the Declarant Control Period the Association will not, without the written approval of Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Areas.

(a) Ownership of Properties. The Association will be authorized to own, purchase, lease, use under any use agreement, and maintain (subject to the requirements of any Federal, State or local governing body of South Carolina) Common Areas, equipment, furnishings, and improvements devoted to the uses and purposes expressed and implied in this Declaration, including, but not limited to, the following uses:

- (i) For park areas, walks, paths or trails throughout the Property;
- (ii) For security services, including security stations, maintenance building and/or guardhouses;
- (iii) For providing any of the services which the Association is authorized to offer under Section 12.2(b) below; and
- (iv) For purposes set out in deeds or agreements by which Common Areas are conveyed or by which use rights are granted to the Association.

(b) Services. The Association will be authorized (unless prohibited by the requirements of any Federal, State or local governing body) to provide such services required to promote the uses and purposes for which the Association is formed as expressed or implied in this Declaration, including, but not limited to, the following services:

- (i) Cleanup and maintenance of all Common Area private roads, roadways, road shoulders, roadway medians, parkways, lakes, lagoons, drainage areas and easements outside of the Lots, and also all public properties which are located within or in a reasonable proximity to the Property such that their deterioration would affect the appearance of the Property as a whole;
- (ii) Landscaping of Common Areas and walking paths within or constituting a Common Area;
- (iii) Lighting throughout the Common Area;
- (iv) Maintenance of any installed electronic and other access and control devices for the protection of the Property, if any such devices are ever installed, and assistance to the local police and sheriff departments in the apprehension and prosecution of persons who violate the laws of South Carolina within the Property;
- (v) Insect and pest control to the Common Area to the extent that it is necessary or desirable in the judgment of the Board of Directors to supplement the service provided by the state and local governments;

(vi) The services necessary or desirable in the judgment of the Board of Directors to carry out the Association's obligations and business under the terms of this Declaration and to collect Annual Assessments, Special Assessments, Emergency Special Assessments, specific Assessments, and other fees and charges collectable from the Owners hereunder;

(vii) To take any and all actions necessary to enforce these and all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property;

(viii) To set up and operate an architectural review committee in the event that the Association is assigned the whole or any portion of the function of the ARC by the Declarant;

(ix) To construct improvements on Common Areas for use for any of the purposes or as may be required to provide the services as authorized in this Section;

(x) To provide administrative services including but not limited to legal, accounting and financial; and communications services informing Members of activities, notice of Meetings, Referendums, etc., incident to the above listed services;

(xi) To provide liability and hazard insurance covering improvements and activities on Common Areas;

(xii) To provide water, sewage, and any necessary utility services not provided by a public body, private utility, or the Declarant;

(xiii) To provide any or all of the above listed services to another Association or Owners of real property under a contract, the terms of which must be approved by the Board of Directors; and

(xiv) To provide for hearings and appeal process for violations of rules and regulations.

12.3. Agreements. Subject to the prior approval of Declarant during the Declarant Control Period, all agreements and determinations lawfully authorized by the Board of Directors will be binding upon the Association and all Owners, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development will comply with and be subject to the authorized actions of the Board of Directors. In performing its responsibilities hereunder, the Board of Directors, will have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board of Directors. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association will deem necessary or desirable for the proper operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager will be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and will be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or Members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors will determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for, such legal and accounting services as are necessary or desirable in

connection with the operation of the Development or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

(a) Management Agreement. During the Declarant Control Period, Declarant or an affiliate may be employed as the manager of the Association and the Development, with the option on the part of Declarant or its affiliate to renew such employment for three (3) successive one-year terms from and after the termination of the Declarant Control Period. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, will be deemed to ratify such management agreement.

12.4 Mortgage or Pledge. Subject to the provisions of Section 7.2(a), the Board of Directors will have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association which loans will be used by the Association in performing its authorized functions. The Declarant may make loans to the Association, subject to approval by the Declarant of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association will not be allowed to reduce the limits of the regular Annual Assessment at any time there are outstanding any amounts due the Declarant as repayment of any loans made by the Declarant to the Association.

12.5 Personal Property and Real Property for Common Use. The Board of Directors may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, will be held by and for the benefit of the Association. The shares of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated, or transferred in any manner, except to the extent that a transfer of the ownership of a Lot or Dwelling also transfers the membership in the Association which is an appurtenance to such Lot and Dwelling.

12.6 Rules and Regulations. As provided in ARTICLE 14 hereof, the Board of Directors, may make, amend, revoke and enforce reasonable rules and regulations governing the use of the Lots, Dwellings, and Common Areas, which rules and regulations will be consistent with the rights and duties established by this Declaration.

12.7 Reduction in Services. During the calendar years of 2002 and 2003, and during the first two years when any Additional Property may be added to this Declaration, the Board of Directors will define and list a minimum level of services that will be furnished by the Association. So long as the Declarant is engaged in the development of properties, which are subject to the terms of this Declaration, the Association will not reduce the level of services it furnishes below such minimum level. Such minimum level of service will expressly include an obligation of the Association to maintain the Common Areas and pay the costs and expenses set forth in any lease or use agreement therefor.

12.8 Obligation of the Association. The Association will not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 12.7 above. The functions and services to be carried out or offered by the Association at any particular time will be determined by the Board of Directors taking into consideration the funds available to the Association and the needs of the Members of the Association. Special Assessments will be submitted for approval as herein provided. Subject to the provisions of Section 12.7 above, the functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the sole approval of the Declarant during the Declarant Control Period, and thereafter, the functions and services which the Association is authorized to carry out or to provide may be added or reduced by the Board acting on the vote of fifty-one percent (51%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting).

ARTICLE 13

ASSESSMENTS

13.1 Purpose of Assessments. The Assessments for Common Expenses provided for herein will be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of the Development, and maintaining the Development and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors.

13.2 Assessments Against The Golf Course Land. In consideration of the fact that the owner of the Golf Course Land will perform certain landscaping and maintenance functions that will benefit the entire Development, neither the owner of the Golf Course Land nor any of its property will be subject to assessment hereunder or under any declaration or similar document creating any Neighborhood Association within the Property. The foregoing will not, however, prohibit the owner of the Golf Course Land and the Association from entering into a contractual arrangement or covenant to share costs whereby the owner of the Golf Course Land will contribute funds for, among other things, a higher level of Common Area maintenance, but neither the Association nor the owner of the Golf Course Land will be required to do so.

13.3 Creation of Lien and Personal Obligation of Assessments. Each Owner, by acceptance of a deed or other conveyance thereof, whether or not it will be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (a) Annual Assessments, such Assessments to be established and collected as provided in Section 13.4; (b) Special Assessments, such Assessments to be established and collected as provided in Section 13.6; (c) Emergency Special Assessments, such Assessments to be established and collected as provided in Section 13.8 and (d) Individual or Specific Assessments pursuant to Section 13.10. Any such Assessments payable, together with late charges, simple interest at a rate established from time to time by the Board of Directors, and court costs and attorneys' fees incurred to enforce or collect such Assessments, will be an equitable charge and a continuing lien upon the property of the Owner thereof who is responsible for payment. Each Owner will be personally liable for Assessments, coming due while he is the Owner of a property, and his grantee will take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid Assessments will be subordinate to the lien of any unpaid taxes and any Institutional Mortgage or Mortgage held by Declarant. Sale or transfer of any Lot or Dwelling will not affect the lien of the Assessments; however, the sale or transfer of any Lot or Dwelling, which is subject to any Institutional Mortgage or Mortgage of Declarant, pursuant to a decree of foreclosure, will extinguish the lien of the Assessments as to payment thereof which became due prior to such sale or transfer. In the event of co-ownership of any property subject to this Declaration, all of such co-Owners will be jointly and severally liable for the entire amount of such Assessments. Assessments will be paid in such manner and on such dates as may be fixed by the Board of Directors in accordance with Section 13.4(d), provided that unless otherwise provided by the Board, the Annual Assessments will be paid in equal monthly installments. To the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Institutional Mortgage or Mortgage of Declarant, then the amount or amounts otherwise secured thereby which cannot otherwise be collected will be deemed a Common Expense collectible from all Owners, including the person who acquires title through the foreclosure sale.

13.4 Establishment of Annual Assessment. The Declarant has prepared the initial budget of the Association and copy is available to any owner upon written request. It will be the duty of the Board of Directors at least sixty (60) days prior to the first day of the Association's first full fiscal year, and each fiscal year thereafter, to prepare a budget covering the estimated Common Expenses during the coming year, such budget to include a reserve account, if necessary, for the capital needs of the Association. The Board will cause the budget and the proposed total of the Annual Assessments to be levied against properties subject to this Declaration for

the following year to be delivered to each Owner at least thirty (30) days prior to the first day of the fiscal year for which the budget and Assessments are established. Each Lot and Dwelling shall be equally responsible for its proportionate share of the total Annual Assessments.

(a) Disapproval of Annual Assessments. The annual budget and Annual Assessments, as determined by the Board of Directors, as hereinabove provided, will become effective unless disapproved (a) solely by the Declarant in writing during the Declarant Control Period; and (b) thereafter by seventy-five percent (75%) or more of the votes of the entire Association at a special meeting of Members called therefor and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting. Notwithstanding the foregoing, in the event the proposed budget and Annual Assessments are disapproved or in the event the Board of Directors fails for any reason to determine an annual budget and to set the Annual Assessments, then and until such time as a budget and Annual Assessment will have been determined as provided herein, the budget and Annual Assessments will be the Default Budget and Default Annual Assessments calculated in accordance with Section 13.5.

(b) Special Board Action to Increase. If the Board of Directors determines that the important and essential functions of the Association will not be properly funded in any year by the Annual Assessment herein provided, it may increase such Assessment; provided, however, an increase in Annual Assessments in any year pursuant to special Board action as aforesaid will in no way affect Annual Assessments for subsequent years.

(c) Initial Annual Assessments. The initial Annual Assessment for all Owners of Lots and Dwellings for the calendar year in which this Declaration is filed Of Record will be established by the Board of Directors within ninety (90) days following the date this Declaration is filed Of Record. Notwithstanding the establishment of such initial budget and initial Annual Assessments, the Board of Directors may charge a lesser amount until such time as improvements constituting Common Areas have been substantially completed.

(d) Billing of Annual Assessments. The Annual Assessments will be billed monthly, quarterly, semi-annually or annually, as set by the Board; and will be due and payable on or before the last day of the month in which billed.

(e) Rounding. All Annual Assessments charged by the Association will be rounded off to the nearest dollar.

(f) For Common Expenses. The Common Expenses to be funded by the Annual Assessments may include, but will not necessarily be limited to, the following:

(i) management fees and expenses of administration, including legal and accounting fees;

(ii) utility charges for utilities serving the Common Areas and charges for other common services for the Development, including trash collection and security services, if any such services or charges are provided or paid by the Association;

(iii) the cost of any policies of insurance purchased for the benefit of all the Owners and the Association as required or permitted by this Declaration, including fire, flood, and other hazard coverage, public liability coverage, and other insurance coverage determined by the Board to be in the interests of the Association and the Owners;

(iv) the expenses of maintenance, operation, and repair of those portions of the Common Areas which are the responsibility of the Association under the provisions of this Declaration;

(v) the expenses of any architectural review board established to receive and administer the whole or any portion of the ARC functions transferred and conveyed to the Association, which are not defrayed by plan review charges;

(vi) ad valorem real and personal property taxes assessed and levied against the Common Areas;

(vii) such other expenses as may be determined from time to time by the Board of Directors to be Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots or Dwellings; and

(viii) the establishment and maintenance of a reasonable reserve fund or funds (a) for maintenance, repair, and replacement of those portions of the Common Areas which are the responsibility of the Association and which must be maintained, repaired, or replaced on a periodic basis, (b) to cover emergencies and repairs required as a result of casualties which are not funded by insurance proceeds, and (c) to cover unforeseen operating contingencies or deficiencies arising from unpaid Assessments or liens, as well as from emergency expenditures and other matters, all as may be authorized from time to time by the Board of Directors.

13.5 Determination of Default Budget and Default Annual Assessment. Upon the failure of the Board of Directors to adopt a budget, or upon the disapproval of any budget pursuant to Section 13.4(a), the Default Budget and Default Annual Assessments will be the greater of:

(i) The then existing budget and Annual Assessments, increased in proportion to the percentage increase, if any, in the "CPI-U," as hereinafter defined, from December of the preceding year to November of the then current year in which the said maximum budget and Annual Assessment is being determined, or by ten (10%) percent, whichever is greater; or

(ii) The budget and Annual Assessments for the year in which this Declaration is filed Of Record by the Declarant, increased to the year in which the said maximum budget and Annual Assessment is being determined in proportion to the percentage increase, if any, in the "CPI-U," as hereinafter defined, from December of the year preceding the year in which this Declaration is filed Of Record to November of the year in which the said maximum budget and Annual Assessment is being determined, or by ten (10%) percent per annum, compounded, whichever is greater.

The "CPI-U" will mean the Consumer Price Index for All Urban Consumers (1982-84=100), or, if such index is discontinued or revised, by reference to such other government index or computation with which it is replaced or which would produce substantially the same measure as would be obtained if such index had not been discontinued or revised.

(b) **Change in Default Amounts Upon Merger or Consolidation.** The limitations of this Section 13.5 will apply to any merger or consolidation in which the Association is authorized to participate under Section 2.2(c), and under the Bylaws of the Association.

13.6 Special Assessments for Improvements and Additions. In addition to the regular Annual Assessments authorized by Section 13.4 hereof, the Association may levy Special Assessments, for the following purposes:

(i) Construction or reconstruction, repair or replacement of capital improvements upon the Common Areas, including the necessary fixtures and personal property related thereto;

- authorized herein;
- (ii) To provide for the necessary facilities and equipment to offer the services
 - (iii) To cover any shortfall, whether by way of deductible or otherwise, in insurance proceeds recovered; and
 - (iv) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein.

13.7 Special Assessments: Approval by Declarant and Disapproval by Members. Except as otherwise permitted in Sections 10.2, 11.1 and 13.8 hereof, any Special Assessment will only be levied if: (a) during the Declarant Control Period the Declarant approves, in writing, such Special Assessment; and (b) after the Declarant Control Period the Special Assessment is not disapproved by sixty-seven percent (67%) or more of the votes of the entire Association at a special meeting of Members called therefor and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting. The notices of such special meeting will include one statement from the Directors favoring the Special Assessment and one statement from those Directors opposing the Special Assessment containing the reasons for those Directors' support and opposition for the Special Assessment, if any such statements are provided by the Directors supporting and opposing the Special Assessment (Directors being under no obligation to provide such statements). Neither statement, either supporting or opposing the Special Assessment, will exceed five pages in length.

(b) **Apportionment.** Special Assessments will be apportioned equally among the Lots and Dwellings, in the same manner as Annual Assessments.

13.8 Emergency Special Assessments. In addition to the Annual Assessments authorized by Section 13.4 and the Special Assessment authorized by Section 13.6 hereof, the Association may levy Assessments for repairs, reconstruction, alterations or improvements due to emergencies of any type, as determined by the Declarant during the Declarant Control Period, and/or by the Board of Directors, in their sole discretion ("Emergency Special Assessment"). Any Emergency Special Assessment may be imposed without a vote of the Members. Emergency Special Assessments will be apportioned equally among the Lots and Dwellings, in the same manner as Annual Assessments unless, it is determined by the Declarant and/or Board that another apportionment thereof is more reasonable and more equitably justified by the circumstances giving rise to such emergency.

13.9 Declarant's Properties. Anything contained herein to the contrary notwithstanding, Declarant will be exempt from the payment of Annual Assessments, Special Assessments and Emergency Special Assessments with respect to unimproved Lots and unoccupied Dwellings owned by the Declarant and subject to this Declaration. The Declarant hereby covenants and agrees, however, that during the Declarant Control Period it will annually elect either to pay an amount equal to the Annual Assessment for each such Lot and Dwelling owned by it or to pay the difference between the amount of Assessments collected on all other Lots and Dwellings not owned by Declarant and the amount of actual expenditures by the Association during the fiscal year, but not in a sum greater than the Annual Assessments Declarant would pay if not exempt therefrom. Unless the Declarant otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, the Declarant will be deemed to have elected to continue paying on the same basis as existed during the immediately preceding year. Furthermore, so long as the Declarant owns any Lot or Dwelling for sale, the Declarant may, but will not be obligated to, reduce the Annual Assessment for any year to be paid by Owners. The Declarant will fund any such reduction in the amount assessed against the Owner as a subsidy. Any such subsidy will, in the Declarant's sole discretion, be (a) a contribution to the Association, (b) an advance against future Annual Assessments due from said Declarant, or (c) a loan to the Association. The amount and character (contribution, advance or loan) of such payment by the Declarant will be conspicuously disclosed as a line item in the budget and will be made known to the Owners. The payment of such a subsidy in any year will under no circumstances

obligate the Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Declarant. Any such subsidy payment by Declarant may be made in-kind. The Declarant may assign all of its rights, subject to its covenants and obligations, under this Section 13.9 to any spec builder to which Declarant conveys one or more Lots to be constructed upon by such builder, said rights, covenants and obligations extending solely to the Lots so conveyed by the Declarant to the Builder and that are the subject matter of any such permitted assignment.

13.10 Individual Specific Assessments. Any expenses incurred by the Association or the Declarant because of the actions of one or more Owners or Occupants, or because of their failure to act, and with respect to which such expenses are chargeable thereto and recoverable therefrom pursuant to any provision of this Declaration, and any fines as may be imposed against an Owner in accordance with ARTICLE 14 hereof will be specially assessed as a specific Assessment against each such Owner and the Owner's Lot or Dwelling. assessment charged for the maintenance, repair, replacement, and management of an Exclusive Common Areas by the Association shall be assessed against the Owners with exclusive rights in and to the Exclusive Common Areas pursuant to the Supplemental Declaration with respect thereto, or, in the absence of a specific allocation of such expenses for the Exclusive Common Areas, prorata among the Owners with exclusive rights in and to the Exclusive Common Areas.

13.11 Effect of Nonpayment; Remedies of the Association. An Assessment shall be due in full not later than the last day of the month in which the Assessment is billed, and any Assessment or portions thereof which is not paid when so due will be delinquent. Any delinquent Assessment will incur a late charge in an amount as may be determined by the Board from time to time and, upon adoption of a policy therefor by the Board of Directors, will also commence to accrue simple interest at the rate set by the Board of Directors from time to time. A lien and equitable charge as herein provided for each Assessment installment shall attach simultaneously as the same will become due and payable, and if an Assessment installment has not been paid as aforesaid, the entire unpaid balance of the Assessment installments remaining to be paid during the fiscal year may be accelerated by the option of the Board and be declared due and payable in full. The continuing lien and equitable charge of such Assessment will include all costs of collection (including reasonable attorneys' fees and court costs), and any other amounts provided or permitted hereunder or by law, subordinate only to liens for unpaid taxes, any Institutional Mortgage and any Mortgage held by Declarant as provided in Section 13.2 above. In the event that the Assessment remains unpaid sixty (60) days following the date when so due, the Association may institute suite to collect such amounts and to foreclose its lien. The equitable charge and lien provided for in this Section will be in favor of the Association, and each Owner, by his acceptance of a deed or other conveyance to a Lot, vests in the Association and its agents the right and power to bring all actions against him personally for the collection of such Assessments as a debt and/or to foreclose the aforesaid lien in like manner as a mortgage of real property. The Association will have the power to bid on the Lot or Dwelling at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the same. No Owner may waive or otherwise escape liability for the Assessments provided for herein, including by way of illustration but not limitation, non-use of the Common Areas or abandonment of his Lot, and an Owner will remain personally liable for Assessments, including interest and late charges which accrue prior to a sale, transfer, or other conveyance of his Lot.

13.12 Certificate. The Treasurer, any Assistant Treasurer, or the manager of the Association will, within ten (10) days of a written request and upon payment of a fee set from time to time by the Board of Directors, furnish to any Owner or such Owner's Mortgagee which requests the same, a certificate signed by the Treasurer, Assistant Treasurer, or manager setting forth whether the Assessments for which such Owner is responsible have been paid, and, if not paid, the outstanding amount due and owing, together with all fines, accrued interest, and other penalty charges. Such certificate will be conclusive evidence against all but such Owner of payment of any Assessments stated therein to have been paid.

13.13 Date of Commencement of Assessments. The Assessments provided for herein will commence on the date on which a Lot is conveyed to a person other than Declarant and will be due and payable in such manner and on such schedule as the Board of Directors may provide. Annual Assessments, Special Assessments and Emergency Special Assessments will be adjusted for such property according to the number of months then remaining in the then fiscal year of the Association and the number of days then remaining in the month in which such property is first conveyed.

(a) Working Capital Collected At Initial Closing. Notwithstanding anything to the contrary in this Declaration, a working capital fund will be established for the Association by collecting from each Owner who acquires title to his Lot from the Declarant a working capital amount equal to 2/12ths of the Annual Assessment then in effect, which Assessment will be due and payable, and will be transferred to the Association, at the time of transfer of each Lot by the Declarant to any other Owner. Such sum is and will remain distinct from the Annual Assessment and will not be considered advance payment of the Annual Assessment. The working capital receipts may be used by the Association in covering operating expenses as well as any other expense incurred by the Association pursuant to this Declaration and the Bylaws.

ARTICLE 14

RULE MAKING

14.1 Rules and Regulations. Subject to the provisions hereof, the Board of Directors may establish reasonable rules and regulations concerning the use of Lots, Dwellings, and the Common Areas, and facilities located thereon. In particular but without limitation, the Board of Directors may promulgate from time to time rules and regulations, which will govern activities that may, in the judgment of the Board of Directors, be environmentally hazardous, such as application of fertilizers, pesticides, and other chemicals. The Association will furnish copies of such rules and regulations and amendments thereto to all Owners prior to the effective date thereof. Such rules and regulations will be binding upon the Owners and Occupants until and unless any such rule or regulation is specifically overruled, cancelled, or modified by the Board of Directors or any such rule or regulation is disapproved by a majority or more of the votes of the entire Association at a special meeting of Members called therefor and held pursuant to the provisions of the Bylaws, which percentage will also constitute the quorum required for any such meeting. Any action by the Board to adopt, overrule, cancel or modify any rule or regulation, or any vote of Members disapproving any rule or regulation, will not be effective and binding upon the Owners and Occupants until and unless the same is approved by the Declarant during the Declarant Control Period.

14.2 Authority and Enforcement. Subject to the provisions Section 14.3 hereof, upon the violation of this Declaration, the Bylaws, or any rules and regulations duly adopted hereunder, including, without limitation, the failure to timely pay any Assessments, the Board will have the power (a) to impose reasonable monetary fines which will constitute an equitable charge and a continuing lien as a specific Assessment, (b) to suspend an Owner-Member's right to vote in the Association, or (c) to suspend an Owner's or Occupant's right to use any of the Common Areas. The Board will have the power to impose all or any combination of these sanctions, and may establish each day a violation remains uncured as a separate violation for which a fine is due; provided, however, an Owner's access to its property over the private roads and streets constituting Common Areas will not be terminated hereunder. An Owner or Occupant will be subject to the foregoing sanctions in the event of such a violation by such Owner or Occupant. Any such suspension of rights may be for the duration of the infraction and for any additional period thereafter, not to exceed thirty (30) days.

14.3 Procedure. Except with respect to the failure to pay Assessments, the Board will not impose a fine, suspend voting rights, or infringe upon or suspend any other rights of an Owner or other Occupant of the

Development for violations of the Declaration, By-Laws, or any rules and regulations of the Association, unless and until the following procedure is followed:

(a) Demand to Cease and Desist. Written demand to cease and desist from an alleged violation will be served upon the Owner responsible for such violation specifying:

- (i) The alleged violation;
- (ii) The action required to abate the violation; and

(iii) A time period of not less than ten (10) days during which the violation may be abated without further sanction, if such violation is a continuing one, or if the violation is not a continuing one, a statement that any further violation of the same provision of this Declaration, the By-Laws, or of the rules and regulations of the Association may result in the imposition of sanctions after notice and hearing.

(b) Notice of Hearing. Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same violation subsequently occurs, the Board may serve such Owner with written notice, in accordance with Section 17.16 of a hearing to be held by the Board in executive session. The notice will contain:

- (i) The nature of the alleged violation;
- (ii) The time and place of the hearing, which time will be not less than ten (10) days from the giving of the notice;
- (iii) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his behalf; and
- (iv) The proposed sanction to be imposed.

(c) Hearing. The hearing will be held in executive session of the Board of Directors pursuant to the notice and will afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard will be placed in the minutes of the meeting. Such proof will be deemed adequate if the officer, director, or other individual who delivered such notice enters a copy of the notice together with a statement of the date and matter of delivery. The notice requirement will be deemed satisfied if an alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction imposed, if any.

ARTICLE 15

ALTERNATIVE DISPUTE RESOLUTION & LITIGATION

15.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Declarant, Association, Owners, and any Persons not otherwise subject to the Declaration who agrees to submit to this ARTICLE 15 (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes between and among themselves involving this Declaration or the Development, and to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances and disputes (including those in the nature of counterclaims or cross-claims) between Bound Parties involving the Declaration or the Development including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement thereof (collectively "Claims"), except for "Exempt Claims" under Section 15.2, are subject to the procedures set forth in Section 15.3.

15.2 Exempt Claims. The following Claims ("Exempt Claims") are exempt from the provisions of Section 15.3:

- (a) any suit by the Association against a Bound Party to enforce any Assessments or other charges hereunder; and
- (b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and other relief the court may deem necessary in order to maintain the status quo and preserve any enforcement power of the Association hereunder until the matter may be resolved on the merits pursuant to Section 15.3 below; or
- (c) any suit between Owners which does not include the Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Declaration and the Development; or
- (d) any suit in which an indispensable party is not a Bound Party; or
- (e) any suit which otherwise would be barred by any applicable statute of limitation; or
- (f) any suit involving a matter that is not an Exempt Claim under (a) through (e) above, but as to which matter the Bound Party against whom the Claim is made waives the mandatory provisions of Section 15.3 below.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 15.3 below, but there is no obligation to do so.

15.3 Mandatory Procedures for Non-Exempt Claims. Any Bound Party having a Claim ("Claimant") against a Bound Party involving this Declaration or the Development, or all or any combination of them ("Respondent"), other than an Exempt Claim under Section 15.2, will not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of the Claim until it has complied with the procedures set forth in Exhibit "C" to this Declaration, and then only to enforce the results hereof:

15.4 Litigation. No judicial or administrative proceeding, including any mandatory procedure under Section 15.3 above, with an amount in controversy exceeding \$25,000.00, will be commenced or prosecuted by the Association unless approved by 75% or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving the proceeding, which percentage will also constitute the quorum required for any such meeting. This Section will not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitations, the foreclosure of liens); (b) the imposition and collection of Assessments; (c) proceedings involving challenges to ad valorem taxation; (d) counterclaims brought by the Association in proceedings instituted against it; or (e) actions brought by the Association to enforce written contracts with its suppliers and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this ARTICLE 15 and the procedures therefor set forth in Exhibit "C" to this Declaration, if applicable.

15.5 Miscellaneous Alternative Dispute Resolution Provisions.

(a) Conflicting Provisions. Any conflict or discrepancy between the terms and conditions set forth in this ARTICLE 15 and the procedures set forth in Exhibit "C" and any term, condition or procedure of the

American Arbitration Association, or any remedy allowed at law or in equity, the terms, conditions, procedures and remedies set forth herein and in Exhibit "C" will control.

(b) - TIME IS OF ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this ARTICLE 15 will be strictly adhered to, TIME BEING OF THE ESSENCE hereof.

ARTICLE 16

MORTGAGEE PROTECTION

16.1 Introduction. This ARTICLE 16 establishes certain standards and covenants that are for the benefit of the holders, insurers and guarantors of certain mortgages. This ARTICLE 16 is supplemental to, and not in substitution for, any other provisions of the Declaration, the Bylaws of the Association and the Articles of Incorporation of the Association (the "Constituent Documents"), but in the event of conflict, this Article shall control. Unless the Board of Directors shall vote to suspend this provision, the Board shall periodically amend this Article from time to time, to be consistent with generally applicable requirements of the Federal National Mortgage Association governing mortgagee approval requirements.

16.2 Eligible Mortgagees. Wherever in the Constituent Documents the approval or consent of a specified percentage of "Eligible Mortgagees" is required, it shall mean the approval or consent of the Institutional Mortgagees holding first lien Mortgages on Lots which have provided to the Association written requests, stating their names and addresses and the street addresses of the Lots to which their Mortgages relate, to receive written notice of the matters for which they are entitled to vote, and which in the aggregate have allocated to them such specified percentage of votes in the Association when compared to the total allocated to all Lots then subject to first Mortgages held by Eligible Mortgagees.

16.3 Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgagee of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Development or any Lot in which there is a first Security Interest held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer as applicable;

(b) Any delinquency in the payment of Assessments owed by an Owner whose Lot is subject to a first Mortgage held, insured, or guaranteed, by such Eligible Mortgagee which remains unpaid for a period of sixty (60) days.

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

(d) Any proposed action that would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 16.2; and

(e) Any judgment rendered against the Association.

16.4 Consents Required; Constituent Documents' Changes. Notwithstanding any lower requirement permitted by the Constituent Documents or the Nonprofit Corporation Act, no amendment of any material provision of the Constituent Documents by the Owners described in this Section 16.4 may be effective without the vote of sixty-seven percent (67%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members (which percentage will also constitute the quorum required for any such meeting), or any greater vote required in the Constituent Documents or the Nonprofit Corporation Act, and until approved in

writing by at least sixty-seven percent (67%) of the Eligible Mortgagees [fifty-one percent (51%) of the Eligible Mortgagees with respect to material amendments involving the matters set forth in subsections (n) or (o) below] (or any greater Eligible Mortgagee approval required by the Constituent Documents). The foregoing approval requirements do not apply to amendments effected by the exercise of any rights of the Declarant to amend the Constituent Documents during the Declarant Control Period. Consent of an Eligible Mortgagee is deemed granted if no denial is received within thirty (30) days after the Eligible Mortgagee receives notice of the proposed changes. An amendment will be deemed material which establishes, provides for, governs or regulates any of the following:

- (a) Assessments, assessment liens, or subordination of assessment liens;
- (b) Voting rights;
- (c) Reserves for maintenance, repair and replacement of the Common Areas;
- (d) Responsibility for maintenance and repairs;
- (e) Reallocation of interests in the Common Areas;
- (f) Rights to use Common Areas;
- (g) Boundaries of Lots except that when boundaries of only adjoining Lots are involved, or a Lot is being subdivided, then only those Lot Owners and the Eligible Mortgagees holding mortgages on such Lot or Lots must approve such action.
- (h) Convertibility of Lots into Common Areas or Common Areas into Lots;
- (i) Expansion or contraction of the Development, or the addition, annexation or withdrawal of property to or from the Development;
- (j) Insurance or fidelity bonds;
- (k) Leasing of Lots;
- (l) Imposition of restrictions on a Lot Owner's right to sell or transfer his or her Lot;
- (m) Establishment of self-management when professional management had been required previously by the Constituent Documents or by an Eligible Mortgagee;
- (n) Restoration or repair of the Property after a hazard damage or partial condemnation in a manner other than that specified in the Constituent Documents;
- (o) Termination of the legal status of the Development after occurrence of substantial destruction or condemnation; and
- (p) Any provision that expressly benefits Mortgage holders, insurers or grantors.

16.5 Actions. Notwithstanding any lower requirement permitted by the Constituent Documents or the Nonprofit Corporation Act, the Association may not take any of the following actions without the approval of at least fifty-one (51%) of the Eligible Mortgagees or such higher percentage as set forth herein:

(a) The conveyance or encumbrance of the Common Areas or any portion thereof, as to which at least a sixty-seven percent (67%) approval by Eligible Mortgagees is required. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Areas for the benefit of the Development shall not be deemed a conveyance or encumbrance within the meaning of this clause;

(b) The restoration or repair of the Property after damage or a partial condemnation in a manner other than that specified in the Constituent Documents;

(c) The termination of the legal status of the Development for reasons other than substantial destruction or condemnation, as to which at least sixty-seven percent (67%) approval by Eligible Mortgagees is required;

(d) The alteration of any partition or creation of any aperture between adjoining Lots when Lot boundaries are not otherwise being affected, in which case only the owners of Lots affected and Eligible Mortgagees of those Lots need approve the action;

(e) The merger of the Association with any other common interest community;

(f) The granting of any easements, leases, licenses and concessions through or over the Common Areas excluding, however, any utility easements serving or to serve the Development and excluding any leases, licenses or concessions for no more than one year;

(g) The assignment of the future income of the Association, including its right to receive Common Expense assessments; and

(h) Any action taken not to repair or replace the Property.

The foregoing consents do not apply to the exercise of any right reserved by the Declarant in the Constituent Documents.

16.6 Declarant's Reserved Rights. No rights reserved by the Declarant may be voluntarily abandoned or terminated by the Declarant unless all persons holding security interests in the Declarant's reserved rights consent to the abandonment or termination.

16.7 Inspection of Books. The Association shall permit any Eligible Mortgagee to inspect the books and records of the Association during normal business hours.

16.8 Financial Statements. The Association shall provide any Eligible Mortgagee, which submits a written request, with a copy of an annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if the number of Lots is 50 or more, or if the number of Lots is less than 50 and no audited statement is otherwise required under the Constituent Documents, any Eligible Mortgagee may have an audited statement prepared at its own expense.

16.9 Enforcement. The provisions of this ARTICLE 16 are for the benefit of Eligible Mortgagees and their successors, and may be enforced by any of them by any available means, at law, or in equity.

16.10 Attendance at Meetings. Any representative of an Eligible Mortgagee may attend any meeting that a Lot Owner may attend.

ARTICLE 17

GENERAL PROVISIONS

17.1 Control of Declarant. NOTWITHSTANDING ANY OTHER LANGUAGE OR PROVISION TO THE CONTRARY IN THIS DECLARATION, IN THE ARTICLES OF INCORPORATION, OR IN THE BYLAWS OF THE Association, Declarant hereby retains for the duration of the Declarant Control Period the right to appoint and remove any member or members of the Board of Directors and any officer or officers of the Association. Every grantee of any interest in the Development, by acceptance of a deed or other conveyance of such interest, agrees that Declarant will have the authority to appoint and remove directors and officers of the Association in accordance with the foregoing provisions of this Section 17.1. The provisions of this Section 17.1 are supplemental to, and not in substitution of, other rights retained by Declarant pursuant to this Declaration.

(a) Voting Agreement and Proxy. By acceptance of a deed or other conveyance of a real estate interest subject hereto, an Owner-Member does hereby grant, and if further required, does agree to vote in a manner to provide, to Declarant all voting rights and other corporate powers specifically reserved to and designated for Declarant under this Declaration. IN CONNECTION WITH THIS VOTING AGREEMENT, EACH MEMBER APPOINTS DECLARANT AS PROXY FOR SUCH MEMBER WITH FULL POWER OF SUBSTITUTION TO VOTE FOR THE MEMBER ON ALL SUCH MATTERS ON WHICH THE MEMBER MAY BE ENTITLED TO VOTE, AND WITH RESPECT TO WHICH THERE IS A RESERVATION OR DESIGNATION OF VOTING RIGHTS IN DECLARANT UNDER THIS DECLARATION, AND WITH ALL POWERS WHICH THE MEMBER WOULD POSSESS, IF PERSONALLY PRESENT AT ANY MEETING OF MEMBERS. SUCH APPOINTMENT WILL BE, UPON A MEMBER'S ACCEPTANCE OF A DEED OR OTHER CONVEYANCE AND WITHOUT THE NECESSITY OF FURTHER ACTION BY THE DECLARANT OR THE MEMBER, A POWER COUPLED WITH AN INTEREST AND IRREVOCABLE. Such appointment will be effective as of the date on which a deed or other conveyance of an interest to the Owner-Member is filed Of Record. This irrevocable proxy will automatically terminate on the date Declarant's voting rights as a Type B Member terminate. The within voting agreement and proxy are in addition to, and not in substitution of, all rights of Declarant herein provided, which will run with the Property.

(b) Creation of New Board. Upon the expiration of the Declarant Control Period, election of the Board will pass to the Owners as provided in the Bylaws. Following election of a new Board of Directors, Declarant will deliver all books, accounts, and records, if any, which Declarant has kept on behalf of the Association and any agreements or contracts executed by or on behalf of the Association during such period and which Declarant has in its possession.

17.2 Amendments by Declarant. During the Declarant Control Period, the Declarant may amend this Declaration or the Bylaws by an instrument in writing filed Of Record without the approval of any Owner or Mortgagee; provided, however, that, (a) in the event that such amendment has a material adverse effect upon any Owner's rights hereunder or adversely affects the title to any Lot or Dwelling, such amendment will be valid only upon the written consent thereto by a majority in number of the then existing Owners affected thereby; and (b) in the event that such amendment would materially and adversely affect the security title and interest of any Mortgagee, such amendment will be valid only upon the written consent thereto of all such Mortgagees so affected. Any amendment made pursuant to this Section 17.2 will be certified by Declarant as having been duly approved by Declarant, and by such Owners and Mortgagees if required, and will be effective only upon it being filed Of Record or at such later date as will be specified in the amendment itself. Furthermore, following the Declarant Control Period, this Declaration and the Bylaws may be amended solely by the Declarant filing same Of Record if such amendment is necessary, in the reasonable determination of the Declarant, (i) to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental

statute, rule, or regulation or any judicial determination which will be in conflict therewith, (ii) to enable any reputable title insurance company to issue title insurance coverage with respect to any properties subject to this Declaration, (iii) 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 any properties subject to this Declaration, or (iv) to enable any governmental agency or reputable private insurance company to insure Mortgages on the properties or other improvements subject to this Declaration. Each Owner by acceptance of a deed or other conveyance of a Lot or Dwelling agrees to be bound by amendments permitted by this Section 17.2, and further agrees, if requested by the Declarant, such Owner will consent to such amendment.

17.3 Amendments by the Association Amendments to this Declaration or the Bylaws, other than those authorized by Section 17.2 hereof, will be proposed and adopted in the following manner:

(a) Notice of the subject matter of the proposed amendment will be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and will be delivered to each Member of the Association.

(b) At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board of Directors or Members of the Association. Such amendment must be approved by sixty-seven percent (67%) or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving a proposed amendment, which percentage will also constitute the quorum required for any such meeting; provided, however, (i) that any amendment which materially and adversely affects the security title and interest of any Mortgagee must be approved by such Mortgagee; (ii) during the Declarant Control Period, such amendment must be approved by Declarant; and (iii) in the event that such amendment also is an amendment to the Bylaws, the amendment will be adopted pursuant to the applicable procedures of the Nonprofit Corporation Act.

(c) The agreement of the required percentage of the Owners and, where required, Declarant and any Mortgagee, to any amendment of this Declaration pursuant to this Section 17.3 will be evidenced by their execution of such amendment, or, in the alternative, the sworn statement of the President of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement will state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration will become effective only when filed Of Record or at such later date as may be specified in the amendment itself.

Anything contained in this Section 17.3 to the contrary notwithstanding, no amendment under this Declaration shall be made, or any vote therefor effective, if the result or effect thereof would have a material adverse effect upon Declarant or any right, limitation, approval or easement of Declarant without the prior written approval of the Declarant.

17.4 Duration The provisions of this Declaration will run with and bind title to the Property, will be binding upon and inure to the benefit of all Owners and Mortgagees, and will be and remain in effect for a period of thirty (30) years from and after the date this Declaration is filed Of Record, provided that rights and easements which are stated herein to have a longer duration will have such longer duration. Upon the expiration of said thirty (30)-year period, this Declaration will be automatically renewed for successive ten (10)-year periods. The number of ten (10)-year renewal periods will be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10)-year renewal period for an additional ten (10)-year period; provided, however, that there will be no renewal or extension of this Declaration, if, during the last year of an initial thirty (30)-year period or the last year of any ten (10)-year renewal period, 75% or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving the

proceeding, which percentage will also constitute the quorum required, approve terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination will be filed Of Record, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration will run with and bind title to the Property as provided hereby.

17.5 Termination of the Association. In the event that this Declaration is declared to be void, invalid, illegal, or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years following the date of recording this Declaration, all Common Area belonging to the Association at the time of such adjudication will revert to the Declarant, and the Declarant will own and operate said Common Areas as Trustee for use and benefit of Owners within the Property as set forth below. If said adjudication will occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Section 17.4, all Common Areas owned by the Association at such time will be transferred to a properly appointed Trustee, which Trustee will own and operate said Common Areas for the use and benefit of Owners within the Property as set forth below:

(a) Each lot, parcel or tract of land located within the Property will be subject to an Annual Assessment which will be paid by the Owner thereof to the Declarant or Trustee, whichever becomes the successor in title to the Association. The amount of such Annual Assessment and its due date will be determined solely by the Declarant or the Trustee, as the case may be, but the amount of such Annual Assessment on any particular lot, parcel or tract of land will not exceed the amount actually assessed against that lot, parcel or tract of land in the last year that Assessments were levied by the Association, subject to the adjustment set forth in subparagraph (b) immediately below.

(b) The rate of the Annual Assessment which may be charged by the Declarant or Trustee hereunder on any particular lot or parcel may be automatically increased each year by either five (5%) percent or the percentage increase between the first month and the last month of the Annual Assessment period in the CPI-U issued by the U.S. Bureau of Labor Statistics in its monthly report, whichever of these two percentage figures is larger. The actual amount of such increase in the regular Annual Assessment on a parcel will equal the regular Annual Assessment on such lot or parcel for the previous year multiplied by the larger of the two percentage factors set forth above. If the CPI-U is discontinued, then there will be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.

(c) Any past due Annual Assessment together with interest thereon at the greater of fifteen (15%) percent or the maximum annual rate permitted by law from the due date and all costs of collection including reasonable attorney's fees will be a personal obligation of the Owner at the time that the Annual Assessment becomes past due, and it will also constitute and become a charge and continuing lien on the lot or parcel of land and all improvements thereon, against which the Assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

(d) The Declarant, or the Trustee, as the case may be, will be required to use the funds collected as Annual Assessments for the operation, maintenance, repair and upkeep of the Common Areas. Declarant or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Declarant nor the Trustee will have the obligations to provide

for operation, maintenance, repair and upkeep of the Common Areas once the funds provided by the Annual Assessment have been exhausted.

(e) The Declarant will have the right to convey title to the Common Areas and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.

(f) The Trustee will have the power to dispose of the Common Areas (subject to the limitations of ARTICLE 3, free and clear of the limitations imposed hereby; provided, however, that such disposition will first be approved in writing by fifty-one (51%) percent of the Owners of Property within the Property or in the alternative will be found, in the exercise of reasonable business judgment, to be in the best interest of the Owners of property within the Property. The proceeds of such a sale will first be used for the payment of any debts or obligations constituting a lien on the Common Areas, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of such Property, then for the payment of any obligations distributed among the Owners of property within the Development, exclusive of the Trustees, in a proportion equal to the portion that the Default Annual Assessment on property owned by a particular Owner bears to the total Default Annual Assessment for all property located within the Property.

17.6 Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration will be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions will continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Mrs. Rose Kennedy, mother of U. S. Senator Edward Kennedy.

17.7 Interpretation. In all cases, the provisions set forth or provided for in this Declaration will be construed together and given that interpretation or construction which, in the opinion of Declarant or the Board of Directors will best effect the intent of the general plan of development. The provisions hereof will be liberally interpreted and, if necessary, they will be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration will be given full force and effect notwithstanding the existence of any zoning ordinance or building codes that are less restrictive. The effective date of this Declaration will be the date of its filing Of Record. 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. This Declaration will be construed under and in accordance with the laws of the State of South Carolina.

17.8 No Affirmative Obligation Unless Stated. ANY RESERVATION OR RIGHT OF THE DECLARANT WHICH IS STATED IN OR IMPLIED FROM THIS DECLARATION WILL NOT GIVE RISE TO ANY AFFIRMATIVE OBLIGATION OR DUTY ON THE PART OF THE DECLARANT UNLESS EXPRESSLY STATED IN THIS DECLARATION.

17.9 No Implied Liabilities or Duties. ANY RULES OR REGULATIONS ESTABLISHED BY THE DECLARANT PURSUANT TO THIS DECLARATION WILL NOT EXPRESSLY OR IMPLIEDLY CREATE ANY DUTY OF CARE TO ANY PROPERTY OWNER.

17.10 Gender and Grammar. The singular wherever used herein will be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, will in all cases be assumed as though in each case fully expressed.

17.11 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 will be prohibited or held invalid, such prohibition or invalidity will 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.

17.12 Rights of Third Parties. This Declaration will be filed Of Record for the benefit of Declarant, the Owners, and their Mortgagees as herein provided, and by such recording, no adjoining property owner or third party will have any right, title or interest whatsoever in the Development, except as provided herein, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of Declarant and Mortgagees as herein provided, the Owners will have the right to extend, modify, amend, or otherwise change the provisions of this Declaration without the consent, permission, or approval of any adjoining owner or third party.

17.13 Conflicts With Neighborhood Declarations. In the case of any conflict between this Declaration and a Neighborhood Declaration, the applicable provision of this Declaration shall control, unless the effect thereof would be to make the applicable provision of this Declaration less restrictive, in which later case the applicable provision of the Neighborhood Declaration shall control.

17.14 Notice of Sale, Lease, or Mortgage. In the event an Owner sells, leases, mortgages, or otherwise disposes of any Lot, the Owner must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee, or transferee.

17.15 No Trespass. Whenever the Association, Declarant, or the ARC are permitted by this Declaration to enter upon, correct, repair, clean, maintain, preserve, or do any other action within any portion of the Development, the entering thereon and the taking of such action will not deem to be trespass.

17.16 Notices. Notices required hereunder will be in writing and will be delivered by hand or sent by United States Mail, postage prepaid. All notices to Owners will be delivered or sent to such addresses as have been designated in writing to the Association, or if no address has been so designated, at the addresses of such Owners' respective Lots. All notices to the Association will be delivered or sent in care of Declarant to Declarant's main office, 1849 Cleo Chapman Highway, Sunset, SC 29685, or to such other address as the Association may from time to time notify the Owners. All notices to Declarant will be delivered or sent to Declarant's main office, 1849 Cleo Chapman Highway, Sunset, SC 29685, or to such other address as Declarant may from time to time notify the Association. Notices to Mortgagees will be delivered or sent to such addresses as such Mortgagees specify in writing to the Association. Notices to any other person or persons entitled to same hereunder will be delivered or sent to such address or addresses as such person or persons specify, from time to time, in writing to the sender, or, in the absence thereof, to such address or addresses as will, in the exercise of reasonable judgment by the sender, reasonably expected to be received by such person or persons.

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BOOK 1251 PAGE 283

Exhibit A to
"Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South"

All those certain pieces, parcels or lots of land situate, lying and being in the State of South Carolina, County of Oconee, Keowee Township, being shown on "Plat prepared for Keowee Falls Investment Group, LLC, CLIFFS AT KEOWEE FALLS SOUTH, Phase I, Sheets 1, 2 and 3" prepared by Gregory Blake Sosebee, PLS# 14818, dated November 6, 2002 and recorded in Plat Book A909, at Pages 1 through 6, inclusive; revised and modified November 14, 2002 and recorded in Plat Book A912, at Pages 1 thru 6, and having the metes and bounds, courses and distances as upon said plats appear.

The above described property is a portion of the same property conveyed unto Keowee Falls Investment Group, LLC by deed from Crescent Communities, S.C., LLC dated November 5, 2002 and recorded in the Office of the Oconee County Register of Deeds in Deed Book 1249 at Page 197.

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2002 NOV 19 A P 28



BOOK 1251 PAGE 282

IN WITNESS WHEREOF, the undersigned, Declarant herein, has hereby caused this instrument to be executed this 15th day of November, 2002.

KEOWEE FALLS INVESTMENT GROUP, LLC

BY: THE CLIFFS COMMUNITIES, INC.

By:

Its:

Catherine M. Webb
Kristi M. Bishop

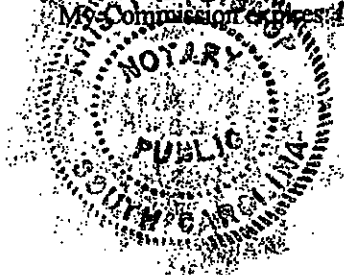
[Signature]
President

STATE OF SOUTH CAROLINA)
COUNTY OF Greenville)

Personally appeared before me James B. Anthony and made an oath that (s)he saw Keowee Falls Investment Group, LLC, a SC, LLC by its duly authorized member(s), sign, seal, and as its act and deed deliver the within written Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South, and that (s)he, with the other subscribing witness, witnessed the execution thereof.

Catherine M. Webb (SEAL)

Sworn to before me this 15th day of November, 2002.
Kristi M. Bishop
Notary Public for South Carolina
My Commission Expires 12/9/06



FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2002 NOV 19 A 10 28



EXHIBIT "B"

BYLAWS
OF
THE CLIFFS AT KEOWEE FALLS SOUTH
PROPERTY OWNERS' ASSOCIATION



**BYLAWS
OF
THE CLIFFS AT KEOWEE FALLS SOUTH
OWNERS' ASSOCIATION**

Article 1

NAME AND LOCATION

1.1 Name and Location. The name of the corporation is THE CLIFFS AT KEOWEE FALLS SOUTH OWNERS' ASSOCIATION, hereinafter referred to as the "Association." The principal office of the Association shall be located at the Development, or at such other place as may be designated by the Board.

Article 2

DEFINITIONS

2.1 Incorporation. The definitions contained in the Declaration are incorporated by reference herein.

(a) The Declaration. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for The Cliffs at Keowee Falls South recorded in the Register of Deeds office for Oconee County, South Carolina, and subsequent amendments thereto.

Article 3

MEETING OF MEMBERS AND VOTING

3.1 Annual Meeting. The first meeting of the Members, whether an annual or a special meeting, shall be held on such day and at such time as the Board, upon majority vote, shall determine and which shall occur not more than twelve (12) months following the date of the close of the sale of the first Unit in the Regime. Subsequent annual meetings of the Members shall be held thereafter at an hour and place within thirty (30) days of the same month and day of such first meeting, as set by the Board.

3.2 Special Meetings. Special meetings of the Members shall be promptly scheduled at any time by the Board upon vote of a majority of the Board of Directors or upon written request of the President. A special meeting of the Members shall be called upon written demand delivered to the Secretary by the Members representing five percent (5%) of the total voting power of the Association, notice of which shall be by written notice to all Members within thirty (30) days of the Secretary's receipt of the demand. For purposes of determining the five percent (5%), the record date shall be thirty (30) days before delivery of the written demand. Upon the failure of the Association to send notice of a special meeting within thirty (30) days following delivery of written demand as aforesaid, any Member signing the demand may set the time and place of the special meeting and give notice thereof to all Members in accordance with the Nonprofit Corporation Act.

3.3 Notice and Place of Meetings. Unless otherwise provided in the Declaration, the Articles of Incorporation, in these By-Laws, or in the Nonprofit Corporation Act, written notice of each meeting of the Members, annual or special, shall be given by, or at the direction of, the Secretary, by mailing a copy of such notice, first class mail, postage prepaid, at least thirty (30) but not more than sixty (60) days before such meeting to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. In the case of written demand of Members representing five percent of the total voting power of the (5%) Association, written notice of such meeting shall be given not more than thirty (30) days after written demand is delivered to the Association. Such notice shall

specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting, and shall provide for voting by proxy. If action is proposed to be taken at any meeting for approval for any of the following proposals, the notice shall also state the general nature of the proposal: (a) removing a Director without cause; (b) filling vacancies in the Board of Directors by the Members; or (c) amending the Articles of Incorporation. Meetings shall be held within the Development or at a meeting place within the same county, as close to the Development as possible.

Notice of a meeting of Members need not be given to any Member who signs a waiver of notice, in person or by proxy, either before or after the meeting. The waiver must be delivered to the Association for inclusion in the minutes or filing with the corporate records. Attendance of a Member at a meeting, in person or by proxy, shall of itself constitute waiver of notice, except when the Member attends a meeting solely for the purpose of stating his objection, at the beginning of the meeting, to the transaction of any business on the ground that the meeting is not lawfully called or convened. Objection by a Member shall be effective only if written objection to the holding of the meeting or to any specific action so taken is filed with the Secretary of the Association.

3.4. Quorum. Unless otherwise provided herein, in the Declaration, the Articles of Incorporation, or the Nonprofit Corporation Act, the presence of Members representing one-third ($\frac{1}{3}$) of the votes of all Members, in person or by proxy, shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum of one-third ($\frac{1}{3}$) of the votes of all Members is present may continue to do business until adjournment, notwithstanding the withdrawal from the meeting of enough Members to leave less than such required quorum, provided that Members representing twenty percent (20%) of the total votes of the Association remain present in person and/or by proxy, and provided further that any action taken shall be approved by a majority of the Members required to constitute such quorum. If the required quorum is not present, another meeting may be called, not less than ten (10) nor more than sixty (60) days following the first meeting, and the required quorum at the subsequent meeting shall be the Members present, in person or by proxy, and entitled to vote. Unless otherwise provided, any reference hereafter to "votes cast" at a duly called meeting shall be construed to be subject to the quorum requirements established by this Section 3.4. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed in Section 3.3.

3.5 Ballots and Representative Voting

(a) Voting Referendum; Written Ballots. Any vote of Members on a matter that would be cast at an annual, regular or special meeting may be taken, without a meeting, by written ballot delivered to every Member by the Association. The ballot shall set forth the matter to be voted upon and provide thereon a place to vote for or against such matter. Approval by written ballot without a meeting shall be effective only when the number of votes cast by ballot equals or exceeds the quorum required to be present had the matter been considered at a meeting, and the number voting for the matter equals or exceeds the number of votes required to approve it had the matter been considered at a meeting at which the requisite quorum is present. A solicitation of votes by ballot shall (i) indicate the record date for Members eligible to vote; (ii) indicate the number of returned ballots voting for or against the matter that is required to satisfy the quorum requirement; (iii) state the required number of votes or percentage voting in favor of the matter required to approve it (except in the case of election of directors, which shall be by plurality); and (iv) state the date and time by which a Member's completed ballot must be received by the Secretary in order to be counted in the vote to be taken. A ballot, once delivered to the Secretary, may not be revoked. A Member's signed ballot shall be delivered to the Secretary by hand delivery, by U.S. mail, or by such other means as shall be permitted under South Carolina law, including, but not limited to and if allowed, overnight courier service, facsimile and e-mail transmission, internet form submission, or by any

other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

(b) Proxies. All of the provisions of this Section 3.5(b) are subject to Section 17.1(a) of the Declaration. To the extent that a provision set forth in this Section is inconsistent with Section 17.1(a) of the Declaration, the provisions of Section 17.1(a) of the Declaration shall control. At all meetings of Members, each Member may vote in person or by proxy. The appointment form of proxy shall be in writing and received by the Secretary before the appointed time of the meeting. Every proxy appointment shall automatically cease upon conveyance by the Member of his Lot or Dwelling, or upon receipt of written notice by the Secretary of the death or judicially declared incompetence of a Member prior to the counting of the vote, upon revocation of the appointment of the proxy in accordance with the Nonprofit Corporation Act, or upon the expiration of eleven (11) months from the date of the proxy. Unless the proxy appointment form otherwise states, it shall be deemed to confer the authority to execute consents and waivers and to exercise the right to examine the books and records of the Association. Any proxy appointment form distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon set forth in the notice of the meeting. The appointment shall provide that, where the Member specifies a choice, the vote shall be cast by the proxy in accordance with that choice. The form shall also identify the person or persons acting as the proxy and the length of time it will be valid. In addition, voting by a proxy shall comply with any other applicable requirements of the Nonprofit Corporation Act. The Member's signed proxy appointment form shall be delivered to the Secretary by hand delivery, by U.S. mail, and by such other means as shall be permitted under South Carolina law, including, but not limited to and if allowed, overnight courier service, facsimile and e-mail transmission, internet form submission, or by any other technology or medium, now existing or hereafter devised, provided in every such case the sender retains proof of transmission and receipt.

3.6 Membership and Voting. Membership in the Association will be as set forth in the Declaration and in the Articles of Incorporation.

Except as otherwise provided in the Declaration, the Articles of Incorporation, these By-Laws, or the Nonprofit Corporation Act, any action by the Association which must have the approval of the Members before being undertaken shall require voting approval by a majority of the votes cast by Members present at which the required quorum is present. An abstention shall be counted as a negative vote in calculating the majority. Members are divided into Type A and Type B Members for the sole purpose of computing voting rights and shall not vote as a class. Owners of Lots and dwellings in all phases shall have the same voting rights.

3.7 Eligibility to Vote. Voting rights attributable to Lots and Dwellings shall not vest until Assessments against those Lots and Dwellings have been levied by the Association. Only Members in good standing shall be entitled to vote on any issue or matter presented to the Members for approval. In order to be in good standing, a Member must be current in the payment of all assessments levied against the Member's Lots or Dwellings and not subject to any suspension of voting privileges as a result of disciplinary proceeding conducted in accordance with the Declaration. A Member's good standing shall be determined as of the record date established in accordance with Section 3.8. The Association shall not be obligated to conduct a hearing in order to suspend a Member's voting privileges on the basis of the nonpayment of assessments, although a delinquent Member shall be entitled to request such a hearing.

3.8 Record Dates.

(a) Record Dates Established by the Board. For the purpose of determining which Members are entitled to receive notice of any meeting, vote, act by written ballot without a meeting, or exercise any rights in respect to any other lawful action, the Board may fix, in advance, a "record date" and only Members of record

on the date so fixed are entitled to notice, to vote, or to take action by written ballot or otherwise, as the case may be, notwithstanding any transfer of any membership on the books of the Association after the record date, except as otherwise provided in the Articles of Incorporation, by agreement, or in the Nonprofit Corporation Act. The record dates established by the Board pursuant to this Section shall be as follows:

(i) Record Date For Notice of Meetings. In the case of determining those Members entitled to notice of a meeting, the record date shall be no more than ninety (90) nor less than ten (10) days before the date of the meeting;

(ii) Record Date for Voting. In the case of determining those Members entitled to vote at a meeting, the record date shall be no more than sixty (60) days before the date of the meeting;

(iii) Record Date for Action by Written Ballot Without Meeting. In the case of determining Members entitled to cast written ballots, the record date shall be no more than sixty (60) days before the day on which the first written ballot is mailed or solicited; and

(iv) Record Date for Other Lawful Action. In the case of determining Members entitled to exercise any rights in respect to other lawful action, the record date shall be no more than sixty (60) days prior to the date of such other action.

(v) "Record Date" Means as of the Close of Business. For purposes of this subparagraph A, a person holding a membership as of the close of business on the record date shall be deemed the Member of record.

(b) Failure of Board to Fix a Record Date. If the Board, for any reason, fails to establish a record date, rules set forth in the Nonprofit Corporation Act shall apply.

3.9 Action Without Meeting. Any action that may be taken at any annual or special meeting of Members (except the election of Directors) may be taken without a meeting in accordance with the provisions of the Nonprofit Corporation Act. Any form of written ballot distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon, except it shall not be mandatory that a candidate for election to the Board be named in the written ballot. The written ballot shall provide that, where the Member specifies a choice, the vote shall be cast in accordance with that choice.

3.10 Conduct of Meetings. Meetings of the membership of the Association shall be conducted in accordance with a recognized system of parliamentary procedure or such parliamentary procedures as the Association may adopt. Except as otherwise provided by law, any proper matter may be presented at the meeting for action. Members of the Association shall have access to Association records in accordance with the Nonprofit Corporation Act. No Member of the Association shall have any right as an Association Member to attend any meeting of the Board, except such meetings of the Board as the Board of Directors shall, in the exercise of its sole discretion, open to the membership or any other Person. In any matter relating to the discipline of an Association Member, the Board shall always meet in closed session if requested by that Member, and the Member shall be entitled to attend such closed session.

Article 4

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

4.1 Number. The affairs of the Association shall be managed by a Board of Directors, all of whom must be Members of the Association, or an officer, director, employee or agent of a Member, including Declarant.

The initial Board of Directors shall consist of three (3) Directors who shall be appointed by the Declarant. The Declarant shall have the sole right to appoint and remove any member or members of the Board of Directors of the Association pursuant to the Declaration until the expiration of the Declarant Control Period. Within sixty (60) days after the expiration of the Declarant Control Period, the Members shall elect five (5) Directors. The Association shall either call, and give not less than thirty (30) days' and not more than sixty (60) days' notice of, such special meeting of the Members to elect the Board of Directors, or the date on which the Association shall count the written ballots distributed to the Members with such notice for the election of the Board of Directors. Each year thereafter, the Members shall elect such number of Directors as shall exist whose terms are expiring.

4.2 Term of Office. The election of Directors shall be by plurality, the number of nominees equal to the number of vacancies to be filled receiving the greatest number of votes being elected. However, at the meeting of the Association following expiration of the Declarant Control Period held to elect five (5) Directors or the date following expiration of the Declarant Control Period when written ballots are to be counted for the election of such Directors pursuant to Section 4.1, the two (2) nominees receiving the highest number of votes will each be elected for a term of two (2) years, and the next three (3) nominees receiving the highest number of votes will each be elected for a term of one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve for a term of two (2) years. Unless vacated sooner, each Director shall hold office until the Director's term expires and a successor is elected.

4.3 Removal; Vacancies. A Director appointed by the Declarant may only be removed by the Declarant, otherwise, a Director may be removed from office, with or without cause, at any regular or special meeting of the Members by sixty-seven percent (67%) of the votes of the Members voting in person or by proxy at a meeting at which a quorum is present. A successor to any removed Director may be elected at the same meeting at which the vacancy is created by the removal of the Director. A Director whose removal is proposed to be voted upon at any meeting shall be given notice of the proposed removal not less than 10 days prior to the date of the meeting and shall be given an opportunity to be heard at the meeting. In the event of death or resignation of a Director, the vacancy shall be filled by majority vote of the Board at a duly held meeting, or by the sole remaining Director. A successor Director shall serve for the unexpired term of his or her predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

4.4 Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for his actual expenses, if reasonable, that are incurred in the performance of his or her duties, including, but not limited to, travel expenses.

4.5 Indemnification of Corporate Agents. The Association shall indemnify any present or former Director, officer, employee or other agent of the Association to the fullest extent authorized under the Nonprofit Corporation Act, or any successor statute, and may advance to any such person funds to pay expenses that may be incurred in defending any action or proceeding on receipt of an undertaking by or on behalf of such person to repay such amount unless it is ultimately determined that such person was not entitled to indemnification under this provision.

Article 5

NOMINATION AND ELECTION OF DIRECTORS

5.1 Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee established by the Board of Directors, otherwise upon motion or other procedure adopted therefor by the Board. Notice to the Members of the meeting shall include the names of all those who are nominees at the time the notice is sent. Nominations to be placed on the ballot may also be solicited by the Nominating Committee or the Board from the membership, and if the election is to take place at a meeting and not solely by

written ballot, nominations may also be made from the floor at the meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than sixty (60) days prior to the meeting of the Members at which the election is to be held, or if the election is to take place solely by written ballot not less than sixty (60) days prior to the date set on the ballot as the election date when ballots are to be counted, and shall serve until the close of the election. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. All candidates shall have reasonable opportunity to communicate their qualifications to Members and to solicit votes.

5.2 Election. The first election of the Board shall be conducted as set forth in Section 4.1. At such election the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. No cumulative voting shall be permitted. Voting for Directors at a meeting shall be by secret written ballot. Voting for Directors may also be conducted by written ballot pursuant to Section 3.5(a).

Article 6

MEETINGS OF DIRECTORS

6.1 Regular Meetings. Regular meetings of the Board of Directors shall be held at least annually at such place within the Development, and at such hour as may be fixed from time to time by resolution of the Board. If a larger meeting room is required than exists within the Development, the Board shall select a room as close as possible to the Development. Should a regularly scheduled meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday, excluding Saturday and Sunday.

6.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President or Secretary of the Association, or by any two (2) Directors. Notice of the special meeting shall specify the time and place of the meeting and the nature of the special business to be considered.

6.3 Quorum. A majority of the Directors then in office (but not less than two (2)) shall constitute a quorum for the transaction of business. Every act performed or decisions made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for that meeting.

6.4 Executive Session. The Board may, with approval of a majority of the Directors present at a meeting in which a quorum for the transaction of business has been established, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel and matters involving contracts of which the Association is a party, 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.

6.5 Telephone Meetings. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all Directors participating in the meeting can hear one another, and all such Directors shall be deemed to be present in person at such meeting. An explanation of the action shall be filed with the minutes of the proceedings of the Board.

6.6 Waiver of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minute. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

6.7 Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

6.8 Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board, individually or collectively, consent in writing to that action. Such action by written consent shall have the same force and effect as a unanimous vote of the Board of Directors. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

6.9 Notices Generally. Notice of any meeting of the Board of Directors, whether regular or special, shall be given to each Director by one (1) of the following methods; (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; (d) by telegram, charges prepaid; or (e) by facsimile transmission to the fax number of the Directors or to e-mail address of the Directors, with proof of transmission and receipt thereof being retained in the minutes of the meeting. All such notices shall be given or sent to the Director's address, telephone number, fax number or e-mail address as shown on the records of the Association. Such notice shall be sent to all Directors not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided, however, notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, telegraph, facsimile transmission or e-mail shall be delivered, telephoned, given to the telegraph company, faxed or e-mailed, as the case may be, at least seventy-two (72) hours before the time set for the meeting. Notice of any meeting need not be given to any Director who has signed a waiver of notice or written consent to holding of the meeting.

Article 7

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

7.1 Duties. It shall be the duty of the Board of Directors to

- (a) Maintenance. Perform the maintenance described in the Declaration;
- (b) Insurance. Maintain insurance as required by the Declaration;
- (c) Discharge of Liens. Discharge by payment, if necessary, any lien against the Common Areas and assess the cost thereof to the Member or Members responsible for the existence of the lien (after notice and hearing as required by these Bylaws);
- (d) Assessments. Fix, levy, collect and enforce Assessments as set forth in the Declaration;
- (e) Expenses and Obligations. Pay all expenses and obligations incurred by the Association in the conduct of its business including, without limitation, all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(f) Records. Cause to be kept minutes of annual meetings of Members and to present such minutes to the Members at the next annual meeting of the Members; minutes of any special meeting when such statement is requested in writing by one-fourth (1/4) of the Type A Members; and to keep adequate and correct books and records of account, minutes of proceedings of its Board and committees, and a roll of its Members giving their names and addresses and classes of membership;

(g) Supervision. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(h) Review of Financial Records. Review on at least a quarterly basis a current reconciliation of the Association's operating and reserve accounts, the current year's actual reserve revenues and expenses compared to the current year's budget, and an income and expense statement for the Association's operating and reserve accounts. In addition, the Board shall review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts. For purposes herein, "reserve accounts" shall mean monies that the Association's Board has identified for use to defray the future repair or replacement of, or additions to, these major components, which the Association is obligated to maintain.

(i) Reserve Account Withdrawal Restrictions. Require that at least two (2) signatures are needed for the withdrawal of monies from the Association's reserve accounts, at least one (1) of whom shall be a member of the Board. One (1) signature may be that of the Association's manager or such manager's designee.

(j) Reserve Account Fund Management. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

(k) Reserve Studies. At least every five (5) years the Board shall cause an independent analysis of the reserve component of the operating budget to be conducted to confirm that component replacement costs and useful lives are accurately reflected in the reserve allocation.

7.2 Powers. The Board of Directors shall have power to

(a) Manager. Employ a manager as provided in the Declaration;

(b) Adoption of Rules. Adopt rules in accordance with the Declaration, including rules setting aside Common Area parking spaces as handicap parking only, and adopt rules limiting the number of cars which will be permitted to be parked in the Common Area parking spaces;

(c) Assessments, Liens and Fines. Levy and collect Assessments and impose fines as provided in the Declaration.

(d) Enforcement. Enforce these Bylaws and/or the Declaration as provided in ARTICLE 14 of the Declaration.

(e) Contracts. Contract for goods and/or services in accordance with the Declaration.

(f) Delegation. Delegate its authority and powers to committees, officers or employees of the Association or to a manager employed by the Association. The Board may not delegate the authority to procure insurance, make capital expenditures for additions or improvements chargeable against the reserve funds; to conduct hearings concerning compliance by an Owner or his tenant, lessee, guest or invitee with the Declaration or rules and regulation promulgated by the Board, or to make a decision to levy monetary fines,

impose special Assessments against individual Lots and Dwellings, temporarily suspend an Owner's rights as a Member of the Association or otherwise impose discipline following any such hearing; to make a decision to levy Annual or Special Assessments; or to make a decision to bring suit, record a claim of lien, or institute foreclosure proceedings for default in payment of Assessments. Any such delegation shall be revocable by the Board at any time. The members of the Board, individually or collectively, shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

(g) Appointment of Trustee. Appoint a trustee as provided in the Declaration.

(h) Borrowings. Borrow money (i) for the purpose of improving the Development, or any portion thereof, (ii) for constructing, repairing, maintaining or improving any facilities located or to be located within the Development, (iii) for providing services authorized herein, and, (iv) to give as security for the payment of any such loan a mortgage or other security instrument conveying all or any portion of the Common Areas; provided, however, that the lien and encumbrance of any such security instrument given by the Association will be subject and subordinate to any and all rights, interest, options, licenses, easements, and privileges herein reserved or established for the benefit of Declarant, any Owner, or the holder of any Mortgage, irrespective of when such Mortgage is executed or given.

(i) Other Powers. In addition to any other power contained herein or in the Declaration, the Association may exercise the powers granted to a nonprofit mutual benefit corporation as enumerated in the Nonprofit Corporation Act.

7.3 Prohibited Acts. The Board shall not take any of actions prohibited of it under the Declaration except with the vote or written consent of a majority of the Members other than Declarant.

Article 8

OFFICERS AND THEIR DUTIES

8.1 Enumeration of Officers. The officers of this Association shall be a President and Secretary, who shall at all times be members of the Board of Directors, a Vice President, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

8.2 Election of Officers. The Declarant shall have the sole right to appoint and remove officers during the Declarant Control Period. Thereafter, all officers shall hold office at the pleasure of the Board.

8.3 Term. The Board shall elect the officers of this Association annually and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

8.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

8.5 Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board, but not from the Board, if the officer is also a Board member. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.7 Duties. The duties of the officers are as follows

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes. The President shall have the general powers and duties of management usually vested in the office of the President of a South Carolina nonprofit mutual benefit corporation, and shall have such powers and duties as may be prescribed by the Board or by these Bylaws.

(b) Vice President. The Vice President shall act in the place of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with the addresses, and shall perform such other duties as required by the Board. The ministerial functions of the Secretary in recording votes, keeping minutes, sending notices, and keeping the records of names and addresses of Members may be delegated to an Association manager.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all promissory notes of the Association; shall keep proper books of account; and shall prepare and shall distribute budgets and statements. The ministerial functions of the Treasurer in sending Assessment notices, receiving and depositing Assessments, keeping books and ledgers of account, and preparing and distributing budgets and statements may be delegated to an Association manager.

Article 9

COMMITTEES

9.1 Appointment. An Architectural Review Committee may be appointed as provided in the Declaration, and a Nominating Committee may, in the discretion of the Board, shall be appointed as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose. No committee, regardless of Board resolution, may: (a) take any final action on matters which, under the Nonprofit Corporation Act also requires Members' approval; (b) fill vacancies on the Board of Directors or in any committee; (c) amend or repeal Bylaws or adopt new Bylaws; (d) amend or repeal any resolution of the Board of Directors; (e) appoint any other committees of the Board of Directors or the members of those committees; (f) approve any transaction to which the Association is a party and in which one (1) or more Directors or committee members have a material financial interest.

Article 10

BOOKS AND RECORDS

10.1 Inspection by Members. The membership register (including names, mailing addresses, telephone numbers and voting rights), books of account and minutes of meetings of the Members, of the Board (including drafts and summaries), and of committees shall be made available for inspection and copying by any Member of the Association, or by his duly appointed representative, at any reasonable time and for a purpose

reasonably related to his interest as a Member, at the office of the Association or at such other place within the Development as the Board shall prescribe. Board minutes shall be available to Members within thirty (30) days of the meeting, and shall be distributed to any Member upon request and upon reimbursement of the costs in making that distribution.

10.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (a) Notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (b) Hours and days of the week when such an inspection may be made;
- (c) Payment of the cost of reproducing copies of documents requested by a Member.

10.3 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 extracts and copies of documents, at the expense of the Association.

10.4 Documents Provided by Board. Upon written request, the Board shall, within ten (10) days of the mailing or delivery of such request, provide an Owner with a copy of the governing documents of the Development, a copy of the most recent budget and statements of the Association, and a true statement in writing from an authorized representative of the Association as to the amount of the Association's current Annual and Special Assessments and fees, as well as any Assessments levied upon the Owner's interest which, as of the date of the statement, are or may be made a lien upon the Owner's Lots or Dwellings. The Board may impose a fee for providing the foregoing which may not exceed the reasonable cost to prepare and reproduce the requested documents.

Article 11

MISCELLANEOUS

11.1 Amendments. Prior to close of the sale of the first Lot or Dwelling, Declarant may amend these Bylaws. After sale of the first Lot or Dwelling these Bylaws may be amended, only as provided in the Declaration or in the Nonprofit Corporation Act.

11.2 Conflicts. In the case of any conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

11.3 Fiscal Year. Unless directed otherwise by the Board, the fiscal year of the Association shall begin on the first day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

EXHIBIT "C"

1. Mandatory Procedures for Non-Exempt Claims. Any Claimant with a Claim against a Respondent shall comply with the following procedures:

1.1 Notice. Within a reasonable time after the Claim in question has arisen, and in each event prior to the date when institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitation, Claimant will notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(a) the nature of the Claim, including applicable date, time, location, Persons involved, Respondent's role in the Claim and the provisions of the Declaration or other authority out of which the Claim arises;

(b) what Claimant wants Respondent to do or not do to resolve the Claim;

(c) that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss, in good faith, ways to resolve the Claim.

1.2 Negotiation.

(a) Each Claimant and Respondent (the "Parties") will make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation, not later than 30 days following the Notice, unless otherwise agreed by the Parties.

(b) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint an attorney licensed to practice law in the State of South Carolina to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes his or her efforts will be beneficial to the Parties. Such an attorney will have been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments and will not have a conflict of interest with any of the Parties.

1.3 Final and Binding Arbitration.

(a) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiation"), a Claimant will have 30 days within which to submit the Claim to binding arbitration under the auspices and the Commercial Arbitration Rules of the American Arbitration Association, and in accordance with the substantive and procedural laws of the state of South Carolina, except as said rules, procedures and substantive laws are applied otherwise as follows:

(i) Unless the parties mutually set another date, within ten (10) days following Termination of Negotiation, Claimant and Respondent will jointly select one arbitrator, whose decision will be absolutely binding on all Parties; provided, however, if Claimant and Respondent are unable to jointly select one arbitrator within said ten (10)-day period, or on or before any later day set by them by which to select an arbitrator, the arbitrator will be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The arbitration will be conducted in Greenville, South Carolina before a neutral person who is a member of the Bar of the State of South Carolina, who has been actively engaged in the practice of law for at least fifteen (15) years, specializing in commercial transactions with substantial experience in planned real estate developments, and who has

no conflict of interest with any Party. The arbitrator may award any remedy or relief that a court of the State of South Carolina could order or grant, including, without limitation, specific performance of any obligation created under this Declaration, or the issuance of an injunction, as well as the imposition of sanctions for abuse or frustration of the arbitration process; provided, however, the arbitrator will have no authority to award punitive damages or any other damages not measured by the actual damages of the "Prevailing Party," as said term is hereinafter defined, and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Declaration.

(b) In the event Claimant does not submit the Claim to binding arbitration as aforesaid, the Claim is deemed abandoned, and Respondent is released and discharged from any and all liability to Claimant arising out of the Claim; provided, nothing herein will release or discharge Respondent from any liability to a Person not a Party to the foregoing proceedings, or the mandatory requirements of this Paragraph 1.3 with respect to any subsequently arising new dispute or claim by the Claimant which is identical or similar to the Claim previously deemed abandoned under this Paragraph 1.3(b).

This Paragraph 1 is an agreement of the Bound Parties to arbitrate all Claims against Respondent, except Exempt Claims, and is specifically enforceable under South Carolina law. The arbitration award (the "Award") is final and binding on the Parties, and judgment upon the Award rendered by the arbitrator may be entered upon it in any court of competent jurisdiction.

2. Allocation of Costs of Resolving Claims.

2.1 Costs of Notice and Negotiation. Each Party will bear all of its own costs incurred prior to and during the proceedings described in Paragraphs 1.1 and 1.2, including the fees of its attorney or other representative. Claimant and Respondent will share equally the costs and expenses of any attorney appointed by the Board pursuant to Paragraph 1.2, whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the Board is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses.

2.2 Arbitration Costs. In the event the Claim proceeds to arbitration pursuant to Paragraph 1.3, the "Prevailing Party," as hereinafter defined, will receive from the non-Prevailing Party, all of its costs and expenses, including reasonable expert and attorney's fees, incurred from commencement of selection of the arbitrator under Paragraph 1.3 to the issuance of the Award. Furthermore, the non-Prevailing Party will pay all costs and expenses of the arbitration, including the costs and expenses of any attorney appointed by American Arbitration Association pursuant to Paragraph 1.3, whose compensation will be at a rate equal to his or her then current regular hourly billing rate, unless the American Arbitration Association is able to arrange with the Parties and the arbitrator to agree otherwise, and who will be entitled to receive his or her then customary costs and expenses. The "Prevailing Party" will be determined as follows:

(a) Not less than ten (10) days prior to the first day of the proceeding, a Party or Parties may file and serve on the other Party(ies) an offer of settlement, and within five (5) days thereafter the Party(ies) served may respond by filing and serving such Party(ies) its own offer of settlement. An offer of settlement will state that it is made under this paragraph and will specify the amount which the Party(ies) serving the settlement offer is/are willing to agree constitutes a settlement of all claims in dispute, including the Claim and all counterclaims.

(b) An offer of settlement is considered rejected by the recipient unless an acceptance, in writing, is served on the Party(ies) making the offer prior to the first day of the proceeding.

(c) If an offer of settlement is rejected, it may not be referred to for any purpose in the proceeding, but may be considered solely for the purpose of awarding fees, costs and expenses of the proceeding under Paragraph 1.3 and as provided in this paragraph.

(d) If the Claimant makes no written offer of settlement, the amount of the Claim made or asserted by the Claimant during the action is deemed to be such Claimant's final offer of settlement hereunder.

(e) If the Respondent makes no written offer of settlement, the final offer of settlement by the Respondent will be the amount asserted during the action to be due in satisfaction of the Claimant's claims, otherwise the Respondent's offer of settlement hereunder is deemed to be zero.

(f) If the respondent asserts a counterclaim, then offers of settlement shall take into consideration such counterclaim in the manner above provided. Furthermore, any Award shall also take into account such counterclaim.

(g) The Party(ies) whose offer, made or deemed made, is closer to the Award granted in the proceeding is considered the "Prevailing Party" hereunder. If the difference between Claimant's and Respondent's offers and the Award is equal, neither Claimant nor Respondent is considered to be the Prevailing Party for purposes of determining the award of fees, costs and expenses of arbitration.

3. Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation in accordance with Paragraph 1.2 and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party thereafter fails to comply with the Award, then any other Party may file suit or initiate administrative proceedings to enforce the agreement or Award without the need to again comply with the procedures set forth in section 15.3 of the Declaration. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the noncomplying Party (or if more than one noncomplying Party, from all the Parties jointly and severally) all costs incurred in enforcing the agreement or Award, including, without limitation, attorney's fees and court costs.



zalea Ridge

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

2002 NOV -6 P 12: 21

Record this 6 day of

Nov 2002

Vol. 1249 Pg. 197 and Certified
Register of Deeds, Oconee County

Prepared by: Parker, Poe, Adams & Bernstein L.L.P.
Three Wachovia Center
401 South Tryon St.
Suite 3000
Charlotte, NC 28202

Tract No. S-7142

Return to: Crescent Resources, LLC
Attn: S. Higginson
PO Box 1003
Charlotte, NC 28201-1003

EXCISE TAX - \$18,500.00

STATE OF SOUTH CAROLINA)
COUNTY OF OCONEE)

SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS that

CRESCENT COMMUNITIES S.C., LLC, a Delaware limited liability company, whose address is 400 South Tryon Street, Suite 1300, P.O. Box 1003, Charlotte, NC 28201-1003, hereinafter called "Grantor," in consideration of the sum of Five Million and No/100 Dollars (\$5,000,000.00), to it in hand paid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto KEOWEE FALLS INVESTMENT GROUP, LLC, a South Carolina limited liability company, whose address is 301 Beaverdam Road, Travelers Rest, SC 29690, hereinafter called "Grantee," all that certain tract of land described in Exhibit A attached hereto ("Property").

The conveyance is made subject to the covenants and restrictions set forth in Exhibit B attached hereto.

TOGETHER WITH all and singular the rights, members, hereditaments and appurtenances to the Property belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD all and singular the Property, unto the said Grantee and Grantee's heirs, successors and assigns forever, except:

- (1) flood easements in favor of Duke Energy Corporation (formerly known as Duke Power Company) and riparian rights of others, including, but not limited to, the flood easement to flood to the 810 foot contour line and all other reservations, restrictions and conditions contained in that deed recorded in Deed Book 652, Page 58;
- (2) transmission line and retail electric line rights-of-way, if any, reserved by or granted to Duke Energy Corporation (formerly known as Duke Power Company), including, but not limited to, that electric line right of way recorded in Deed Book 12-V, Page 458;
- (3) ad valorem taxes for the year 2003 and subsequent years;
- (4) "rollback" or other deferred ad valorem property taxes;

- (5) matters affecting title to the Property as shown on the Plat or which would be shown on a current and accurate survey of the Property (including any encroachments);
- (6) easements, covenants, restrictions and conditions of record, including, but not limited to, that electric line right of way to Blue Ridge Electric Co-op as recorded in Deed Book 9-I, Page 267; and rights-of-way of public and private streets and roads;
- (7) easements, restrictions and rights-of-way as may be apparent from an inspection of the Property;
- (8) zoning, subdivision, land use and other laws, regulations or ordinances applicable to the Property; and
- (9) the reservations and restrictions set forth herein

The Grantor covenants to warrant specially the title to the Property against the lawful claims of any person claiming from, through or under it.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed this 27th day of November, 2002.

Signed, Sealed and Delivered in the Presence of:

CRESCENT COMMUNITIES S.C., LLC,
a Delaware limited liability company

Alice G. Hunt
Print Name: Alice G Hunt
Witness #1

By: *H. Thomas Webb III*
Name: H. Thomas Webb III
Its: President

Susan Higginson
Print Name: Susan Higginson
Witness #2

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

Personally appeared before me the undersigned witness who being duly sworn deposes and says that he/she saw the within named H. Thomas Webb III, President of CRESCENT COMMUNITIES S.C., LLC, a Delaware limited liability company, sign, and as its act and deed deliver the foregoing instrument for the uses and purposes therein mentioned, and that he/she, together with Susan Higginson (witness #2), the other witness subscribed above, witnessed the execution thereof.

Alice A Hunt
(Witness #1 sign here)

Sworn to and subscribed before
me this the 27th day of
November, 2002.

Susan Higginson
Notary Public

Notary Public for North Carolina

My Commission Expires: 3/27/2006

[NOTARIAL STAMP-SEAL]

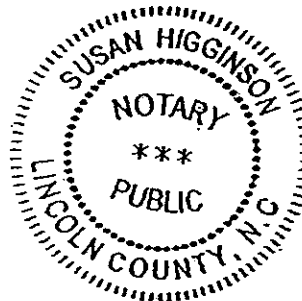


EXHIBIT A

All references to recording information shall refer to documents that were recorded in the Office of the Clerk of Court for the county in which the Property is located.

All that certain tract of land located in Keowee Township, Oconee County, South Carolina, designated as "AREA = 131.65 ACRES" on plat recorded in Plat Book A-901, Pages 7-8 ("Plat"); AND BEING all or a portion of the land conveyed to S. C. Land and Timber Corp. (presently known as Crescent Resources, LLC) by deed from Nona C. Head (K-328) recorded in Deed Book 9-P, Page 146; by deed to S. C. Land and Timber Corp. (presently known as Crescent Resources, LLC) from Beverly S. Shuler, et al. (K-1039) recorded in Deed Book 12-V, Page 457; and by deed to Crescent Communities S.C., LLC from Crescent Resources, LLC recorded in Deed Book 1234, Page 236.

EXHIBIT B

GENERAL DEED RESTRICTIONS

THE PROPERTY SHALL BE CONVEYED SUBJECT TO THE FOLLOWING RESTRICTIONS, WHICH SHALL ENCUMBER THE PROPERTY AND SHALL RUN WITH TITLE TO THE PROPERTY.

1. **Definition of "Property"**. As used herein, the word "**Property**" shall mean all of the property conveyed by Grantor to Grantee pursuant to this deed; provided that if the conveyed property consists of more than one subdivided parcel of land, or if the property conveyed is ever subdivided into more than one parcel, then the defined term "Property" shall mean each parcel of land containing all or a portion of the property conveyed hereby and the restrictions set forth herein shall apply to each such subdivided parcel.

2. **Single Family Use**. The Property shall be used only for detached, single-family residence purposes, together with the accessory buildings and structures permitted pursuant to Section 6 below. No more than one detached single-family residential dwelling may be constructed on the Property. No condominium, townhouse, duplex, apartment or other multi-family residential uses are permitted on the Property. Further, no camper, trailer, motor home, boat (including, without limitation, any boat docked adjacent to the Property), recreational vehicle, or similar habitable or transportable unit or structure shall be allowed to remain on or adjacent to the Property as a place of residence. The single-family residence restrictions set forth above shall not prohibit the construction of pools, tennis courts, or other recreational facilities or amenities such as are commonly constructed and maintained for the benefit of lot owners within planned unit developments; provided that such recreational facilities or amenities shall be solely for the common use of the owners of lots subdivided from the Property and, provided further, that no such recreational facilities may be located within any Buffer Area (defined below).

3. **Restricted Activities**. The following activities are prohibited on the Property:

- a. Raising, breeding, or keeping of animals, livestock or poultry of any kind, except that dogs, cats, or other usual and common household pets (which are registered, licensed and inoculated as required by law) may be permitted on the Property;
- b. Any activity which violates local, state, or federal laws or regulations;
- c. Institutional uses, including but not limited to group homes, day care centers, churches, temples or shrines, rest homes, schools, medical care facilities, lodges, inns, beds and breakfasts; and
- d. Any business or trade, except that an owner or occupant residing on the Property may conduct business activities within a dwelling on the Property so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the dwelling unit; (ii) the business activity conforms to all zoning requirements for the Property; (iii) the business activity does not involve regular visitation of the Property by clients, customers, suppliers, or other business invitees; (iv) the business activity does not involve any service or delivery business in which more than

one vehicle used in such business would be parked overnight on the Property, or for which any parts, equipment supplies, raw materials, components or tools are stored on the Property and (v) the business activity is consistent with the residential character of the Property and does not constitute an unreasonable disturbance to adjoining land owners or others, a nuisance, or a hazardous or offensive use. The foregoing shall not preclude occasional garage sales, moving sales, rummage sales, or similar activities provided that such activities are not held on the Property more than once in any six-month period. The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required. The leasing of the Property for single-family residential use shall not be considered a business or trade within the meaning of this subsection.

4. Prohibited Conditions. None of the following structures or improvements may be located upon the Property:

- a. Structures, equipment or other items which are visible from any road or adjacent property which have become rusty, dilapidated, or otherwise fallen into disrepair;
- b. Towers, antennas, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind which are located outside of the dwelling on the Property other than (i) a customary antenna, which shall not extend more than ten (10) feet above the top roof ridge of the dwelling; and (ii) a satellite disc or dish no larger than eighteen inches (18") in diameter;
- c. Any freestanding transmission or receiving towers or any non-standard television antennae; and
- d. Chain-link fences.

5. Quality Craftsmanship/Dwelling Size. All buildings and outbuildings erected upon the Property shall be built on site of new materials of good grade, quality and appearance, and shall be constructed in a good, workmanlike manner, conforming to all applicable building codes. Further, all dwellings must meet the following construction requirements:

- a. One story dwellings shall not contain less than 2,000 square feet of Heated Living Area (defined below);
- b. One and a half story dwellings shall not contain less than 2,200 square feet of Heated Living Area;
- c. Two (or more) story dwellings shall not contain less than 2,400 square feet of Heated Living Area;

- d. All dwellings and accessory structures shall be completely supported with solid brick, brick or stone covered block, or stucco covered foundation;
- e. Roofs shall have not less than a 6 inch pitch, and not less than 12 inch overhang, and shall be covered with asphalt or fiberglass shingles, terra cotta tile, real or man-made slate, copper sheathing or wood shingles or pre-painted metal roofing;
- f. The exterior surfaces of all dwellings and accessory structures shall be covered only with brick, stone, hard stucco (synthetic stucco is not permitted), wood, or siding consisting of wood, composite or vinyl material; provided, that any horizontal siding must be completely supported to maintain a straight and even outer surface and must be fully and properly finished; and
- g. Exteriors of all dwellings and accessory structures must be completed within one year after the commencement of construction, and a certificate of occupancy issued within two years after commencement of construction.

As used herein, "Heated Living Area" excludes basement areas (defined as any level in which at least one perimeter wall is below, or partially below, grade), unless such basement areas have two or more perimeter walls above surrounding grade, and such basement areas are fully heated and air-conditioned and constructed to a quality equal to the above-grade levels of the dwelling. In addition, Heated Living Area excludes vaulted ceilings areas, attics, unheated porches, attached or detached garages, port-cocheres and unheated storage areas, decks and patios. The term "story" shall mean a finished horizontal division of Heated Living Area extending from the floor of such division to the ceiling above it. The term "half story" shall mean a story which contains fifty percent (50%) or less Heated Living Area than the story in the house containing the most Heated Living Area.

6. **Permitted Accessory Structures.** No buildings, structures or improvements of any kind may be located on the Property other than one detached, single-family residential home, and the following permitted accessory structures:

- a. Storage and shop outbuildings, including detached garages, workshops, storage and utility buildings, greenhouses and similar buildings, not exceeding fourteen (14) feet in height. The total square footage contained within all such outbuildings combined shall not exceed two thousand (2000) square feet. All outbuildings shall be permanently affixed to the Property and shall be covered with the approved exterior materials described in Section 5(f) above. Further, no outbuildings shall be located wholly or partially within any Buffer Area (as defined below).
- b. Recreational structures, including decking, gazebos, covered patios, playhouses, barbecue pits and similar structures. The total square footage contained within such structures when combined shall not exceed one thousand (1000) square feet in area. Further, no such structure shall be located wholly or partially within any Buffer Area (as defined below).
- c. To the extent permitted at the time of construction and installation by Duke Energy Corporation (or its successor, with respect to ownership and/or management authority over the Lake, if applicable) (hereinafter, "Duke Energy") and all applicable governmental authorities, waterfront structures, including fixed piers, boat slips or floats,

covered docks, boat ramps, decking and sitting areas attached to piers, walkways and other similar structures. Grantee acknowledges by acceptance of this deed that policies, laws and regulations regarding its ability to construct or install such structures may change from time to time before or after Grantee's acquisition of the Property and Grantor makes no representation or warranty as to Grantee's ability to construct or install such structures either now or in the future. Such structures may be located wholly or partially within the Buffer Area provided no more than a total of two hundred (200) square feet of such structures shall be located within the Buffer Area.

7. Site Development Requirements. The Property shall be subject to the following specific development requirements.

- a. No portion (or portions) of the Property greater than two thousand (2000) square feet shall be: (i) denuded of ground cover or topsoil, (ii) graded, (iii) excavated or (iv) covered with earth or other natural or man-made fill material, unless all required building, grading and erosion control permits have been issued by the applicable municipal authorities.
- b. All denuded, graded, excavated or filled areas shall be stabilized and replanted on or before: (i) the thirtieth (30th) day following the initial denuding, grading, excavation, or filling (unless footings and foundations are being installed upon the disturbed area and construction is being diligently and continuously pursued upon such area); or (ii) such time as construction is completed or interrupted for a period of thirty (30) continuous days. In addition to, or in the absence of local or state government regulations on such land disturbance, none of the activities described in (i) through (iv) in Section 7(a) above shall be allowed to commence without compliance with the following requirements:
 - i. The surveying and flagging of the Buffer Area (defined below) and any portion of the Buffer Area that may be disturbed as a result of any activities permitted hereunder;
 - ii. The flagging of all trees in the Buffer Area that equal or exceed six (6) inches in diameter, as measured four and one-half feet (4.5') from the base of each tree. The trees, Buffer Area (defined below) and disturbed areas referenced in Sections 7(a) and (b) shall be clearly and distinctly flagged, staked, or otherwise designated in order to prevent the unintentional violation of these restrictions by parties performing work upon the Property; and
 - iii. The proper installation (in accordance with manufacturer's instructions) of construction silt fencing on the lower perimeters of all areas within the Property to be disturbed, and any other areas which may be impacted by silt runoff from any disturbed areas located on the Property.

8. Buffer Area Restrictions. As used herein, the term "Buffer Area" shall mean any portion of the Property that is located within fifty feet (50') of any common boundary (the "Contour Line") of the Property and Lake Keowee (the "Lake"). No portion of the Buffer Area may be disturbed in any way, including any disturbance or removal of topsoil, trees and other natural growth. The Contour Line of the Lake shall not change as a result of erosion or stabilization measures occurring following the conveyance

of this Property to Grantee Notwithstanding the second sentence in this Section 8, the following activities are permitted within the Buffer Area

- a. Trees which are less than six (6) inches in diameter, as measured four and one-half feet (4.5') from the base of each tree may be removed. Any tree removal shall be performed using hand held gas or electric chain saws and/or manual handsaws. No other mechanical equipment or vehicles may be used in removing any trees. Additionally, trees having a greater diameter than that set forth above that have become diseased or damaged through natural processes may be removed in the same manner.
- b. An access corridor may be created within the Buffer Area for the purpose of providing lake access to install shoreline stabilization or to install and use water access structures (such as docks or boat ramps) that have been approved in advance by Duke Energy and otherwise comply with Section 6(c) above. The access corridor may not exceed fifteen (15) feet in width. Trees with diameters equaling or exceeding six (6) inches, as measured four and one-half feet (4.5') from base, may be removed within the access corridor and grading or ground disturbance (which otherwise complies with the restrictions set forth herein) may be performed if reasonably necessary to provide access to the Lake for the purposes described above in this Section 8(b).
- c. Underbrush (defined as nuisance shrubs, vines and similar plant growth beneath the tree canopy, and generally growing less than six feet (6') in height) may be removed.
- d. Pruning and trimming of trees is permitted, provided that pruning is limited to tree branches beginning with the lowest to the ground and extending up the tree trunk no more than one-half of the total height of the tree. Trimming may also be performed on any limbs or branches that are diseased or naturally damaged.
- e. The use of rip-rap, bulkheading or other shoreline stabilization methods or materials may be initiated with the prior written approval by Duke Energy and any shoreline stabilization shall be performed in compliance with Duke Energy's Shoreline Management Guidelines which are in effect at the time such stabilization occurs. Generally, Duke Energy allows structural stabilization to extend only to a height five feet above the Contour Line of the Lake. If Duke Energy authorizes Grantee to perform certain shoreline stabilization, then at all points where shoreline stabilization occurs, the inner boundary line of the Buffer Area (i.e. the boundary line opposite the Contour Line of the Lake) shall be adjusted inward (i.e. away from the Contour Line of the Lake) by the same distance that the stabilization structures or improvements extend from the Contour Line of the Lake into the Property, provided however, that in no event shall the width of the undisturbed Buffer Area be reduced to less than fifty (50) feet between any portion of the interior edge of the stabilization structures or improvements and any residence or other structure or improvement located on the Property (other than docks, boat ramps, or other water access structures which have been approved in writing by Duke Energy).

9. **No Claims.** No owner of the Property or of any Benefited Property (defined below) shall have any claim or cause of action against Grantor or its affiliates arising out of the exercise, or non-exercise, or enforcement, or failure to enforce, or the amendment, release or grant of variance with respect to any covenant, condition, restriction, easement or other right reserved hereunder or referred to herein.

10. **No Delay.** No delay or failure on the part of Grantor to invoke an available remedy with respect to a violation of any restriction contained herein shall be held to be a waiver by Grantor of any right available to it upon the recurrence or continuance of said violation or the occurrence of a different violation.

11. **Rights of Enforcement.** The covenants, conditions and restrictions set forth herein shall run with the title to the Property and shall benefit Grantor and all property (the "**Benefited Property**") owned on the date hereof by Grantor or its subsidiaries located within one thousand feet of any portion of the Property (other than any property located within the FERC boundaries of the Lake). If the Property owner, its heirs, successors, tenants, or assigns shall violate or attempt to violate any of the covenants, conditions or restrictions contained herein, Grantor and any subsequent owner of any portion of the Benefited Property may enforce the covenants, conditions and restrictions set forth herein by any remedy available at law or in equity, either to prevent or remediate such violation, or recover damages for such violation, or both; provided that, with the exception of Grantor, no Benefited Property owner shall have the right to enter the Property in order to monitor or enforce compliance without court order. The party bringing such action shall be entitled to recover its reasonable attorney's fees and expenses incurred in such proceedings from the person or entity violating or attempting to violate the same. Nothing herein shall be held to impose any restriction on any other land owned by Grantor, its subsidiaries or affiliates.

12. **Modification, Amendment, Variances.** Grantor hereby reserves the right for itself and its successors or assigns, to amend or modify, release, or grant variances with respect to the covenants, conditions, easements and restrictions set forth herein. As used in this Section 12, the term "successors or assigns" shall be limited to Grantor's successors or assigns by merger or consolidation or by written assignment.

13. **Reserved Easement.** Grantor hereby reserves unto itself and any successors in title, (i) a ten (10) foot wide easement extending into the Property from and along all side Property lines for the installation and maintenance of utility lines, drainage ditches or facilities, or any other related improvements that may be required by Grantor or its successors or assigns; and (ii) a fifteen (15) foot wide easement extending into the Property from and along any public or private road rights of way for the installation and maintenance of utility lines, drainage ditches or facilities, or any other related improvements that may be required by Grantor or its successors or assigns.

14. **Minimum Lot Size.** The Property may not be subdivided in a manner that will result in any lot or parcel being created which is less than 25,000 square feet.

15. **No Modular or Mobile Homes.** No mobile, manufactured or modular home or structure having the characteristics or appearance of a mobile, modular or manufactured home, including, without limitation, any mobile, modular or manufactured home as defined by the building codes or other applicable laws of the state in which the Property is located, shall be located upon the Property.

STATE OF NORTH CAROLINA

AFFIDAVIT

COUNTY OF MECKLENBURG

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

I Property located in Oconee County, Tax Identification Number P/O 056-00-03-022 was transferred by Crescent Communities S.C., LLC to Keowee Falls Investment Group, LLC on November 5, 2002

The transaction was (Check one):

X an arm's length real property transaction and the sales price paid or to be paid in money or money's worth was \$5,000,000 00

not an arm's length real property transaction and the fair market value of the property is \$

The above transaction is exempt, or partially exempt, from the recording fee as set forth in S C Code Ann Section 12-24-10 et. seq. because the deed is (See back of affidavit.)

As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as Seller.

I further understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

CRESCENT COMMUNITIES S C., LLC
a Delaware limited liability company

By: [Signature]

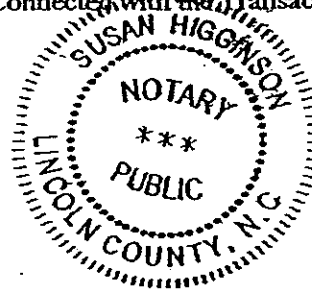
Name H. Thomas Webb III

Its: President

Purchaser, Legal Representative of the Purchaser, or other
Responsible Person Connected with the Transaction

SWORN to before me this 4th
day of November, 2002.

[Signature]
SUSAN HIGGINSON
NOTARY PUBLIC FOR NORTH CAROLINA
MY COMMISSION EXPIRES. March 27, 2006



*The fee is based on the real property's value. Value means the realty's fair market value. In arm's length real property transactions, this value is the sales price to be paid in money or money's worth (e.g. stocks, personal property, other realty, forgiveness of debt, mortgages assumed or placed on the realty as a result of the transaction) However, a deduction is allowed from this value for the amount of any lien or encumbrance existing on land, tenement, or realty before the transfer and remaining on it after the transfer





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FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

Prepared by: Parker, Poe, Adams & Bernstein LLP
 Three Wachovia Center
 401 South Tryon St.
 Suite 3000
 Charlotte, NC 28202

2002 DEC 18 P 4: 57 Tract Nos. S-7083 and 7139.01

Return to: Crescent Resources, LLC
 Attn: S. Higginson
 PO Box 1003
 Charlotte, NC 28201-1003

EXCISE TAX - \$81,400.00

019946

STATE OF SOUTH CAROLINA)
)
 COUNTY OF OCONEE) SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS that

CRESCENT RESOURCES, LLC, a Georgia limited liability company (successor by merger and conversion to Crescent Resources, Inc., whose name was changed from Crescent Land and Timber Corp. by Articles of Amendment filed in the office of the South Carolina Secretary of State), whose address is P.O. Box 1003, Charlotte, NC 28201-1003, hereinafter called "Grantor," in consideration of the sum of \$81,400.00, to it in hand paid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these presents does grant, bargain, sell and release unto KEOWEE FALLS INVESTMENT GROUP, LLC, a South Carolina limited liability company, whose address is 301 Beaverdam Road, Travelers Rest, SC 29690, hereinafter called "Grantee," all that certain tract of land described in Exhibit A attached hereto ("Property").

The Property is conveyed subject to the easements, conditions and restrictions set forth on Exhibit A attached hereto and incorporated herein by reference.

The conveyance is made subject to the covenants and restrictions set forth in Exhibit B attached hereto and incorporated herein by reference.

TOGETHER WITH all and singular the rights, members, hereditaments and appurtenances to the Property belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD all and singular the Property, unto the said Grantee and Grantee's heirs, successors and assigns forever, except:

- (1) flood easements in favor of Duke Energy Corporation (formerly known as Duke Power Company) and riparian rights of others, including, but not limited to, the flood easement to flood to the 810 foot contour line and all other reservations, restrictions and conditions contained in that deed recorded in Deed Book 635, Page 298; in Deed Book 633, Page 154, and in Deed Book 652, Page 58;
- (2) transmission line and retail electric line rights-of-way, if any, reserved by or granted to Duke Energy Corporation (formerly known as Duke Power Company), including, but not limited to, the four hundred forty-five (445) foot wide transmission line right-of-way shown on the Plat as "Duke Energy Corp. 445' R/W";

CLT 661347V1

THIS PROPERTY DESIGNATED AS
 #D 828-00-03-002
 MAP 099 SUB 00 BLK 02 PARC 002
 077-00-01-001

Recorded this 19 day of Dec
 Book 02 Page 204, 979
 Fee 11.11



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- (3) ad valorem taxes for the year 2003 and subsequent years;
- (4) "rollback" or other deferred ad valorem property taxes;
- (5) matters affecting title to the Property as shown on the Plat or which would be shown on a current and accurate survey of the Property (including any encroachments);
- (6) easements, covenants, restrictions and conditions of record, and rights-of-way of public and private streets and roads;
- (7) easements, restrictions and rights-of-way as may be apparent from an inspection of the Property;
- (8) zoning, subdivision, land use and other laws, regulations or ordinances applicable to the Property; and
- (9) the reservations and restrictions set forth herein.

The Grantor covenants to warrant specially the title to the Property against the lawful claims of any person claiming from, through or under it.

[SIGNATURE PAGE FOLLOWS]



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IN WITNESS WHEREOF, Grantor has caused this instrument to be executed this 16th day of December, 2002.

Signed, Sealed and Delivered in the Presence of: CRESCENT RESOURCES, LLC, a Georgia limited liability company

Ann E. Long
Print Name: _____
Witness #1

By: James M. Short, Jr.
James M. Short, Jr.
Senior Vice President

Susan Higginson
Print Name: Susan Higginson
Witness #2

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

Personally appeared before me the undersigned witness who being duly sworn deposes and says that he/she saw the within named James M. Short, Jr., Senior Vice President of CRESCENT RESOURCES, LLC, a Georgia limited liability company, sign, and as its act and deed deliver the foregoing instrument for the uses and purposes therein mentioned, and that he/she, together with Susan Higginson (witness #2), the other witness subscribed above, witnessed the execution thereof.

Ann E. Long
(Witness #1 sign here)

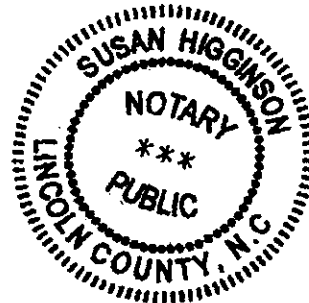
Sworn to and subscribed before me this the 16th day of December, 2002.

Susan Higginson
Notary Public

Notary Public for North Carolina

My Commission Expires: 3/27/2006

[NOTARIAL STAMP-SEAL]





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FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

2002 DEC 18 10 57 AM

EXHIBIT A

All references to recording information shall refer to documents that were recorded in the Office of the Clerk of Court for the county in which the Property is located.

TRACT I (S-TRACT 7083):

All that certain tract of land located in Keowee Township, Oconee County, South Carolina, containing 1,073.38 acres as shown on plat recorded in Plat Slide A-914, Pages 1-8 ("Plat 1"); AND BEING all or a portion of the land conveyed to Crescent Land & Timber Corp. (presently known as Crescent Resources, LLC) by deed from Bessie Porter and Roy Porter (K-981) recorded in Deed Book 11-E, Page 164; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from F. C. Parker (K-20) recorded in Deed Book 9-F, Page 37; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Roy S. Dalton (K-31) recorded in Deed Book 9-F, Page 41; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from G. W. Ferguson, Executor, (K-18) recorded in Deed Book 9-G, Page 142; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Lucia K. Acker, et al. (K-139) recorded in Deed Book 9-K, Page 202; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Virginia Adams (K-137) recorded in Deed Book 9-L, Page 154; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Ray Bryant (K-141) recorded in Deed Book 9-M, Page 97; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Oscar Wigington (K-160) recorded in Deed Book 9-N, Page 135; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Daniel T. Porter (K-153) recorded in Deed Book 9-N, Page 154; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from N. P. Madden and V. E. Madden (K-188) recorded in Deed Book 9-"O", Page 167; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Edna W. Barton, et al. (K-310) recorded in Deed Book 9-Q, Page 26; and by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from G. W. Ferguson (K-619) recorded in Deed Book 10-A, Page 137.

TRACT II (S-TRACT 7139.01):

All that certain tract of land located in Keowee Township, Oconee County, South Carolina, containing 1,093.57 acres as shown on plat recorded in Plat Slide A-913, Pages 1-8 ("Plat 2"); AND BEING all or a portion of the land conveyed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) by deed from Seymour S. Dozier (K-70) recorded in Deed Book 9-I, Page 145; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Lucia K. Acker, et al. (K-139) recorded in Deed Book 9-K, Page 202; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Oscar Wigington (K-160-36) recorded in Deed Book 9-N, Page 135; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Josie S. Cantrell, et al. (K-294) recorded in Deed Book 9-O, Page 171; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from D. L. Rima and E. H. Rima (K-282) recorded in Deed Book 9-P, Page 4; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Nona C. Head (K-328) recorded in Deed Book 9-P, Page 146; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from Lucia K. Acker, et al. (K-142) recorded in Deed book 9-R, Page 96; by deed to Crescent Land & Timber Corp. (presently known as Crescent Resources, LLC) from T. Frank Murphree, et al. (K-814) recorded in Deed Book 10-K, Page 235; by deed to Crescent Land & Timber Corp.



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(presently known as Crescent Resources, LLC) from T. Frank Murphree (K-799) recorded in Deed Book 10-K, Page 241; by deed to South Carolina Land & Timber Corp. (presently known as Crescent Resources, LLC) from D. B. Beatty (K-330) recorded in Deed Book 10-U, Page 210; by deed to Crescent Land & Timber Corp. (presently known as Crescent Resources, LLC) from Lou Verta Pervis (K-927) recorded in Deed Book 10-V, Page 20; and by deed to Crescent Resources, Inc. (presently known as Crescent Resources, LLC) from Ingram Enterprises (K-443) recorded in Deed Book 600, Page 67.

Tract I and Tract II are herein collectively referred to as the "Property" and Plat 1 and Plat 2 are herein collectively referred to as the "Plat."

The Property is conveyed subject to non-exclusive access road easements which are hereby reserved by Grantor, for the benefit of Grantor, its successors and assigns (and for the owners of all current or future lots or parcels served by the following described roads), over and across the existing access roads shown on the Plat as (i) "SHADY LANE," (ii) "RATTLESNAKE RIDGE RD," (iii) "FALL CREEK CHURCH RD," (iv) "INDIAN TRAIL," (v) "LANDING ROAD," and (vi) the access road running along the western boundary of Tract II in a north to south direction between Rattlesnake Ridge Road and Shallow Ford Rd., all for the purposes of vehicular and pedestrian ingress, egress, and regress over said roads until such time (if ever) as public roadways are constructed which provide direct access to each of the lots or parcels benefited by the easements reserved herein.

Notwithstanding anything contained herein to the contrary, by its acceptance of this Deed, Grantee acknowledges and confirms its grant of an Option to Purchase Club Memberships ("Option") as set forth in the Contract for Exchange of Property and Assignment Agreement between Grantor and Grantee dated August 20, 2002 in connection with the Property. The terms of such Option are as follows:

Grantee intends to cause a private golf and recreational club ("Club") to be constructed upon a portion of the Property. Grantee shall cause any club developed upon, or in connection with the Property to reserve in its operative documents ("Club Documents"), the following memberships which may (but need not) be purchased by Grantor and/or any assignee of Grantor: a minimum of 20 fully-privileged memberships ("Reserved Memberships") which may be purchased by Grantor or its assigns. Grantee shall cause Grantor to receive notice upon the initial sale of Club memberships and the Reserved Memberships may be purchased by Grantor or its assigns at anytime thereafter prior to the earlier of: (i) the end of the fifth (5th) year following the sale of the first membership in the Club; or (ii) twenty-five (25) years following the date of this Deed. Each of the aforesaid memberships shall be sold to Grantor or its assigns for the lowest then-current offered price. All documents establishing the Club and/or its membership categories, including without limitation any membership agreements, bylaws, articles of incorporation, rules and regulation, and offering plans, shall apply uniformly to the memberships purchased by Grantor or its assigns and the memberships offered any other member, shall be consistent with the terms of this option and commercially reasonable and shall be provided to Grantor prior to their dissemination to any prospective Club members. This Option shall run with the title to the Property and shall be binding upon Grantee and its successors and assigns.



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FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

2002 DEC 18 P 4: 57

EXHIBIT B

GENERAL DEED RESTRICTIONS

THE PROPERTY SHALL BE CONVEYED SUBJECT TO THE FOLLOWING RESTRICTIONS, WHICH SHALL ENCUMBER THE PROPERTY AND SHALL RUN WITH TITLE TO THE PROPERTY.

1. **Definition of "Property"**. As used herein, the word "Property" shall mean all of the property conveyed by Grantor to Grantee pursuant to this deed; provided that if the conveyed property consists of more than one subdivided parcel of land, or if the property conveyed is ever subdivided into more than one parcel, then the defined term "Property" shall mean each parcel of land containing all or a portion of the property conveyed hereby and the restrictions set forth herein shall apply to each such subdivided parcel.

2. **Single Family Use**. The Property shall be used only for detached, single-family residence purposes, and/or up to a maximum of one hundred fifty (150) townhomes (which may be attached), together with the accessory buildings and structures permitted pursuant to Section 6 below. No more than one single-family residential dwelling may be constructed on the Property. No condominium, duplex, apartment or other multi-family residential uses are permitted on the Property; provided, however, that townhomes (which may be attached) may be constructed on the Property in accordance with Section 9 hereof and the first sentence of this Section 2. Further, no camper, trailer, motor home, boat (including, without limitation, any boat docked adjacent to the Property), recreational vehicle, or similar habitable or transportable unit or structure shall be allowed to remain on or adjacent to the Property as a place of residence. The single-family residence restrictions set forth above shall not prohibit the construction of pools, tennis courts, walking trails, spas or other recreational facilities or amenities such as are commonly constructed and maintained for the benefit of lot owners within planned unit developments ("Wellness Facilities"); provided that such Wellness Facilities may not be located within any Buffer Area (defined below).

3. **Restricted Activities**. The following activities are prohibited on the Property:

- a. Raising, breeding, or keeping of animals, livestock or poultry of any kind, except that dogs, cats, or other usual and common household pets (which are registered, licensed and inoculated as required by law) may be permitted on the Property;
- b. Any activity which violates local, state, or federal laws or regulations;
- c. Institutional uses, including but not limited to group homes, day care centers, churches, temples or shrines, rest homes, schools, medical care facilities, lodges, inns, beds and breakfasts; except that a medical care facility may be constructed and operated on the Property, provided that such medical care facility contains no more than ten thousand (10,000) square feet, does not provide surgical services, is not constructed within four hundred (400) feet of the Contour Line of the Lake (as defined in Section 8 hereof), and is solely for the benefit of the members of such medical care facility (which members shall include, without limitation, residents of existing or future communities developed



by Grantor, or the successors or assigns of Grantor, in the vicinity of the Property, but shall not include the public generally); and

- d. Any business or trade (other than the medical care facility permitted under Section 3(c) hereof), except that an owner or occupant residing on the Property may conduct business activities within a dwelling on the Property so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the dwelling unit; (ii) the business activity conforms to all zoning requirements for the Property; (iii) the business activity does not involve regular visitation of the Property by clients, customers, suppliers, or other business invitees; (iv) the business activity does not involve any service or delivery business in which more than one vehicle used in such business would be parked overnight on the Property, or for which any parts, equipment supplies, raw materials, components or tools are stored on the Property and (v) the business activity is consistent with the residential character of the Property and does not constitute an unreasonable disturbance to adjoining land owners or others, a nuisance, or a hazardous or offensive use. The foregoing shall not preclude occasional garage sales, moving sales, rummage sales, or similar activities provided that such activities are not held on the Property more than once in any six-month period. The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required. The leasing of the Property for single-family residential use shall not be considered a business or trade within the meaning of this subsection.

4. Prohibited Conditions. None of the following structures or improvements may be located upon the Property:

- a. Structures, equipment or other items which are visible from any road or adjacent property which have become rusty, dilapidated, or otherwise fallen into disrepair;
- b. Towers, antennas, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind which are located outside of the dwelling on the Property other than (i) a customary antenna, which shall not extend more than ten (10) feet above the top roof ridge of the dwelling; and (ii) a satellite disc or dish no larger than eighteen inches (18") in diameter;
- c. Any freestanding transmission or receiving towers or any non-standard television antennae; and
- d. Chain-link fences.

5. Quality Craftsmanship/Dwelling Size. All buildings and outbuildings erected upon the Property shall be built on site of new materials of good grade, quality and appearance, and shall be constructed in a good, workmanlike manner, conforming to all applicable building codes. Further, all dwellings must meet the following construction requirements:



- a. One story dwellings shall not contain less than 2,000 square feet of Heated Living Area (defined below);
- b. One and a half story dwellings shall not contain less than 2,200 square feet of Heated Living Area;
- c. Two (or more) story dwellings shall not be less than 2,400 square feet of Heated Living Area;
- d. No dwelling may exceed two and a half stories and no dwellings may be constructed on top of other dwellings;
- e. All dwellings and accessory structures shall be completely supported with solid brick, brick or stone covered block, or stucco covered foundation;
- f. Roofs shall have not less than a 6 inch pitch, and not less than 12 inch overhang, and shall be covered with asphalt or fiberglass shingles, terra cotta tile, real or man-made slate, copper sheathing or wood shingles or pre-painted metal roofing;
- g. The exterior surfaces of all dwellings and accessory structures shall be covered only with brick, stone, hard stucco (synthetic stucco is not permitted), wood, or siding consisting of wood, composite or vinyl material; provided, that any horizontal siding must be completely supported to maintain a straight and even outer surface and must be fully and properly finished; and
- h. Exteriors of all dwellings and accessory structures must be completed within one year after the commencement of construction, and a certificate of occupancy issued within two years after commencement of construction.

As used herein, "**Heated Living Area**" excludes basement areas (defined as any level in which at least one perimeter wall is below, or partially below, grade), unless such basement areas have two or more perimeter walls above surrounding grade, and such basement areas are fully heated and air-conditioned and constructed to a quality equal to the above grade levels of the dwelling. In addition, Heated Living Area excludes vaulted ceilings areas, attics, unheated porches, attached or detached garages, porte-cocheres and unheated storage areas, decks and patios. The term "**story**" shall mean a finished horizontal division of Heated Living Area extending from the floor of such division to the ceiling above it. The term "**half story**" shall mean a story which contains fifty percent (50%) or less Heated Living Area than the story in the house containing the most Heated Living Area.

6. Permitted Accessory Structures. No buildings, structures or improvements of any kind may be located on the Property other than the residences permitted under Section 2 hereof, the medical care facility permitted under Section 3(c) hereof and the following permitted accessory structures:

- a. Storage and shop outbuildings, including detached garages, workshops, storage and utility buildings, greenhouses and similar buildings, not exceeding fourteen (14) feet in height. The total square footage contained within all such outbuildings combined shall not exceed two thousand (2000) square feet. All outbuildings shall be permanently affixed to the Property and shall be covered with the approved exterior materials



described in Section 5(g) above. Further, no outbuildings shall be located wholly or partially within any Buffer Area (as defined below).

- b. Recreational structures, including decking, gazebos, covered patios, playhouses, barbecue pits and similar structures. The total square footage contained within such structures when combined shall not exceed one thousand (1000) square feet in area. Further, no such structure shall be located wholly or partially within any Buffer Area (as defined below).
- c. To the extent permitted at the time of construction and installation by Duke Energy Corporation (or its successor, with respect to ownership and/or management authority over the Lake, if applicable) (hereinafter, "Duke Energy") and all applicable governmental authorities, waterfront structures, including fixed piers, boat slips or floats, covered docks, boat ramps, decking and sitting areas attached to piers, walkways and other similar structures. Grantee acknowledges by acceptance of this deed that policies, laws and regulations regarding its ability to construct or install such structures may change from time to time before or after Grantee's acquisition of the Property and Grantor makes no representation or warranty as to Grantee's ability to construct or install such structures either now or in the future. Such structures may be located wholly or partially within the Buffer Area provided no more than a total of two hundred (200) square feet of such structures shall be located within the Buffer Area.

7. Site Development Requirements. The Property shall be subject to the following specific development requirements.

- a. No portion (or portions) of the Property greater than two thousand (2000) square feet shall be: (i) denuded of ground cover or topsoil, (ii) graded, (iii) excavated or (iv) covered with earth or other natural or man-made fill material, unless all required building, grading and erosion control permits have been issued by the applicable municipal authorities.
- b. All denuded, graded, excavated or filled areas shall be stabilized and replanted on or before: (i) the thirtieth (30th) day following the initial denuding, grading, excavation, or filling (unless footings and foundations are being installed upon the disturbed area and construction is being diligently and continuously pursued upon such area); or (ii) such time as construction is completed or interrupted for a period of thirty (30) continuous days. In addition to, or in the absence of local or state government regulations on such land disturbance, none of the activities described in (i) through (iv) in Section 7(a) above shall be allowed to commence without compliance with the following requirements:
 - i. The surveying and flagging of the Buffer Area (defined below) and any portion of the Buffer Area that may be disturbed as a result of any activities permitted hereunder;
 - ii. The flagging of all trees in the Buffer Area that equal or exceed six (6) inches in diameter, as measured four and one-half feet (4.5') from the base of each tree. The trees, Buffer Area (defined below) and disturbed areas referenced in Sections 7(a) and (b) shall be clearly and distinctly flagged, staked, or otherwise



designated in order to prevent the unintentional violation of these restrictions by parties performing work upon the Property; and

- iii. The proper installation (in accordance with manufacturer's instructions) of construction silt fencing on the lower perimeters of all areas within the Property to be disturbed, and any other areas which may be impacted by silt runoff from any disturbed areas located on the Property.

8. **Buffer Area Restrictions.** As used herein, the term "Buffer Area" shall mean any portion of the Property that is located within fifty feet (50') of any common boundary (the "Contour Line") of the Property and Lake Keowee (the "Lake"). No portion of the Buffer Area may be disturbed in any way, including any disturbance or removal of topsoil, trees and other natural growth. The Contour Line of the Lake shall not change as a result of erosion or stabilization measures occurring following the conveyance of this Property to Grantee. Notwithstanding the second sentence in this Section 8, the following activities are permitted within the Buffer Area:

- a. Trees which are less than six (6) inches in diameter, as measured four and one-half feet (4.5') from the base of each tree may be removed. Any tree removal shall be performed using hand held gas or electric chain saws and/or manual handsaws. No other mechanical equipment or vehicles may be used in removing any trees. Additionally, trees having a greater diameter than that set forth above that have become diseased or damaged through natural processes may be removed in the same manner.
- b. An access corridor may be created within the Buffer Area for the purpose of providing lake access to install shoreline stabilization or to install and use water access structures (such as docks or boat ramps) that have been approved in advance by Duke Energy and otherwise comply with Section 6(c) above. The access corridor may not exceed fifteen (15) feet in width. Trees with diameters equaling or exceeding six (6) inches, as measured four and one-half feet (4.5') from base, may be removed within the access corridor and grading or ground disturbance (which otherwise complies with the restrictions set forth herein) may be performed if reasonably necessary to provide access to the Lake for the purposes described above in this Section 8(b).
- c. Underbrush (defined as nuisance shrubs, vines and similar plant growth beneath the tree canopy, and generally growing less than six feet (6') in height) may be removed.
- d. Pruning and trimming of trees is permitted, provided that pruning is limited to tree branches beginning with the lowest to the ground and extending up the tree trunk no more than one-half of the total height of the tree. Trimming may also be performed on any limbs or branches that are diseased or naturally damaged.
- e. The use of rip-rap, bulkheading or other shoreline stabilization methods or materials may be initiated with the prior written approval by Duke Energy and any shoreline stabilization shall be performed in compliance with Duke Energy's Shoreline Management Guidelines which are in effect at the time such stabilization occurs. Generally, Duke Energy allows structural stabilization to extend only to a height five feet above the Contour Line of the Lake. If Duke Energy authorizes Grantee to perform certain shoreline stabilization, then at all points where shoreline stabilization occurs, the inner boundary line of the Buffer Area (i.e. the boundary line opposite the Contour Line



BOOK 1256 PAGE 267

of the Lake) shall be adjusted inward (i.e. away from the Contour Line of the Lake) by the same distance that the stabilization structures or improvements extend from the Contour Line of the Lake into the Property, provided however, that in no event shall the width of the undisturbed Buffer Area be reduced to less than fifty (50) feet between any portion of the interior edge of the stabilization structures or improvements and any residence or other structure or improvement located on the Property (other than docks, boat ramps, or other water access structures which have been approved in writing by Duke Energy).

9. **Townhomes.** Although townhome dwellings may be attached, each dwelling will be located upon its own subdivided lot and shall comply with all applicable laws and ordinances, including zoning and subdivision ordinances. No townhome may be constructed closer than seventy-five feet (75') to the Contour Line (i.e. measured horizontally from such line as shown on the Plat, regardless of the topography of the Property). There shall be no more than one hundred (100) "water-front" townhomes. As used herein, the term "water-front" townhome shall include any townhome, any portion of which is located within one-hundred twenty-five feet (125') of the Contour Line, measured horizontally from such line as shown on the Plat.

10. **No Claims.** No owner of the Property or of any Benefited Property (defined below) shall have any claim or cause of action against Grantor or its affiliates arising out of the exercise, or non-exercise, or enforcement, or failure to enforce, or the amendment, release or grant of variance with respect to any covenant, condition, restriction, easement or other right reserved hereunder or referred to herein.

11. **No Delay.** No delay or failure on the part of Grantor to invoke an available remedy with respect to a violation of any restriction contained herein shall be held to be a waiver by Grantor of any right available to it upon the recurrence or continuance of said violation or the occurrence of a different violation.

12. **Rights of Enforcement.** The covenants, conditions and restrictions set forth herein shall run with the title to the Property and shall benefit Grantor and all property (the "Benefited Property") owned on the date hereof by Grantor or its subsidiaries located within one thousand feet of any portion of the Property (other than any property located within the FERC boundaries of the Lake. If the Property owner, its heirs, successors, tenants, or assigns shall violate or attempt to violate any of the covenants, conditions or restrictions contained herein, Grantor and any subsequent owner of any portion of the Benefited Property may enforce the covenants, conditions and restrictions set forth herein by any remedy available at law or in equity, either to prevent or remediate such violation, or recover damages for such violation, or both; provided that, with the exception of Grantor, no Benefited Property owner shall have the right to enter the Property in order to monitor or enforce compliance without court order. The party bringing such action shall be entitled to recover its reasonable attorney's fees and expenses incurred in such proceedings from the person or entity violating or attempting to violate the same. Nothing herein shall be held to impose any restriction on any other land owned by Grantor, its subsidiaries or affiliates.

13. **Modification, Amendment, Variances.** Grantor hereby reserves the right for itself and its successors or assigns, to amend or modify, release, or grant variances with respect to the covenants, conditions, easements and restrictions set forth herein. As used in this Section 13, the term "successors or assigns" shall be limited to Grantor's successors or assigns by merger or consolidation or by written assignment.



14. **Reserved Easement.** Grantor hereby reserves unto itself and any successors in title, (i) a ten (10) foot wide easement extending into the Property from and along all side Property lines for the installation and maintenance of utility lines, drainage ditches or facilities, or any other related improvements that may be required by Grantor or its successors or assigns; and (ii) a fifteen (15) foot wide easement extending into the Property from and along any public or private road rights of way for the installation and maintenance of utility lines, drainage ditches or facilities, or any other related improvements that may be required by Grantor or its successors or assigns.

15. **Minimum Lot Size.** The Property may not be subdivided in a manner that will result in any lot or parcel being created which is less than 25,000 square feet.

16. **No Modular or Mobile Homes.** No mobile, manufactured or modular home or structure having the characteristics or appearance of a mobile, modular or manufactured home, including, without limitation, any mobile, modular or manufactured home as defined by the building codes or other applicable laws of the state in which the Property is located, shall be located upon the Property.



BOOK 1256 PAGE 269

STATE OF NORTH CAROLINA

AFFIDAVIT

COUNTY OF MECKLENBURG

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

1. Property located in Oconee County, Tax Identification Numbers 099-00-02-002, 077-00-01-001 and P/O 056-00-03-022 was transferred by Crescent Resources, LLC to Keowee Falls Investment Group, LLC on December _____, 2002.

The transaction was (Check one):

X an arm's length real property transaction and the sales price paid or to be paid in money or money's worth was \$22,000,000.00.

not an arm's length real property transaction and the fair market value of the property is \$ _____*.

The above transaction is exempt, or partially exempt, from the recording fee as set forth in S.C. Code Ann. Section 12-24-10 et. seq. because the deed is (See back of affidavit.):

As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as: Seller.

I further understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.

CRESCENT RESOURCES, LLC

By: [Signature]
JAMES M. SHORT, JR.
SENIOR VICE-PRESIDENT
Purchaser, Legal Representative of the Purchaser, or other Responsible Person Connected with the Transaction

SWORN to before me this 16th day of December, 2002.

[Signature]
SUSAN HIGGINSON
NOTARY PUBLIC FOR NORTH CAROLINA
MY COMMISSION EXPIRES: March 27, 2006

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2002 DEC 18 PM 4:51

*The fee is based on the real property's value. Value means the realty's fair market value. In arm's length real property transactions, this value is the sales price to be paid in money or money's worth (e.g. stocks, personal property, other realty, forgiveness of debt, mortgages assumed or placed on the realty as a result of the transaction). However, a deduction is allowed from this value for the amount of any lien or encumbrance existing on land, tenement, or realty before the transfer and remaining on it after the transfer.





Doc ID: 001128550004 Type: DEE
BK 1548 pg 179-182

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

2006 NOV 27 P 3:44

VARIANCE TO
RESTRICTIONS FOR
KEOWEE FALLS SOUTH

Ref: Keowee Falls Investment Group, LLC.
3598 Highway 11
Travelers Rest, SC 29169
10.00
000347

THIS FIRST VARIANCE FOR KEOWEE FALLS SOUTH is executed on this 27th day of November, 2006, by Crescent Resources, LLC, a Georgia limited liability company ("Crescent") and Keowee Falls Investment Group, LLC, a South Carolina limited liability company ("Keowee").

WHEREAS, by way of deed (the "Deed") recorded on December 18, 2002, in Deed Book 1256 at Page 257, in the Office of the Register of Deeds for Oconee County, Crescent conveyed to Keowee approximately 2166.95 acres located in Keowee Township, comprised of the following two tracts of land (collectively "the Property"): a) an approximately 1073.38-acre tract shown as "CRESCENT RESOURCES, LLC, TOTAL TRACT 'I' = 1073.38 ACRES, SURPLUS TRACT 7083" on a plat (the "Plat") recorded in said register in Plat Side A-914, Pages 1-8; and (b) an approximately 1093.57-acre tract shown as "CRESCENT RESOURCES, LLC, TOTAL TRACT 'II' = 1093.57 ACRES, SURPLUS TRACT 7193.01 on a plat (the "Plat") recorded in said register in Plat Slide A-913, Pages 1-8; and

WHEREAS, pursuant to the terms of the Deed, the Property was conveyed subject to certain general deed restrictions (the "Original Deed Restrictions") more particularly set forth on the Exhibit "B" attached to the Deed; and

WHEREAS, Crescent and Keowee are now desirous of entering to the within VARIANCE TO RESTRICTIONS (the "Variance") to the Original Deed Restrictions, in the manner and to the extent more particularly hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Crescent and Keowee agree to create a permanent variance to the Original Deed Restrictions, in the manner and to the extent more particularly hereinafter set forth in this Variance. Keowee, its successors and assigns, shall indemnify and hold harmless Crescent, its members, managers, officers, agents, employees, successors and assigns, from and against all losses, fines, penalties, liabilities, claims, demands, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees) arising in any manner, directly or indirectly, out of or by reason of the amendments to, additions to, deletions from and any other modification to the Original Deed Restrictions or the within Variance.

1. Paragraph 8 of the Original Deed Restrictions provides, in pertinent part: "Buffer Area Restrictions. As used herein, the term "Buffer Area" shall mean any portion of the Property that is located within fifty (50) feet (measured horizontally regardless of the



actual ground measurement which may vary based upon the topography) of the eight hundred (800) foot contour elevation (the "Contour Line") of Lake Keowee (the "Lake"); provided, however, that the inner boundary of the Buffer Area (i.e. the boundary that is inland from the Lake) shall not be less than five (5) feet (measured horizontally regardless of the actual ground measurement which may vary based upon the topography) from the common boundary (the "Common Boundary Line") of the Property and the Lake. Pursuant to Paragraph 12 of the Original Deed Restrictions, Keowee may deviate from the Buffer Area restriction described in Paragraph 8 to for the purposes of constructing and maintaining a roadway as generally depicted in the attached Exhibit A.

IN WITNESS WHEREOF, the parties hereto have affixed their Hands and Seals as of the date above-stated.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

CRESCENT RESOURCES, LLC, a
Georgia limited liability company

Jane Y. Bowers
Susan Higginson

By: [Signature]
Its: Authorized Member

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OCONEE COUNTY, S.C.
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2006 NOV 21 P 3:44

^{North}
STATE OF SOUTH CAROLINA)
^{The de fe nbury}
COUNTY OF OCONEE)

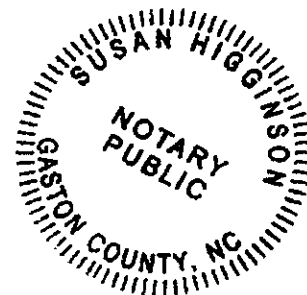
PROBATE

PERSONALLY appeared before me undersigned witness and made oath that s/he saw CRESCENT RESOURCES, LLC, a Georgia limited liability company, by its authorized member, sign, seal, and as its act and deed, deliver the within-written VARIANCE TO GENERAL DEED RESTRICTIONS, and that s/he with the second witness witnessed the execution thereof.

Jane Y. Bowers

SWORN to before me as of the
2nd day of ~~October~~, 2006
^{November}

Susan Higginson
Notary Public of North Carolina
My Commission Expires: March 27, 2011





KEOWEE FALLS INVESTMENT GROUP, LLC, a South Carolina limited liability company

Paula Horen

By: [Signature]
Its: Authorized Member

Jason Cash

STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

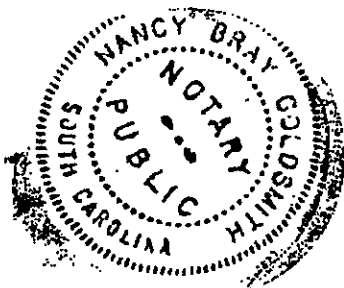
PROBATE

PERSONALLY appeared before me undersigned witness and made oath that s/he saw **KEOWEE FALLS INVESTMENT GROUP, LLC, a South Carolina limited liability company**, by its authorized member, sign, seal, and as its act and deed, deliver the within-written **VARIANCE TO GENERAL DEED RESTRICTIONS**, and that s/he with the second witness witnessed the execution thereof.

Paula Horen

SWORN to before me as of the
27th day of ~~October~~, 2006
November

Nancy Bray Haldom
Notary Public of South Carolina
My Commission Expires: 11/29/2015

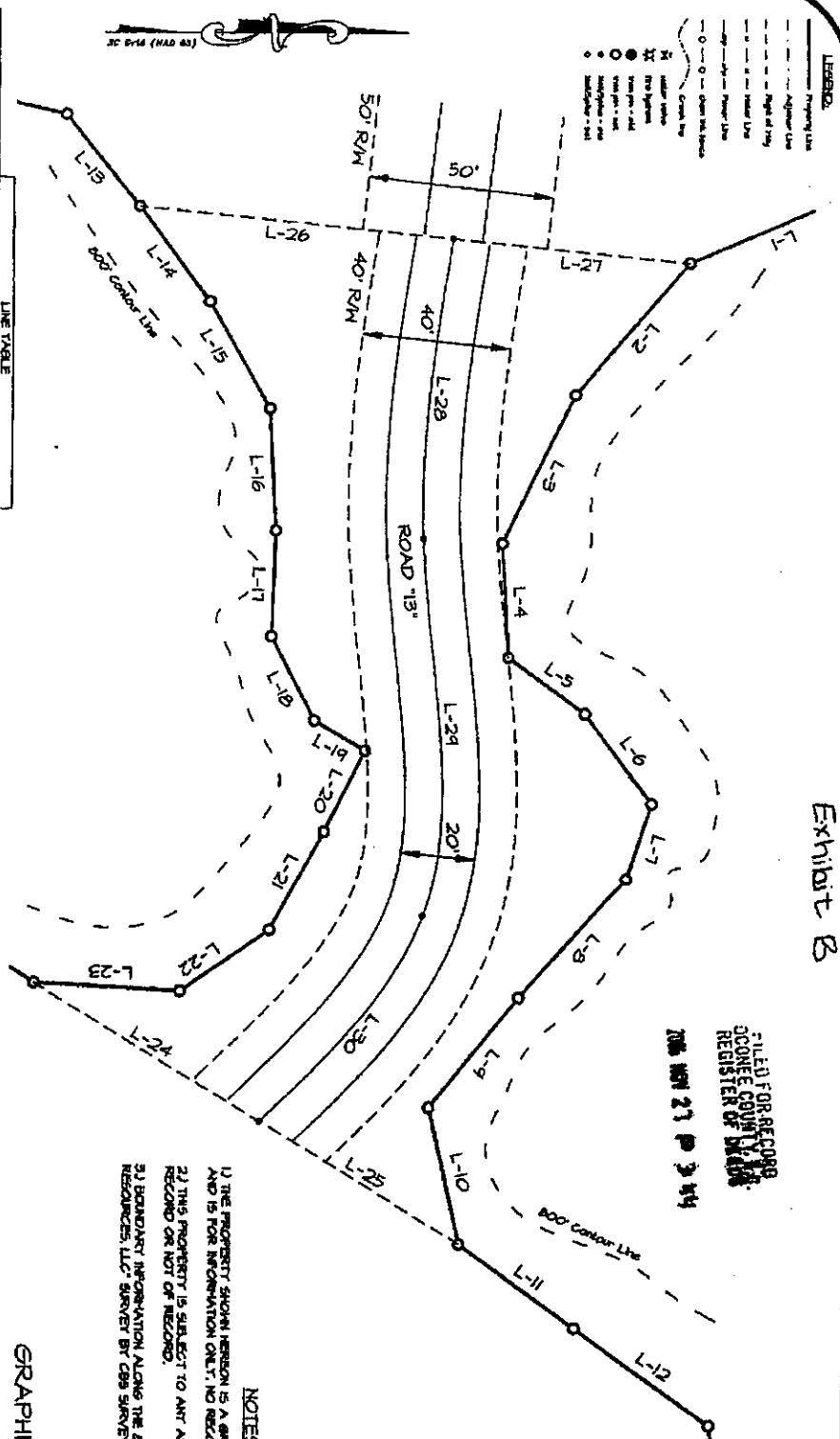


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OCONEE COUNTY, SC
REGISTER OF DEEDS
2006 NOV 21 P 3:44

THE LAKE COMPANY
LAKE KEOWEE, SC

Exhibit B
Exhibit B

FILED FOR RECORD
SCONE COUNTY CLERK
REGISTER OF DEEDS
JUN 21 9 34 AM



LINE	BEARING	DISTANCE	LINE	BEARING	DISTANCE
L-1	S23°00'W	41.00	L-16	N6°44'W	33.17
L-2	S24°44'W	46.50	L-17	S07°30'W	20.19
L-3	S25°40'W	45.80	L-18	N02°41'W	24.87
L-4	N04°41'W	50.25	L-19	N00°26'W	53.67
L-5	N05°17'W	53.24	L-20	S49°22'W	24.05
L-6	N05°30'W	24.69	L-21	S01°40'W	50.17
L-7	S17°48'W	21.80	L-22	S04°02'W	28.80
L-8	S48°00'W	43.82	L-23	S02°05'W	30.50
L-9	S49°01'W	37.84	L-24	N01°38'W	64.46
L-10	N11°20'W	37.81	L-25	N01°38'W	62.40
L-11	N06°00'W	39.20	L-26	N03°00'W	63.49
L-12	N04°02'W	45.18	L-27	N04°00'W	49.17
L-13	N04°14'W	51.16	L-28	S64°30'W	80.34
L-14	N04°27'W	51.62	L-29	N04°33'W	100.24
L-15	N00°30'W	52.70	L-30	S01°30'W	64.91

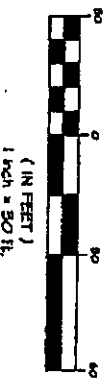
KEOWEE FALLS SOUTH
PHASE B
Road '13' Right of Way Encroachment

Date: 8/25/2008

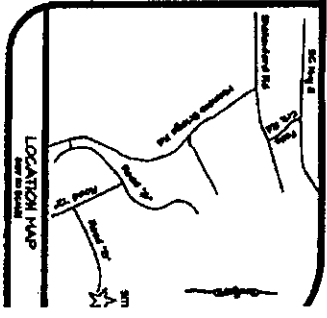
EXHIBIT BEARING TO:



Cliffs
COMMUNITIES, INC.
3598 Highway 11
Travelers Rest, SC 29665
PHONE: (864) 836-1112
Email: www.cliffscommunities.com



- NOTES**
- 1) THE PROPERTY SHOWN HEREON IS A GRAPHIC REPRESENTATION OF FIELD OBSERVATION AND IS FOR INFORMATION ONLY. NO RECORDATION SHALL BE MADE FROM THIS DOCUMENT.
 - 2) THIS PROPERTY IS SUBJECT TO ANY AND ALL RIGHTS OF WAYS AND EASEMENTS OF RECORD OR NOT OF RECORD.
 - 3) BOUNDARY INFORMATION ALONG THE 500' CONTOUR WAS TAKEN FROM THE "CASCADEN RESOURCES, LLC" SURVEY BY CBS SURVEYING & MAPPING, INC. DATED SEPTEMBER 25, 2008.





BOOK 1314 PAGE 224

Olson

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

STATE OF SOUTH CAROLINA) FIRST AMENDMENT OF DECLARATION OF COVENANTS
COUNTY OF OCONEE) CONDITIONS AND RESTRICTIONS FOR
2003 NOV 25 A 11:31 KEOWEE FALLS SOUTH
[Declaration Recorded in Book 1251, Page 221]

010220

Additional Covenants, Conditions and Restrictions for Lots Adjacent to Lake Keowee

THIS First Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South ("First Amendment") entered into effective the 19 day of November, 2003, by Keowee Falls Investment Group, LLC, a South Carolina limited liability company (hereinafter called "Declarant").

WITNESSETH:

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, the Declarant made certain properties in Oconee County, South Carolina subject to the aforesaid Declaration (the "Declaration"); and

WHEREAS, during the Declarant Control Period, the Declarant may amend the Declaration pursuant to Section 17.2 thereof by an instrument in writing filed Of Record; and

WHEREAS, pursuant to that certain Cliffs at Keowee Falls South Dock Bi-Sect Line Encroachment Addendum executed and delivered by each Lot purchaser from Declarant, and Section 3.1 of the Declaration, the construction of a dock adjacent to a purchaser's Lot adjacent to Lake Keowee is subject to, among other things, the siting of a dock within construction corridors marked by Pier Zone lines extending from the purchaser's Lot into the adjacent waters of Lake Keowee, and dock facility construction within some of such construction corridors may result in the encroachment upon the view from an adjacent Lot; and

WHEREAS, the Declarant is mindful to amend Article 3 of the Declaration to set forth the rights and obligations of adjacent Lot Owners, one of whom would be required to cross over the waters of Lake Keowee in front of, and encroach upon the view of, an adjacent Lot.

KNOW ALL MEN BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

1. Definitions. The words used in this First Amendment, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration, as amended and supplemented in Paragraph 2.
2. Amendment of Article 3 of the Declaration. Section 3.1 of Article 3 of the Declaration is amended by adding thereunder a new subsection (d), which will read as follows:

(d) Docks Into Lake Keowee Encroaching Upon View. Pursuant to the laws of the State of South Carolina, there is no implied easement of view by any Owner of a Lot, a circumstance noted in Section 6.27 below with respect to Lots adjacent to Golf Course Land. In the same way, no Owner or Occupant of a Lot or Dwelling shall have any view easement over and across the adjacent waters of Lake Keowee. In particular, the Site Plan shows Lots adjacent to Lake Keowee with lines extending out into Lake Keowee and labeled "Pier Zone (Typical)" and "Bi-Sect Line (Typical)." The Pier Zone lines designate the area of a Lot between which an Owner may, following receipt of necessary approvals, construct a dock into Lake Keowee. Bi-Sect Lines, shown as dotted lines, run perpendicular to the shoreline at the corner of two Lots, and marks by shading adjacent to a Bi-Sect Line the area in which the dock of one Lot will cross the Bi-Sect Line and may possibly encroach upon the view of the Lake



from the adjoining Lot. The projected Pier Zone and Bi-Sect Lines into Lake Keowee do not grant to any Lot Owner any ownership in and to such waters and the lake bottom, or the exclusive use and enjoyment of such adjacent waters or view across the shaded area into which a dock system will cross over a Bi-Sect Line. For purposes of this Declaration, the Lot with such a shaded area crossing in front of it, and within which a constructed dock facility may encumber the view from such Lot, is herein referred to as the "Burdened Lot." For purposes of this Declaration, the Lot for whose benefit the shaded area over the waters of Lake Keowee in front of his neighbor's Lot is created for the construction of a dock facility is herein referred to as the "Benefited Lot." Attached hereto as Exhibit "A" is a copy of a portion of a survey with representative examples of Pier Zones, Bi-Sect Lines and the shaded areas for a dock's location and view encroachment.

(i) Rights Appurtenant to Benefited Lots. There shall exist appurtenant to each Benefited Lot, which shall run with the land, the right and option to, upon receipt of all required approvals under this Section 3.1, construct, which shall include, but shall not be limited to, installation of a dock cable anchor and dredging, substantially within the shaded area created therefor on the Site Plan, a dock facility which may encroach upon the view of Lake Keowee from the adjacent Lot in front of which such dock facility may be constructed; and the Owner of such Benefited Lot shall have the right to make such applications for permits and approval to do so without the necessity of any consent or joinder in such application by the Owner of the Burdened Lot in front of which said dock facility shall be built. Neither the ARC, Duke Power Company, U.S. Army Corps of Engineers, nor any other authority with jurisdiction to approve the same shall be required to seek or receive any consent, approval or other writing of the Owner of the Burdened Lot as a condition of its approval.

(ii) Burdened Appurtenant to Burdened Lots. There shall exist appurtenant to each Burdened Lot, which shall run with the land, an encroachment upon the view therefrom over and across the waters of Lake Keowee created by a dock facility being constructed substantially within the shaded area created therefor on the Site Plan in front of the Burdened Lot and pursuant to the right to do so set forth in Section 3.1(d)(i) above; and the Owner of the Burdened Lot in front of which said dock facility shall be built shall have no right to take any action to prohibit the construction of a dock facility, which activity shall include, but shall not be limited to, installation of a dock cable anchor and dredging, from the adjacent benefited Lot, and shall have no right to consent to or join in such application by the Owner of the Benefited Lot for the approvals required by this Section 3.1, but will execute such consents if requested by the Owner of the Benefited Lot for it to do so. However, neither the ARC, Duke Power Company, U.S. Army Corps of Engineers, or any other authority with jurisdiction to approve the same shall be required to seek or receive any consent, approval or other writing of the Owner of the Burdened Lot as a condition of its approval.

(iii) Schedule of Benefited and Burdened Lots. At the date hereof, the adjacent Benefited and Burdened Lots are:



<u>Benefited Lot</u>	<u>Burdened Lot/Property</u>
Emerald Bay Lot 43	Emerald Bay Lot 44
Emerald Bay Lot 46	Emerald Bay Lot 45
Emerald Bay Lot 48	Emerald Bay Lot 49
Emerald Bay Lot 51	Emerald Bay Lot 50
Emerald Bay Lot 52	Emerald Bay Lot 55
Emerald Bay Lot 58	Emerald Bay Lot 57
Emerald Bay Lot 61	Emerald Bay Lot 62
Emerald Bay Lot 64	Emerald Bay Lot 63
Emerald Bay Lot 72	Emerald Bay Lot 73
Emerald Bay Lot 77	Emerald Bay Lot 76
Emerald Bay Lot 78	Emerald Bay Lot 79
Emerald Bay Lot 82	Emerald Bay Lot 81
	Laurel Pointe Common Area Adjacent to Laurel Pointe Lot 68
Laurel Pointe Lot 68	
Laurel Pointe Lot 84	Laurel Pointe Lot 85B
Laurel Pointe Lot 39	Laurel Pointe Lot 38
Laurel Pointe Lot 34	Laurel Pointe Lot 35
Laurel Pointe Lot 23	Laurel Pointe Lot 24
Laurel Pointe Lot 27	Laurel Pointe Lot 26
Laurel Pointe Lot 17	Laurel Pointe Lot 16
Laurel Pointe Lot 19	Laurel Pointe Lot 20

The Declarant shall endeavor to amend this Section 3.1(d)(iii) as additional Lots are added to the Property with respect to which the rights and obligations as Benefited and Burdened Lots hereunder shall apply; provided, however, the Declarant's failure to do so shall not relieve the Benefited and Burdened Lots herein described and with respect to which a shaded area is otherwise depicted on the Site Plan therefor.

3. Completeness. Except as herein provided, the Declaration, as previously amended and supplemented, shall remain in full force and effect, and as amended and supplemented hereby, shall constitute the complete text of said instrument as of the date hereof.



BOOK 1314 PAGE 227

IN WITNESS WHEREOF, the undersigned Declarant has hereby caused this instrument to be executed this 19 day of November, 2003.

KEOWEE FALLS INVESTMENT GROUP, LLC

The Cliffs Communities, Inc. Its: Member and Manager

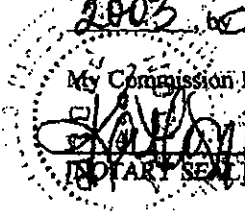
Signature of Notary Public: Katherine M. O'Callaghan

Signature of Declarant: [Handwritten Signature]

STATE OF SOUTH CAROLINA
COUNTY OF OCONEE

The foregoing instrument was acknowledged before me this 19 day of November 2003 by Katherine M. O'Callaghan

My Commission Expires: 10/10/09



Notary Public



Oleow

STATE OF SOUTH CAROLINA) SECOND AMENDMENT OF DECLARATION OF COVENANTS
COUNTY OF OCONEE) CONDITIONS AND RESTRICTIONS FOR
KEOWEE FALLS SOUTH
[Declaration Recorded in Book 1251, Page 221]

Provisions for Shared Drives Identified as Common Areas for Which the Association Has Responsibility

THIS Second Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South ("First Amendment") entered into effective the 17th day of December, 2004, by Keowee Falls Investment Group, LLC, a South Carolina limited liability company (hereinafter called "Declarant").

021494

WITNESSETH:

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, the Declarant made certain properties in Oconee County, South Carolina subject to the aforesaid Declaration (the "Declaration"); and

WHEREAS, during the Declarant Control Period, the Declarant may amend the Declaration pursuant to Section 17.2 thereof by an instrument in writing filed Of Record; and

WHEREAS, a portion of the Property will be developed by the Declarant in a manner whereby two or more Lots may share a driveway or other identified access easement area for access, ingress and egress to and from the Lots and adjacent private road owned or to be owned by the Association, and it the Declarant's intent that such shared easement area will be insured, maintained, repaired and replaced in the same manner as any private road owned or to be owned by the Association, including the private road adjacent to any such identified easement area; and

WHEREAS, the Declarant is mindful to amend Article 1 of the Declaration to incorporate into the capitalized definitions of the Declaration the term "Area of Common Responsibility" to denote non-owned land and/or facilities for which the Association shall have responsibilities equivalent to those applicable to Common Areas, and to amend Section 7.13 of the Declaration, dealing with "Party Structures," to except from the application of such section any shared driveway easement areas shown on the Site Plan as a Common Area or Area of Common Responsibility or set forth in a Supplemental Declaration as being a Common Area or Area of Common Responsibility.

KNOW ALL MEN BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

1. Definitions. The words used in this Second Amendment, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration, as previously amended and as and supplemented in Paragraph 2.

2. Amendments to the Declaration Adopted Hereby.

(a) Amendment of Article 1 of the Declaration. Section 1.1 of Article 1 of the Declaration is amended by deleting in its entirety subsection (g) and substituting therefor a new subsection (g) definition for "Common Areas," which will read as follows:

1.1(g) "Common Areas" will mean and refer to any and all real and personal property now or hereafter deeded or leased to, or which is the subject of a use agreement with, the Association, or which is shown on a Site Plan as being a part of the Common Areas, or any

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non-owned land and/or facilities within or outside the Property identified in any Site Plan or Supplemental Declaration as being an area over which the Association has a duty and responsibility under this Declaration for insuring, maintaining, repairing, replacing and managing, and over which it has, pursuant to this Declaration, any amendment or any Supplemental Declaration, an easement or which is the subject matter of a use or license agreement therefor. The Common Areas may include the Association's, private roads, streets, road and street shoulders, shared driveway easement areas specifically identified on the subdivision plat for the Lots Of record as being Common Areas, walkways, sidewalks, leisure trails, bike paths, gazebos, gates, fountains, entry walls, entry areas and features, lighting, signage, and such maintenance and drainage areas and easements located outside of Lots, as well as lagoons, and ponds located within the Property that public authority does not maintain. The designation of any land and/or improvements as a Common Area will not mean or imply that the public at large acquires any easement of use or enjoyment therein. All Common Areas are to be devoted to and intended for the common use and enjoyment of the Declarant, Owners, and their respective guests, and invitees. The term shall include the Exclusive Common Area, as defined below.

(b) Amendment of Section 7.13 of the Declaration. Section 7.13 of Article 7 of the Declaration is amended by deleting in its entirety said Section and substituting therefor a new Section 7.13, which will read as follows:

7.13 Party Structure.

(a) Applicability. Except with respect to any shared driveway easement area identified on any Site Plan or in any Supplemental Declaration as a Common Area and for which the Association has a duty and responsibility under this Declaration for insuring, maintaining, repairing, replacing and managing, this Section shall apply to each wall or fence, or shared land or facility developed or built as a part of the original Lot development or construction on the Lots:

(i) any part of which is built upon or straddling the boundary line between two adjoining Lots; or

(ii) which is built within four feet of the boundary line between adjoining Lots, has no windows or doors, and is intended to serve as a privacy wall for the benefit of the adjoining Lot; or

(iii) which otherwise serves and/or separates two adjoining Lots, regardless of whether constructed wholly within the boundaries of one Lot;

and shall constitute a party wall, party fence, or party driveway, respectively (each herein referred to as "Party Structure"). The Owners of each such Lot (the "Adjoining Owners") shall own that portion of the Party Structure lying within the boundaries of their respective Lots and shall have an easement for use and enjoyment and, if needed, for support, in that portion, if any, of the Party Structure lying within the boundaries of the adjoining Lot.

3. Completeness. Except as herein provided, the Declaration, as previously amended and supplemented, shall remain in full force and effect, and as amended and supplemented hereby, shall constitute the complete text of said instrument as of the date hereof.



BOOK 1390 PAGE 091

IN WITNESS WHEREOF, the undersigned Declarant has hereby caused this instrument to be executed this 17th day of December, 2004.

KEOWEE FALLS INVESTMENT GROUP, LLC

The Cliffs Communities, Inc.

Its: Member and Manager

By: [Signature]

Its: Treasurer

[Signature]
[Signature]
STATE OF SOUTH CAROLINA

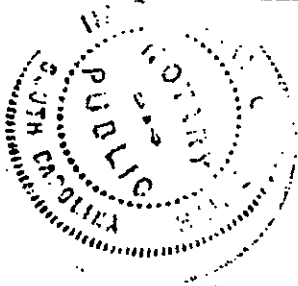
COUNTY OF OCONEE

The foregoing instrument was acknowledged before me this 17th day of December 2004, by _____

My Commission Expires:

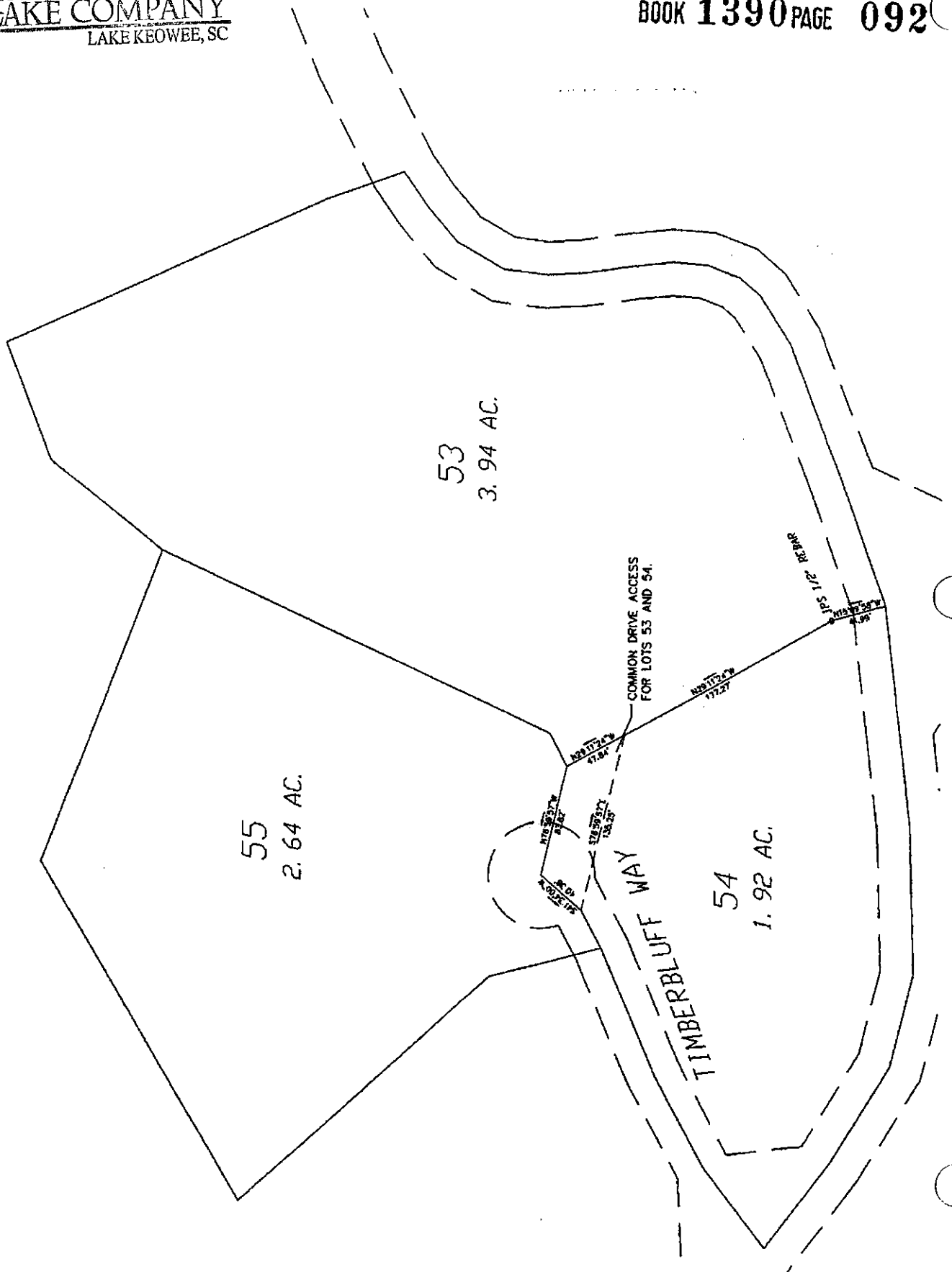
11/19/06
[NOTARY SEAL]

[Signature]
Notary Public



THE LAKE COMPANY
LAKE KEOWEE, SC

BOOK 1390 PAGE 092



July 21, 2005

It has been certified by Mr. Sonny Pridgen, Pridgen and Associates, P.O. Box 1614,
Clemson, SC 29633, that there is no Third Amendment of Declaration of Covenants
Conditions and Restrictions for Keowee Falls South of Record in Oconee County, South
Carolina.

Nancy Goldsmith
Land Development Coordinator
The Cliffs Communities





FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS

BOOK 1407 PAGE 137

2005 MAR 21 P 12: 52

STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)
)

FOURTH AMENDMENT OF DECLARATION
OF
COVENANTS CONDITIONS AND RESTRICTIONS
FOR KEOWEE FALLS SOUTH
[Declaration Recorded in Book 1251, Page 221]

THIS Fourth Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South ("Fourth Amendment") entered into effective the 17th day of March, 2005, by Keowee Falls Investment Group, LLC, a South Carolina limited liability company (hereinafter called "Declarant").

WITNESSETH:

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, the Declarant made certain properties in Oconee County, South Carolina subject to the aforesaid Declaration (the "Declaration"); and

WHEREAS, during the Declarant Control Period, the Declarant may amend the Declaration pursuant to Section 17.2 thereof by an instrument in writing filed Of Record; and

WHEREAS, in recognition of the ongoing practices of Owners, the Declarant is mindful to amend the Declaration to allow Owners to rent their Dwelling for terms shorter than currently provided.

KNOW ALL MEN BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

- Definitions. The words used in this Fourth Amendment, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration, as amended in Paragraph 2.
- Amendment of Section 6.4. The Declaration is amended by deleting in its entirety Section 6.4 and substituting therefor a new Section 6.4, which shall read as follows:

6.4 Use of Lots and Dwellings. Except as permitted by Section 6.22, each Lot and Dwelling will be used for residential purposes only, and no trade or business of any kind may be carried on therein. The use of a portion of a Dwelling as an office by an Owner or Occupant will not be considered to be a violation of this covenant if such use does not create regular customer, client, or employee traffic; provided that in no event will any Lot or Dwelling be used as the office of or storage area for any building contractor, real estate developer or real estate broker, except as may be on a temporary basis, with the express written approval of the Declarant during the Declarant Control Period, and thereafter by the Board of Directors, and in accordance with reasonable rules and regulations promulgated therefor. Nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on a Lot or the showing of Dwellings for the purpose of selling houses in the Development; and nothing herein shall be construed to prevent the Declarant or its permittees from erecting, placing or maintaining signs, structures and offices as it may deem necessary for its operation and sales in the Development. Lease or rental of a Dwelling for residential purposes will also not be considered to be a violation of this covenant so long as the lease (a) is for not less than the entire Dwelling and all the improvements thereon, and (b) is otherwise in compliance with rules and regulations as may be promulgated and published from time to time by the Declarant and the Board of Directors. Upon request, the Owner will provide the Declarant and Board of Directors with

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Ret:
The Cliffs Communities
2120 Lake Keowee Rd., P.O. Box 10000, Lake Keowee, SC 29560



BOOK 1407 PAGE 138

copies of such lease or rental agreement. Any Occupant will in all respects be subject to the terms and conditions of this Declaration and the rules and regulations adopted hereunder.

3. Completeness. Except as herein provided, the Declaration, as previously amended and supplemented, shall remain in full force and effect, and as amended and supplemented hereby, shall constitute the complete text of said instrument as of the date hereof.

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THE
LAKE COMPANY
LAKE KEOWEE, SC

BOOK 1407 PAGE 139

IN WITNESS WHEREOF, the undersigned Declarant has hereby caused this instrument to be executed this 17th day of March, 2005.

KEOWEE FALLS INVESTMENT GROUP,
LLC

The Cliffs Communities, Inc.
Its: Member and Manager

[Signature]

By: [Signature]

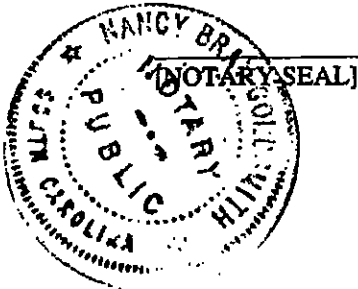
STATE OF SOUTH CAROLINA

COUNTY OF ~~OCONEE~~ PICKENS

The foregoing instrument was acknowledged before me this 17th day of March
2005, by James B. Anthony

My Commission Expires: 11/9/06

Nancy Bray Holdrege
Notary Public



FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2005 MAR 21 . P 12: 52





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STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

SUPPLEMENTAL AND FIFTH
AMENDMENT OF DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS FOR
KEOWEE FALLS SOUTH
[Declaration Recorded in Book 1251, Page 221]

Lot Being Added: 1 - 12, Falls Golf Cottages

THIS Supplemental and Fifth Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South ("Fifth Amendment and Supplemental Declaration") entered into effective the day of February, 2007, by Keowee Falls Investment Group, LLC, a South Carolina limited liability company (hereinafter called "Declarant").

23rd

WITNESSETH:

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, the Declarant made certain properties in Oconee County, South Carolina subject to the aforesaid Declaration (the "Declaration"); and

WHEREAS, during the Declarant Control Period, the Declarant may amend the Declaration pursuant to Section 17.2 thereof by an instrument in writing filed Of Record; and

WHEREAS, Section 2.2(a) of the Declaration provides, in relevant part, that Declarant may bring within the plan and operation of the Declaration additional property, said addition to be made by filing a Supplemental Declaration with respect to the said additional property; and

WHEREAS, pursuant to section 2.2(a), such Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant to reflect the different character, if any, of the land added to the plan and operation of the Declaration; and

WHEREAS, the Declarant is the owner of that certain property being shown and designated on the plats further described in Exhibit "A" (the "Property"), which the Declarant wishes to be added to the plan and operation of the Declaration.

KNOW ALL MEN BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

1. **Definitions.** The words used in this Fifth Amendment and Supplemental Declaration, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration, as amended and supplemented in Paragraph 2.

2. **Amendment of Section 1.1 to Add Additional Definitions.** Section 1.1 of the Declaration is amended to add thereto the following defined terms:

"Common Responsibility" will mean and refer to the Association's duties and responsibilities for insuring, maintaining, repairing, replacing and managing portions of the Property not otherwise designated a Common Area and over which it has an easement or which is the subject matter of a use or license agreement, or, which, pursuant to the Declaration, a Supplemental Declaration, or a Neighborhood Declaration, the Association is obligated to undertake such activities for and in behalf and at the expense of a Neighborhood

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Area's Owners and Lots and Dwellings therein. The Association's duties and responsibilities for insuring, maintaining, repairing, replacing and managing a Neighborhood Common Area shall constitute a Common Responsibility of the Association.

"Neighborhood Committee" will mean and refer to a committee of not less than three members nor more than five members, as named by the Declarant during the Declarant Control Period, and thereafter by a majority vote of those Members in the Neighborhood Area casting a vote by ballot mailed not less than 20 days prior to the date set for the Board of Directors or the Association's management company to tally the ballots cast. Such a Neighborhood Area ballot without a meeting shall be effective only when the number of votes cast by the ballot equals or exceed the quorum required to be present had the matter been considered at a meeting of Members of the Association and the quorum requirements of Section 3.4 of the Bylaws were applied solely to the applicable Neighborhood Area Owners. A Neighborhood Committee shall abide by the procedures and requirements applicable to the Board of Directors set forth in Article VI of the Bylaws, however, the term "Director" or "Board" shall refer to the members of the Neighborhood Committee. A Neighborhood Committee will be established for a Neighborhood Area for which no separate Neighborhood Association is formed. Neighborhood Committee members shall be Owners in a Neighborhood Area, or an officer, director, employee or agent of an Owner, or an appointee of the Declarant during the Declarant Control Period.

"Neighborhood Common Area" will mean and refer to the portion of the Common Areas located within a Neighborhood Area and designated for the exclusive use or primary benefit of the Owners and Lots and Dwellings of such Neighborhood Area. A Neighborhood Common Area will be designated as such by the Declarant in the Neighborhood Declaration with respect thereto. The use of the term "exclusive" shall refer to the use and enjoyment thereof by Owners of the Lots and Dwellings in the designated Neighborhood Area, but shall not be construed to create any superior right of access and use vis a vis others granted rights of access and use therein, including Declarant and its designees.

3. Submission of Property to Declaration. The real property further shown and described in that certain plat entitled, "Subdivision of Linkside Villa's at Keowee Falls South," prepared by Neal H. O'Connor, Jr., September 12, 2006, recorded in the Office of the Register of Deeds for Oconee County, South Carolina in Plat Book 163 at Pages 9 & 10, reference to which plat is hereby made for a more complete description thereof; shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to the Declaration, and to the covenants, restrictions, conditions, easements and affirmative obligations set forth therein, as further amended by this Fifth Amendment and Supplemental Declaration.

4. Additional Covenants, Conditions and Restrictions. The plan of development for the Property added by this Fifth Amendment and Supplemental Declaration shall be subject to the following additional terms and conditions, which shall run with the land.

(a) Falls Golf Cottages a Neighborhood Area. The Property is hereby designated a Neighborhood Area, and shall be referred to as "Falls Golf Cottages."

(i) Neighborhood Area Representative. Each year the Neighborhood Committee for the designated Property shall, by majority vote, designate one of its members as a representative of the Neighborhood Area, who shall meet with the Board of Directors concerning the Association's Common Responsibilities undertaken for or in behalf of the Neighborhood Area and its Owners, to insure, maintain, replace and manage the Neighborhood Common Areas and the costs and expenses thereof to be assessed, as further provided in subparagraph (ii) below. The Association shall not reduce the level of Neighborhood Common Area insurance, maintenance, repair, replacement and management, or the Common Responsibilities, to be undertaken pursuant to this Fifth Amendment and Supplemental Declaration, except



(A) upon the written approval of the Declarant during the Declarant Control Period, and (B) thereafter, upon the vote of seventy-five percent (75%) or more of the votes of the Members representing the Lots in the Neighborhood Area, by a duly held Referendum or at a duly held meeting of such Members (which percentage will also constitute the quorum required for any such meeting).

(ii) Initial Construction and Landscaping. The quality of the initial construction of improvements within the Falls Golf Cottages Neighborhood Area and the landscaping initially installed, as the same were approved pursuant to the Declaration, shall constitute the minimum standard required, and such landscaping shall be maintained to such standard.

(iii) The Common Responsibility for the Falls Golf Cottages and Neighborhood Common Areas. For purposes of this Supplemental Declaration, the following shall apply to the Falls Golf Cottages Neighborhood Area:

(A) The Neighborhood Common Areas of the Falls Golf Cottages shall consist of a small open space, together with lighting and signage therein located, at the point where Linkside Court splits and forms a circle providing access, ingress and egress to the Falls Golf Cottages. Linkside Court and the land designated "Common Area" on the survey further described in Exhibit "A" and used or intended for use as a pavilion and putting green shall not constitute Neighborhood Common Areas, but shall be and remain Common Areas of the Association. The exclusion of the Linkside Court right-of-way and the land designated Common Area on the survey further described in Exhibit "A" is intended to preserve the characterization thereof as Common Areas of the entire Development, the maintenance, repair, replacement and insuring of which would be for the benefit and at the cost of all Owners subject to the Declaration.

(B) It shall be a Common Responsibility of the Association, for and in behalf and at the expense of the Falls Golf Cottages Neighborhood Area and its Owners, to:

- (1) maintain (including repainting), repair and replace (and where appropriate, to reserve therefor) the originally installed Neighborhood Common Area landscaping, entry signage and lighting, other hardscapes located thereon;
- (2) maintain the landscaping and front lawns initially installed upon the Falls Golf Cottages Neighborhood Lots;
- (3) replace, as needed, landscaping light bulbs within the Neighborhood Common Area;
- (4) inspect, maintain, repair and replace (and where appropriate, to reserve therefor) Rpz. irrigation pipes and controllers serving the Neighborhood Common Area, and perform periodic inspections thereof;
- (5) maintain, repair and replace (and where appropriate, to reserve therefor) the originally installed slate roofs of the residences in the Falls Golf Cottages Neighborhood;
- (6) repaint (and to reserve therefor) the exterior of the residences in the Falls Golf Cottages Neighborhood;
- (7) replace, as needed, light bulbs of the landscape lighting of the residences in the Falls Golf Cottages Neighborhood;



(8) provide property and liability insurance coverage for the Neighborhood Common Areas, but not for the residences constructed within the Falls Golf Cottages Neighborhood;

(9) engage in such other maintenance, repair and replacement (and where appropriate, reserving therefor) as the Falls Golf Cottages Neighborhood Committee shall request following approval by a majority of the Owners of Lots in the Falls Golf Cottages Neighborhood Area; and

(10) provide trash pick up at the residences in the Falls Golf Cottages Neighborhood.

(iv) Common Expenses for Neighborhood Area and Common Responsibilities for the Neighborhood Area: Specific Assessment. The Common Expenses of the Association incurred to insure, maintain, repair, and replace the Neighborhood Common Areas and to undertake the Common Responsibilities for Falls Golf Cottages, as set forth above, shall be Common Expenses to be shared solely by all Owners of Lots in the designated Neighborhood Area, to be assessed against each of said Lots and the Owners thereof as a specific Assessment under Section 13.10 of the Declaration, and billed with such frequency as the Board of Directors shall determine.

(v) Party Structures Within Neighborhood. Those portions of driveways, parking areas, walkways and other shared access and parking areas located upon adjoining Lots and serving or capable of serving both Lots shall constitute party structures of said adjoining Lots, subject to Section 7.13 of the Declaration.

(vi) Individual Owner Responsibilities. Except as specifically herein provided, the costs and expenses of insuring (both liability and hazard insurance), maintaining, repair and replacing all improvements to and upon the Lots and Dwellings within the Falls Golf Cottages Neighborhood Area, including, but not limited to, foundation, siding, porches and roofs, and caring for and replacing any landscaping installed by an individual Owner, shall be the sole cost and expense of such Owner. Furthermore, neither the Association, the Neighborhood Committee, nor any representative or manager of them shall be responsible for any damage to Owner-installed landscaping or plantings in the discharge of the Associations duties with respect to the Common Responsibilities for the Falls Golf Cottages Neighborhood Area under clause (iii) above.

5. Completeness. Except as herein provided, the Declaration, as previously amended and supplemented, shall remain in full force and effect, and as amended and supplemented hereby, shall constitute the complete text of said instrument as of the date hereof.

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IN WITNESS WHEREOF, the undersigned Declarant has hereby caused this instrument to be executed this 23rd day of February, 2007.

KEOWEE FALLS INVESTMENT GROUP, LLC

The Cliffs Communities, Inc.
Its: Member and Manager

Courtney A. Jones
[Signature]

By: [Signature]
Its: Secretary

STATE OF SOUTH CAROLINA

COUNTY OF OCONEE

The foregoing instrument was acknowledged before me this 23rd day of February, by Lucas T. Anthony

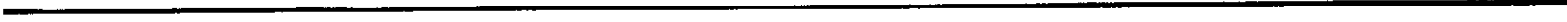
My Commission Expires: 11/29/2015

Mary Bray Haldsmith
Notary Public





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SUPPLEMENTAL AND SECOND AMENDMENT OF DECLARATION
OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
KEOWEE FALLS SOUTH
REGARDING
FALLS CREEK HOMEOWNERS ASSOCIATION
[Declaration Recorded in Book 1251, Page 221]

009033

Ret: Wallace Graham
env. Consulting ARC
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**SUPPLEMENTAL AND SECOND AMENDMENT OF DECLARATION
OF
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FOR
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THIS SUPPLEMENTAL AND SECOND AMENDMENT OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KEOWEE FALLS SOUTH REGARDING FALLS CREEK HOMEOWNERS ASSOCIATION (this "Declaration") is made as of November 8, 2005, by KEOWEE FALLS INVESTMENT GROUP, LLC, a South Carolina limited liability company (the "Declarant").

RECITALS

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, the Declarant made certain properties in Oconee County, South Carolina subject to such Declaration (the "Original Declaration" and, as amended from time to time, the "Master Declaration"); and

WHEREAS, during the Declarant Control Period, the Declarant may amend the Master Declaration pursuant to Section 17.2 thereof by an instrument in writing filed Of Record; and

WHEREAS, Section 2.2(a) of the Master Declaration provides, in relevant part, that Declarant may bring within the plan and operation of the Master Declaration additional property, said addition to be made by filing a Supplemental Declaration with respect to the said additional property; and

WHEREAS, pursuant to Section 2.2(a), such Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in the Master Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the land added to the plan and operation of the Master Declaration; and

WHEREAS, the Declarant is the owner of that certain real property being shown and designated on the plats further described in Exhibit "A" to this Declaration ("Falls Creek Property"), which the Declarant wishes to be added to the plan and operation of the Master Declaration.



KNOW ALL PERSONS BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

ARTICLE 1
DECLARATION AND SUBMISSION

Section 1.1 Declaration. Declarant hereby declares that Falls Creek Property shall be held, sold and conveyed subject to the following covenants, restrictions and easements, which are for the purpose of protecting the value and desirability of Falls Creek Property, and which shall run with the land and will inure to the benefit of and be binding upon each and every Owner and his or her respective heirs, representatives, successors, purchasers, lessees, grantees and mortgagees. By the recording or acceptance of the conveyance of a Lot or Residential Unit or any interest therein, the person or entity to whom the interest is conveyed is deemed to accept and agree to be bound by the provisions of this Declaration.

Section 1.2 Master Declaration. This Declaration constitutes a Supplemental Declaration as contemplated by, and for purposes of, the Master Declaration, and extends the operation and effect of the covenants and restrictions of the Master Declaration to Falls Creek Property. Falls Creek Property is subject and submitted to the provisions of the Master Declaration. As contemplated by, and for purposes of, the Master Declaration:

- (a) Falls Creek Property shall be a Neighborhood Area;
(b) Falls Creek Association shall be a Neighborhood Association; and
(c) This Declaration shall be a Neighborhood Declaration.

ARTICLE 2
DEFINITIONS

Section 2.1 Definitions. The following words when used in this Declaration or any Further Supplemental Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

"Articles" mean the Articles of Incorporation for Falls Creek Homeowners Association, as amended from time to time, filed in the Office of the South Carolina Secretary of State in accordance with the Nonprofit Corporation Act.

"Annual Assessment" means the Assessment levied annually.

"Assessments" means the Annual, Special and Default Assessments levied pursuant to Article 11 below.

"Association Documents" means this Declaration, the Articles and the Bylaws, and any procedures, rules, regulations or policies adopted under such documents by the Falls Creek Association.

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"Bylaws" means the Bylaws of Falls Creek Association, which govern the administration and operation of Falls Creek Association, and as the same may be amended from time to time.

"Declarant" means Keowee Falls Investment Group, LLC, or any successor-in-title to the entire interest of such person with respect to Falls Creek Property at the time of such transfer to said successor-in-title, or any party designated Of Record to succeed to the rights of Declarant hereunder as to the matters set forth in such writing. In exercising any right or easement granted or reserved to Declarant hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

"Declaration" means and refers to this Supplemental and Second Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding Falls Creek Homeowners Association, as amended from time to time.

"Default Assessment" means an Assessment levied by Falls Creek Association pursuant to Article 11, Section 11.7 below.

"Board of Directors" means the governing body of Falls Creek Association. Falls Creek Association acts through its Board of Directors unless a vote of the Members is otherwise specifically required by this Declaration or by the Articles or Bylaws.

"Expansion Property" means the real property located in Oconee County, South Carolina, more particularly described on the attached Exhibit B which Declarant may subject to this Declaration by one or more duly recorded Further Supplemental Declarations.

"Exterior Maintenance Area" means the exterior of any Residence and the Lot surrounding the Residence and any other improvements on the Lot, as more fully described in Section 9.1 below.

"Falls Creek" shall mean the planned community created by this Declaration, consisting of Falls Creek Property, the Residential Units, and any other improvements constructed on Falls Creek Property and as shown on the Plat.

"Falls Creek Association" or "Association" means Falls Creek Homeowners Association, a South Carolina nonprofit corporation, its successors and assigns. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

"Falls Creek Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration or the Bylaws of Falls Creek Association; (ii) insurance premiums for the insurance carried under Article 10; and (iii) all expenses of Falls Creek Association, together with all funds assessed for the creation or maintenance of reserves for Falls Creek Association, that are lawfully determined to be common expenses by the Board of Directors of Falls Creek Association.



"Falls Creek Property" means and refers to that certain real property described on Exhibit A attached to this Declaration.

"First Mortgage" means any Mortgage that is not subject to any monetary lien or encumbrance except liens for taxes or other liens that are given priority by statute and/or liens for assessments pursuant to this Declaration or the Master Declaration.

"First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

"Further Supplemental Declaration" means an instrument that subjects any part of the Expansion Property to this Declaration, as more fully provided in Article 12 below.

"Lot" means a plot of land subject to this Declaration and designated as a "Lot" on any subdivision plat of Falls Creek Property recorded by Declarant in the Register of Deeds for Oconee County, South Carolina.

"Manager" shall mean a person or entity engaged by Falls Creek Association to perform certain duties, powers or functions of Falls Creek Association, as the Board of Directors may authorize from time to time.

"Master Declaration" means and refers to the "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, as amended from time to time.

"Member" shall mean every person or entity that holds membership in Falls Creek Association.

"Mortgage" shall mean any mortgage, security deed, deed of trust, installment lands sales contract or other similar security instrument granting, creating or conveying a lien upon, a security interest in or a security title to a Lot or Residential Unit.

"Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

"Nonprofit Corporation Act" means the South Carolina Nonprofit Corporation Act of 1994, South Carolina Code Sections 33-31-101, et. seq., as amended.

"Occupant" means any person, including, without limitation, any Owner, occupying or otherwise using a Residential Unit, and their respective families, servants, agents, guests and invitees.

"Of Record" means the place of filing a writing in the applicable public records, currently being the office of the Register of Deeds for Oconee County ("ROD"), as will give legal notice to the world of the matters set forth in the writing so filed.



"Owner" means the one or more persons, including Declarant, who or that owns fee simple title to any Lot or Residential Unit, his, her or its respective heirs, representatives, successors and assigns, excluding, however, any person having such an interest under a Mortgage, unless and until such person has acquired fee simple title to the Lot or Residential Unit pursuant to foreclosure or other proceedings. In the event that there is filed Of Record any installment land sales contract covering any Lot or Residential Unit, the Owner thereof will be deemed to be the purchaser under the installment sales contract and not the fee simple title holder. An installment land sales contract is an instrument whereby the purchaser is required to make payment for such property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such property until all such payments are made, although the purchaser is given use thereof.

"Plat" means the subdivision plat of Falls Creek depicting Falls Creek Property subject to this Declaration and recorded in the Register of Deeds for Oconee County, South Carolina contemporaneously herewith and all supplements and amendments thereto.

"Referendum" means the vote of Members by mailed ballots on certain actions submitted to the Members by the Board of Directors, as more particularly set forth herein and in the Bylaws.

"Residence" means the residence constructed on any Lot.

"Residential Unit" means a Lot together with all improvements thereon, including a Residence, and all easements and rights-of-way appurtenant thereto. A parcel of land will be deemed unimproved and thus considered to be a Lot, rather than a Residential Unit, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements thereon will collectively be considered to be a Residential Unit for purposes of this Declaration.

"Sharing Ratio" means the percentage allocation of Assessments to which an Owner's Residential Unit is subject as set forth in Exhibit C attached hereto and made a part hereof pursuant to the formula set forth thereon.

"Special Assessment" means an assessment levied pursuant to Article 11, Section 11.6 below on an irregular basis.

"Successor Declarant" means any party or entity to whom or which Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded in the Register of Deeds for Oconee County, South Carolina, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document. No party other than Keowee Falls Investment Group, LLC shall exercise the rights and privileges reserved herein to Declarant unless such party shall receive and record in the Register of



Deeds for Oconee County, South Carolina, a written assignment from Keowee Falls Investment Group, LLC or its assignee as provided herein.

"Supplemental Plat" means a subdivision plat of Falls Creek that depicts any part of the Expansion Property becoming subject to this Declaration through a Further Supplemental Declaration, as more fully provided in Article 12 below.

"The Cliffs at Keowee Falls South" means the development that is comprised of property (including, but not limited to, Falls Creek Property) subject to the Master Declaration.

"The Cliffs at Keowee Falls South Owner's Association" or "Master Association" means The Cliffs at Keowee Falls South Owner's Association, a South Carolina nonprofit corporation, and its successors and assigns.

Unless defined above or elsewhere in this Declaration, each capitalized term in this Declaration shall have the meaning ascribed to it in the Master Declaration.

ARTICLE 3 NAME, DIVISION INTO RESIDENTIAL UNITS

Section 3.1 Name. The name of the development that is comprised of Falls Creek Property subject to this Declaration is "Falls Creek".

Section 3.2 Falls Creek Association. The name of the association is "Falls Creek Homeowners Association". Declarant has caused to be incorporated under the laws of the State of South Carolina Falls Creek Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 3.3 Number of Residential Units. The number of Residential Units initially subjected to this Declaration is thirty three (33). Declarant reserves the right for itself and any Successor Declarant to expand Falls Creek Property and to expand the Common Area (as defined in the Master Declaration).

Section 3.4 Identification of Residential Units. The identification number of each Residential Unit is shown on the Plat.

Section 3.5 Description of Residential Units.

3.5.1 Title to a Residential Unit may be held individually or in any form of concurrent ownership recognized in South Carolina. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Residential Unit in which he or she owns an interest. For all purposes herein, there shall be deemed to be only one Owner for each Residential Unit. The parties, if more than one, having the ownership of a Residential Unit shall agree among themselves how to share the rights and obligations of such ownership, but all such parties shall be jointly and severally liable for performance and observance of all of the duties



and obligations of an Owner under this Declaration and the Master Declaration with respect to the Residential Unit in which they own an interest.

3.5.2 Each Residential Unit shall be considered a separate parcel of real property and shall be separately assessed and taxed.

3.5.3 An Owner shall have the right to lease his or her Residential Unit upon such terms and conditions as the Owner may deem advisable; provided, however, that (i) any such lease exceeding three (3) months in duration shall be in writing and shall provide that the lease is subject to the terms of this Declaration and the Master Declaration, and (ii) any failure of a lessee to comply with the terms of this Declaration, the Articles, the Bylaws, the rules of Falls Creek Association, the Master Declaration or the articles, bylaws and rules of the Master Association shall be a default under the lease enforceable by Falls Creek Association or the Master Association.

ARTICLE 4 MEMBERSHIP AND VOTING RIGHTS; THE FALLS CREEK ASSOCIATION OPERATIONS

Section 4.1 Falls Creek Association. Each Owner of a Lot or Residential Unit will automatically become a Member of Falls Creek Association and become subject to the Association Documents and will remain a Member of Falls Creek Association and remain subject to the Association Documents until such time as his or her ownership ceases for any reason, at which time his or her membership in Falls Creek Association will automatically pass to his or her successor-in-title to his or her Lot or Residential Unit notwithstanding any failure of the transferor to endorse to his or her transferee any certificates or other evidences of such membership. Such passing of membership shall not relieve or release such former Owner from any liability or obligation incurred under, or in any way connected with, Falls Creek Association during the period of the Owner's ownership, or impair any rights or remedies that the Association or others may have against such former Owner arising out of ownership of the Lot or Residential Unit and membership in the Association and the covenants and obligations incident thereto. Ownership of a Lot or Residential Unit will be the sole qualification for membership in Falls Creek Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Residential Unit. The foregoing is not intended to include Mortgagees or any other persons who or that hold an interest in a Lot or Residential Unit merely as security for the performance of an obligation, and the giving of a lien in a Lot or Residential Unit will not terminate or otherwise affect an Owner's membership in Falls Creek Association.

Section 4.2 Transfer of Membership. An Owner shall not transfer, pledge or alienate his or her membership in Falls Creek Association in any way, except upon the sale or encumbrance of his or her Lot or Residential Unit and then only to the purchaser or Mortgagee of his or her Lot or Residential Unit.

Section 4.3 Membership. Falls Creek Association shall have one (1) class of membership consisting of all Owners, including the Declarant so long as Declarant owns an



interest in a Lot or Residential Unit. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in Falls Creek Association matters pursuant to this Declaration on the basis of one vote for each Lot or Residential Unit owned. When more than one person holds an interest in any Lot or Residential Unit, all such persons shall be one Member. The vote for such Lot or Residential Unit shall be exercised by one person or alternative persons (who may be a tenant of the Owner) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Lot or Residential Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Lot or Residential Unit that is leased may assign his or her voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of Falls Creek Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Lot or Residential Unit.

Section 4.4 Declarant Control During Declarant Control Period. Notwithstanding anything to the contrary provided for herein or in the Bylaws, during the Declarant Control Period (as defined in the Master Declaration) Declarant shall be entitled to appoint and remove the members of Falls Creek Association's Board of Directors and officers of Falls Creek Association. The specific restrictions and procedures governing the exercise of Declarant's right to so appoint and remove directors and officers shall be set out in the Bylaws of Falls Creek Association. Declarant may voluntarily relinquish such power evidenced by a notice executed by Declarant and recorded in the Register of Deeds for Oconee County, South Carolina but, in such event, Declarant may at its option require that specified actions of Falls Creek Association or the Board of Directors as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove directors and officers, be approved by Declarant before they become effective. Following the Declarant Control Period or (if earlier) Declarant's relinquishment of its power to appoint and remove the members of the Board of Directors, the Board of Directors shall be elected as provided in the Bylaws of Falls Creek Association.

Section 4.5 Meetings and Membership Voting. Except as otherwise provided in this Declaration, rules and procedures of Falls Creek Association, including, but not limited to, with respect to conducting elections, meetings (both regular and special), casting of votes by members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws.

Section 4.6 Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in Falls Creek Association concern the land and shall be covenants running with each Owner's Lot or Residential Unit for the benefit of all other Lots and Residential Units and for the benefit of Declarant's adjacent properties.

Section 4.7 Books and Records. Falls Creek Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements of Falls Creek Association. Falls Creek



Association may charge a reasonable fee for copying such materials. Falls Creek Association shall maintain such books and records as may be required by the Bylaws or by law, and shall prepare and deliver annually to each Member a statement showing all receipts, expenses and disbursements since the last such statement.

Section 4.8 Manager. Falls Creek Association may employ or contract for the services of a Manager to whom the Board of Directors may delegate certain powers, functions or duties of Falls Creek Association, as provided in the Bylaws of Falls Creek Association. The Manager shall not have the authority to make expenditures for or on behalf of Falls Creek Association except upon prior approval and direction by the Board of Directors. The Board of Directors shall not be liable for any omission or improper exercise by a Manager of any duty, power or function so delegated by written instrument executed by or on behalf of the Board of Directors.

Section 4.9 Implied Rights and Obligations. Falls Creek Association may exercise any right or privilege expressly granted to Falls Creek Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to Falls Creek Association under the Association Documents or reasonably necessary to effect any such right or privilege. Falls Creek Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation. Without limiting the generality of the foregoing, Falls Creek Association is empowered to pledge its future receivables as collateral securing any loan(s) or other obligations of Falls Creek Association.

Section 4.10 Limitation Upon Liability of Falls Creek Association.

(a) NOTWITHSTANDING THE DUTY OF THE FALLS CREEK ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF FALLS CREEK PROPERTY, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 10, FALLS CREEK ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF FALLS CREEK PROPERTY TO BE MAINTAINED AND REPAIRED BY THE FALLS CREEK ASSOCIATION, OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

(b) Falls Creek Association will not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, or (ii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, or utility line or facility, the responsibility for the maintenance of which is that of Falls Creek Association, becoming out of repair. Nor will Falls Creek Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner that may be stored in or upon any portion of Falls Creek Property. No diminution or abatement of Assessments will be claimed or allowed by reason of any alleged failure of Falls Creek Association or the Master Association to take some action or to perform some function required to be taken or performed by Falls Creek Association under this Declaration or the Master Association under Falls Creek, or for inconvenience or discomfort



arising from the making of improvements or repairs that are the responsibility of Falls Creek Association or the Master Association, or from any action taken by Falls Creek Association or the Master Association to comply with any law, ordinance or order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of each Owner.

Section 4.11 Additional Provisions respecting Falls Creek Association. Without diminishing or affecting the Master Association's rights thereunder, Falls Creek Association, in the furtherance of its rights and obligations under this Declaration, shall also have the rights and authority of the Association (as if the term "Falls Creek Association" were substituted for "Association" each place it occurs) and the Board of Directors shall also have the rights of the Board of Directors and the ARC (as if the term "Board of Directors" were substituted for "Board of Directors" and "ARC" each place it occurs) as set forth in the following Sections of the Master Declaration:

- (1) 7.10 (Easements for the Association)
- (2) 7.11 (General Maintenance Easement)
- (3) 7.12 (Environmental Easement)
- (4) 7.14 (Irrigation Wells and Pumps)
- (5) 9.2(b) (Work In Behalf of Owners)
- (6) 12.2 (Duties and Powers) (except respecting Common Areas)
- (7) 12.3 (Agreements)
- (8) 12.5 (Personal Property and Real Property for Common Use)
- (9) 12.6 (Rules and Regulations)
- (10) 12.8 (Obligation of the Association)

ARTICLE 5
BOARD OF DIRECTORS OF THE FALLS CREEK ASSOCIATION

Section 5.1 Powers of Board of Directors. The Board of Directors shall have power to take the following actions:

A. Adopt and publish rules and regulations governing the personal conduct of the Members and their invitees and guests, and Falls Creek Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and regulations. Any rules and regulations established by the Board of Directors must be consistent with the Master Declaration, and the rules and regulations of the Master Association. This requirement of consistency shall not prohibit Falls Creek Association from adopting rules that

are more restrictive than the provisions of the Master Declaration or the rules of the Master Association.

B. Suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment levied by Falls Creek Association, as provided in Article 11. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of published rules and regulations, unless such infraction is ongoing, in which case the rights may be suspended during the period of the infraction and for up to ninety (90) days thereafter.

C. Exercise for Falls Creek Association all powers, duties and authority vested in or delegated to Falls Creek Association and not reserved to the Members or Declarant by other provisions of this Declaration or the Articles or Bylaws or as provided by law.

Section 5.2 Liability of Board of Directors Members. No member of the Board of Directors, or any assignee of rights hereunder, will be liable to any Owner for any decision, action or omission made or performed by the Board of Directors member in the course of his or her duties unless the member acted in bad faith or in reckless disregard of the rights of the Owner or of the terms of this Declaration or the Master Declaration.

Section 5.3 Indemnification of Board of Directors Members. Falls Creek Association will, to the full extent permitted by law, indemnify all persons who serve as members of the Board of Directors from and against any and all liability, including reasonable attorneys' fees, that may be incurred by the members contrary to Section 5.2.

ARTICLE 6 DESIGN REVIEW

Section 6.1 Design Review. No construction or alteration of the exterior of a Residence or other structure located on a Lot, including painting or repainting of the structure, shall be made unless first approved in writing by the Board of Directors. The Board of Directors shall exercise its best judgment to the end that all structures and land and modifications to structures and land within Falls Creek Property conform to and harmonize with existing surroundings and structures. The Board of Directors has the absolute right to deny any requested changes that the Board of Directors reasonably determines do not conform to and harmonize with existing surroundings and structures. The provisions for architectural control contained in this Declaration shall be in addition to, and not in lieu of, the architectural control provisions contained in the Master Declaration. The granting of approval for proposed work hereunder shall not dispense with the need to also comply with the approval procedures set forth in the Master Declaration. All proposed construction, modifications, alterations and improvements shall be approved pursuant to this Declaration before being submitted for approval pursuant to the Master Declaration.

Section 6.2 Fees and Charges. The Board of Directors may provide a schedule of fees, charges, required damage or other deposits, fines for noncompliance and other amounts due



and payable by an Owner as part of the application, review and approval processes, which schedule the Board of Directors may increase, modify and amend at any time. All fees, charges and fines provided herein will constitute specific Assessments and a lien upon the Lot or Residential Unit to which the fees and charges relate.

Section 6.3 Approval Not a Guarantee. No approval of plans and specification and no publication of design guidelines and architectural guidelines hereunder will be construed as representing or implying that the plans, specifications or guidelines will, if followed, result in properly designed improvements. Such approvals and guidelines will in no event be construed as representing or guaranteeing that any Residence or other improvement built in accordance therewith will be built in a good and workmanlike manner. None of Declarant, Falls Creek Association or the Board of Directors is responsible or liable for any defects in any plans or specifications submitted, revised or approved pursuant to the terms of this Article 6 or any defects in construction undertaken pursuant to the plans and specifications.

Section 6.4 Enforcement. There is specifically reserved unto the Board of Directors the right of entry and inspection upon any Lot or Residential Unit or other portion of the Property for the purpose of determining whether there exists any unapproved improvement or whether any improvement violates the terms of any approval by the Board of Directors or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the Board of Directors hereunder should be made only upon reasonable notice given to the Owner at least twenty-four (24) hours in advance of such entry. The Association, acting pursuant to the direction of the Board of Directors, is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any improvement, or to remove any unapproved improvements, the prevailing party in such litigation shall be entitled to recover all legal fees and costs incurred in connection therewith.

ARTICLE 7 MECHANIC'S LIENS

Section 7.1 No Liability. If any Owner shall cause any material to be furnished to his or her Residential Unit or any labor to be performed therein or thereon, none of Declarant, the Master Association, Falls Creek Association or any Owner of any other Residential Unit shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to his or her Residential Unit. Nothing herein contained shall authorize any Owner or any person dealing through, with or under any Owner to charge the Common Area (as defined in the Master Declaration) or any Residential Unit other than of such Owner with any mechanic's lien or other lien or encumbrance whatever. On the contrary (and notice is hereby given) the right and power to charge any lien or encumbrance of any kind against the Common Area (as defined in the Master Declaration), Declarant, the Master Association, Falls Creek Association, any Owner or any



Owner's Residential Unit for work done or materials furnished to any other Owner's Residential Unit is hereby expressly denied.

Section 7.2 Indemnification. If, because of any act or omission of any Owner, any mechanic's or other lien or order for the payment of money shall be filed against the Common Area (as defined in the Master Declaration) or against any other Owner's Residential Unit or any other Owner, Declarant, the Master Association or Falls Creek Association (whether or not such lien or order is valid or enforceable as such), the Owner whose act or omission forms the basis for such lien or order shall at his or her own cost and expense cause the same to be cancelled and discharged of record or bonded by a surety company reasonably acceptable to Falls Creek Association, Declarant, the Master Association or such other Owner or Owners (as the case may be), within twenty (20) days after the date of filing thereof, and further shall indemnify and save all the other Owners, Declarant, the Master Association and Falls Creek Association harmless from and against any and all costs, expenses, claims, losses and damages including, without limitation, reasonable attorneys' fees resulting therefrom.

ARTICLE 8 PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT

Section 8.1 Recorded Easements. Falls Creek Property shall be subject to all easements as shown on any recorded plat affecting Falls Creek Property and to any other easements and licenses of record or of use as of the date of recordation of this Declaration, which easements and licenses of record and use are set forth on the attached Exhibit D. In addition, Falls Creek Property is subject to those easements set forth in this Article 8.

Section 8.2 Reservation for Expansion. Declarant hereby reserves to itself and Falls Creek Association and/or for Owners in all future phases of Falls Creek an easement and right-of-way over, upon and across Falls Creek Property for construction, utilities, drainage, and ingress to and egress from the Expansion Property, and other properties abutting and contiguous to Falls Creek Property and the Expansion Property; provided, however, that no such rights shall be exercised by Declarant in a way that unreasonably interferes with the occupancy, use or enjoyment of, or access to, Falls Creek by the Owners. The location of these easements and rights-of-way may be made certain by Declarant or Falls Creek Association by instruments recorded in the Register of Deeds for Oconee County, South Carolina.

Section 8.3 General Maintenance Easement. An easement is hereby reserved to Declarant, and granted to Falls Creek Association, any member of the Board of Directors and any Manager, and their respective officers, agents, employees and assigns, upon, across, over, in and under Falls Creek Property and a right to make such use of Falls Creek Property as may be necessary or appropriate to make emergency repairs, to perform the duties and functions that Falls Creek Association is obligated or permitted to perform pursuant to the Association Documents, or to exercise its rights under Article 9 below, including the right to enter upon any Residential Unit for the purpose of performing maintenance, repair, replacement or improvement to the exterior of any Residence, as set forth in Article 9 below.



Section 8.4 Declarant and Falls Creek Association as Attorney-in-Fact. Each Owner, by his or her acceptance of a deed or other conveyance vesting in him or her an interest in a Lot or Residential Unit, does irrevocably constitute and appoint Declarant and/or Falls Creek Association with full power of substitution in the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to Falls Creek Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action that Declarant or Falls Creek Association may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. If requested to do so by Falls Creek Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment.

Section 8.5 Easements Deemed Granted and Reserved. Any conveyance of a Lot or Residential Unit, whether by the Declarant or otherwise, will be deemed to have granted and reserved, as the context will require, all easements set forth in this Declaration, including, but not limited to, those set forth in this Article 8.

Section 8.6 Setbacks. Notwithstanding anything to the contrary stated in the Master Declaration, side yard setbacks for Lots within the Falls Creek Property shall be five feet (5').

ARTICLE 9 MAINTENANCE, LANDSCAPING AND SPECIAL EASEMENT

Section 9.1 Maintenance. In order to maintain a uniform appearance and a high standard of maintenance within Falls Creek, Falls Creek Association shall maintain the Exterior Maintenance Area, as more fully set forth below.

9.1.1 Residence Exteriors. Subject to the insurance responsibilities set forth in Article 10 below, Falls Creek Association shall maintain the Exterior Maintenance Area of all Residences, which shall include without limitation painting of the exterior (including decks and porches), but shall exclude the following: roof repair, maintenance and replacement; window washing, repair and replacement; and dock washing, repair and replacement. Further, Falls Creek Association shall not be responsible for maintenance or repair of any body of water (including, but not limited to, swimming pools, streams or ponds) which is located on a Lot. Falls Creek Association shall have the sole discretion to determine the time and manner in which such maintenance shall be performed as well as the color or type of materials used to maintain the Residences. The Owner shall be responsible for cleaning, repair or replacement of broken windowpanes and roof repair and all other exterior maintenance and repairs. In the event a casualty covered by insurance requires maintenance work to any Exterior Maintenance Area of a Residence and the applicable insurance proceeds under Article 10 are payable to an Owner but the maintenance responsibility of the area to which such proceeds relate is that of Falls Creek Association, Falls Creek Association shall complete any such maintenance at the Owner's cost.

9.1.2 Landscaping, Sidewalks and Driveway. Falls Creek Association shall maintain all landscaping, including, but not limited to, lawns, trees and shrubs, and all walls, gates, sidewalks and driveways located upon any Lot or the land portion of any Residential Unit.



The maintenance provided under this Section shall be performed at such time and in such a manner as Falls Creek Association shall determine in its sole discretion.

9.1.3 Falls Creek Association's Right to Grant Owner Maintenance Responsibility. Falls Creek Association reserves the right to grant the maintenance responsibility of certain areas of each Lot or Residential Unit to the Lot or Residential Unit Owner, and the Lot or Residential Unit Owner is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and nondiscriminatory manner. Furthermore, Falls Creek Association shall have the right to promulgate reasonable rules and regulations regarding the maintenance by the Owner.

Section 9.2 Special Easement. Falls Creek Association and the Board of Directors and their respective employees, representatives and designees are hereby granted a nonexclusive easement to enter upon and use the Exterior Maintenance Area as may be necessary or appropriate to perform the duties and functions that they may be obligated or permitted to perform pursuant to this Article 9.

Section 9.3 Maintenance Contract. Falls Creek Association or Board of Directors may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions or duties of Falls Creek Association to maintain the Exterior Maintenance Area. The employed individual or maintenance company shall have the authority to make expenditures for or on behalf of Falls Creek Association upon prior approval and direction of the Board of Directors. The Board of Directors shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power or function so delegated by written instrument executed by or on behalf of the Board of Directors.

Section 9.4 Owner's Responsibility. The Owner shall be responsible for maintaining all portions of the Owner's Lot or Residential Unit other than the Exterior Maintenance Area, except to the extent modified by Section 9.1.3; provided, however, the Owner shall also be responsible for the maintenance of any balcony, patio or deck area of his or her Residence except as set forth in Section 9.1.1. Falls Creek Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Lot or Residential Unit or the Common Area (as defined in the Master Declaration). No Owner shall make any addition or other alteration to any portion of the Exterior Maintenance Area without the express consent of the Board of Directors, as more fully discussed in Article 6. Falls Creek Association shall be entitled to reimbursement for cost of repair from any Owner who causes, or whose tenant, employee, guest or invitee causes, damage to the Exterior Maintenance Area by an act of negligence or willful misconduct.

Section 9.5 Owner's Failure to Maintain or Repair. In the event that a Lot or Residential Unit and the improvements thereupon are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained portion of the Lot or Residential Unit lies with the Owner of the Lot or Residential Unit, or in the event that the improvements on the Lot or Residential Unit are damaged or destroyed by an event of casualty and the Owner does not



take reasonable measures diligently to pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then Falls Creek Association, after notice to the Owner and with the approval of the Board of Directors, shall have the right (through its employees, representatives or designees), but not the obligation, to enter upon the Lot or Residential Unit to perform such work as is reasonably required to restore the Lot or Residential Unit and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by Falls Creek Association in connection with this restoration shall be reimbursed to Falls Creek Association by the Owner of the Lot or Residential Unit, upon demand. All unreimbursed costs shall be a lien upon the Lot or Residential Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article 11 of this Declaration.

Section 9.6 Relationship to Master Declaration. With respect to Falls Creek Property, to the extent that this Article 9 is inconsistent with Sections 6.20, 6.21 and 9.1 of the Master Declaration, this Article 9 shall control.

ARTICLE 10 INSURANCE

Section 10.1 General Insurance Provisions. Falls Creek Association shall maintain, to the extent reasonably available and applicable, the insurance required to be maintained by the Master Association pursuant to Section 10.1 (Insurance) (excluding paragraph (a) thereof) of the Master Declaration.

Section 10.2 Falls Creek Association Policies. Falls Creek Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles and any other matters of claims adjustment.

Section 10.3 Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Section 10.1 shall issue certificates of insurance to Falls Creek Association and, upon request, to any Owner or Mortgagee.

Section 10.4 Common Expenses. Premiums for insurance that Falls Creek Association acquires and other expenses connected with acquiring such insurance are Falls Creek Common Expenses.

Section 10.5 Insurance Obtained by Owners.

(a) Each Owner shall obtain and at all times maintain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the full replacement value of the Owner's Residential Unit. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against Falls Creek Association and other Owners, including Declarant, should Declarant be the Owner of any Residential Unit.

(b) Each Owner shall obtain and at all times maintain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the full replacement value of the Owner's personal property and personal liability insurance in a limit of not less than Five Hundred Thousand Dollars (\$500,000.00) in respect to bodily injury or death to any number of persons arising out of one accident or disaster, or for damage to personal property, and if higher limits shall at any time be customary to protect against tort liability such higher limits as shall be determined from time to time by Falls Creek Association shall be carried. In addition, an Owner may obtain such other and additional insurance coverage on the Owner's Lot or Residential Unit as such Owner in the Owner's sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount that the Board of Directors, on behalf of all Owners, may realize under any policy maintained by the Board of Directors or otherwise affect any insurance coverage obtained by Falls Creek Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against Falls Creek Association and other Owners, including Declarant, should Declarant be the Owner of any Residential Unit.

(c) All Owners are required to maintain on file copies of all such current policies to evidence their obligations hereunder and to facilitate recovery of all appropriate awards or proceeds by Falls Creek Association.

ARTICLE 11 ASSESSMENTS

Section 11.1 Obligation. Each Owner, by accepting a deed for or other conveyance of a Lot or Residential Unit, whether or not it will be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to Falls Creek Association (1) the Annual Assessments imposed by the Board of Directors as necessary to meet Falls Creek Common Expenses and to perform the functions of Falls Creek Association; (2) Special Assessments for purposes as stated in this Declaration; and (3) Default Assessments that may be assessed against a Residential Unit for the Owner's failure to perform an obligation under the Association Documents or because Falls Creek Association has incurred an expense on behalf of the Owner under the Association Documents. Assessments will be paid in such manner and on such dates as may be fixed by the Board of Directors in accordance with this Declaration, provided that, unless otherwise provided by the Board of Directors, the Annual Assessments will be paid in equal monthly installments. The Assessments provided for herein will commence with respect to a Lot or Residential Unit on the date on which the Lot or Residential Unit is first conveyed to a person other than Declarant. Assessments will be adjusted for such property according to the number of months then remaining in the then fiscal year of Falls Creek Association and the number of days then remaining in the month in which such property is so conveyed.

Section 11.2 Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and Occupants of Falls Creek, and for the improvement and maintenance of the Exterior Maintenance Area, and other areas of Falls Creek Association responsibility referred to herein, as more fully set forth in this Article below.



Section 11.3 Budget. The Board of Directors shall, at least sixty (60) days prior to the beginning of each fiscal year of Falls Creek Association, prepare a budget covering the estimated Falls Creek Common Expenses during the ensuing fiscal year, such budget to include a reserve account, if necessary. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting seventy-five percent (75%) of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. The Board of Directors shall levy and assess the Annual Assessments in accordance with the annual budget.

Section 11.4 Annual Assessments.

(a) Annual Assessments for Falls Creek Common Expenses shall be based upon the estimated cash requirements as the Board of Directors shall from time to time determine to be paid by all of the Owners, subject to Section 11.3 above. Estimated Falls Creek Common Expenses shall include, but shall not be limited to, the cost of routine maintenance of the Exterior Maintenance Area; expenses of management; insurance premiums for insurance coverage maintained pursuant to this Declaration; landscaping and care of grounds within the Exterior Maintenance Area; routine repairs and renovations within the Exterior Maintenance Area; wages; common water and utility charges for the Exterior Maintenance Area; legal and accounting fees; management fees; expenses and liabilities incurred by Falls Creek Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs and replacement of improvements within the Exterior Maintenance Area and to cover emergencies and unforeseen contingencies or deficiencies; and such other expenses as may be determined from time to time by the Board of Directors to be Falls Creek Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots or Residential Units.

(b) Annual Assessments shall be payable in monthly installments on a prorated basis in advance and shall be due on the first day of each month. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.

(c) If the Board of Directors determines that the important and essential functions of Falls Creek Association will not be properly funded in any year by the Annual Assessment herein provided, it may increase such Assessment; provided, however, an increase in Annual Assessments in any year pursuant to such special Board action will in no way affect Annual Assessments for subsequent years.

(d) The initial Annual Assessment for all Owners of Lots and Residential Units for the fiscal year in which this Declaration is filed Of Record will be established by the Board of Directors within ninety (90) days following the date that this Declaration is filed Of Record.

Section 11.5 Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Annual Assessments and for Falls Creek Common Expenses in excess of the Annual Assessments, which shall be divided among the Residential Units on the basis of the Sharing Ratios in effect on the date of assessment, subject to the following provisions. All expenses (including, but not limited to, costs of maintenance, repair and replacement) relating to or benefiting fewer than all of the Residential Units to the extent not covered by insurance shall be borne by the Owners of those affected Residential Units only. The formula establishing Sharing Ratios is an equal allocation among all Residential Units.

Section 11.6 Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Exterior Maintenance Area or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.6 shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific reference to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Article 11, Sections 11.4 and 11.5, subject to the requirements that any extraordinary maintenance, repair or restoration work on fewer than all of the Residential Units shall be borne by the Owners of those affected Residential Units only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner (or his or her agents, servants, guests, tenants or invitees) shall be borne by that Owner. To the extent practicable, Special Assessments shall be based on a budget adopted in accordance with Section 11.3 above provided that, if necessary, the Association may adopt a new budget pursuant to Section 11.3 prior to levying a Special Assessment. Notice in writing of the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than ten (10) days after such notice shall have been given.

Section 11.7 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association that is the obligation of an Owner or that is incurred by the Association on behalf of an Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Lot or Residential Unit, which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least ten (10) days prior to the due date.

Section 11.8 Effect of Nonpayment; Assessment Lien.



(a) Any Assessment amount or installment, whether pertaining to any Annual, Special or Default Assessment, that is not paid on or before its due date shall be delinquent. If an Assessment amount or installment becomes delinquent, Falls Creek Association, in its sole discretion, may take any or all of the following actions:

11.8.1 Assess a late charge for each delinquency in such amount as Falls Creek Association deems appropriate;

11.8.2 Assess an interest charge from the due date at such lawful rate as the Board of Directors may establish;

11.8.3 Suspend the voting rights of the Owner during any period of delinquency;

11.8.4 Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

11.8.5 Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

11.8.6 Proceed with foreclosure as set forth in more detail below.

(b) Assessments chargeable to any Lot or Residential Unit, together with late charges, simple interest at a rate established from time to time by the Board of Directors, costs of collection and court costs and attorneys' fees incurred to enforce or collect such Assessments, will be an equitable charge and a continuing lien on such Lot or Residential Unit. The applicable Owner's grantee will take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his or her grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid Assessments will be subordinate to the lien of any unpaid taxes and any Institutional Mortgage or Mortgage held by Declarant. Sale or transfer of any Lot or Residential Unit will not affect the lien of the Assessments; however, the sale or transfer of any Lot or Residential Unit that is subject to any Institutional Mortgage or Mortgage of Declarant, pursuant to a decree of foreclosure, will extinguish the lien of the Assessments as to payment thereof that became due prior to such sale or transfer. To the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Institutional Mortgage or Mortgage of Declarant, then the amount or amounts otherwise secured thereby that cannot otherwise be collected will be deemed a Falls Creek Common Expense collectible from all Owners, including the person who or that acquires title through the foreclosure sale.

(c) The Association may institute foreclosure proceedings against the defaulting Owner's Lot or Residential Unit in the manner for foreclosing a mortgage on real property under the laws of the State of South Carolina. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The

Association shall have the power to bid on a Lot or Residential Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 11.9 Personal Obligation. The amount of any Assessment chargeable against any Lot or Residential Unit shall be a personal and individual debt of the Owner of same. An Owner will remain personally liable for Assessments, together with the other amounts payable by such Owner, that accrue prior to a sale, transfer or other conveyance by that Owner of his or her Lot or Residential Unit. In the event of co-ownership of any property subject to this Declaration, all of such co-Owners will be jointly and severally liable for the entire amount of such Assessments. No Owner may exempt himself or herself from liability for the Assessment by abandonment of his or her Lot or Residential Unit. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.10 Payment by Mortgagee. Any Mortgagee holding a lien on a Lot or Residential Unit may pay any unpaid Assessment payable with respect to such Lot or Residential Unit, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Lot or Residential Unit for the amounts paid with the same priority as the lien of the Mortgage.

Section 11.11 Statement of Status of Assessment Payment. Upon payment of a reasonable fee set from time to time by the Board of Directors and upon fourteen (14) calendar days' written request (delivered as provided in Section 17.5 of this Declaration) to the Manager or the Association's registered agent, any Owner, Mortgagee, prospective Mortgagee or prospective purchaser of a Lot or Residential Unit shall be furnished with a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Lot or Residential Unit. Such statement shall be issued by personal delivery or by certified mail, first class postage prepaid, return receipt requested (in which event the date of posting shall be deemed the date of delivery), to the inquiring party within such fourteen (14) days.

Section 11.12 Capitalization of the Association. Upon acquisition of record title to a Lot or Residential Unit from Declarant or any seller after Declarant, each Owner shall contribute to the working capital and reserves of Falls Creek Association an amount equal to twenty-five percent (25%) of the Annual Assessment determined by the Board of Directors for that Lot or Residential Unit for the fiscal year in which the Owner acquired title. Such payments shall not be considered advance payments of Annual Assessments. [The unused portion of the working capital deposit shall be returned to each Owner upon the sale of his or her Lot or Residential Unit, provided that the new purchaser of the Lot or Residential Unit has deposited the required working capital deposit with Falls Creek Association.]

ARTICLE 12 EXPANSION AND WITHDRAWAL

Section 12.1 Reservation of Expansion and Withdrawal Rights.



12.1.1 Declarant reserves the right for itself and any Successor Declarant to subject all or any part of the Expansion Property to Falls Creek and subject such Expansion Property to the provisions of this Declaration and thereby Falls Creek Property may at Declarant's sole discretion, without obligation, be expanded or contracted, without limitation.

12.1.2 Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to subject unspecified real property to Falls Creek and the provisions of this Declaration.

12.1.3 Further Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the Register of Deeds for Oconee County, South Carolina, one or more Further Supplemental Declarations and, if the real property being subject to this Declaration by such Further Supplemental Declaration has not been previously platted in a plat recorded in the Register of Deeds for Oconee County, South Carolina, of a Supplemental Plat depicting such Expansion Property recorded concurrently with the applicable Further Supplemental Declaration. The Further Supplemental Declaration shall set forth the Lots and other real property, if any, to be included in the expansion, together with any covenants, conditions, restrictions and easements particular to such property. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant in its sole discretion determines. Declarant shall not be obligated to expand Falls Creek beyond the number of Residential Units initially submitted to this Declaration.

12.1.4 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to Falls Creek Property subject to this Declaration as so expanded. For example, "Residential Unit" shall mean the Residential Units as shown on the Plat plus any additional Residential Units added by a Further Supplemental Declaration or Declarations and, if necessary, Supplemental Plat or Plats, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Lots and Residential Units shall be effective to transfer rights in Falls Creek Property as expanded.

Section 12.2 Declaration Operative on New Lots.

12.2.1 The new Residential Units shall be subject to all of the terms and conditions of this Declaration and of any Further Supplemental Declaration, upon placing the Further Supplemental Declaration and, if necessary, the Supplemental Plat(s) depicting the Expansion Property Of Record.

12.2.2 It is contemplated that additional Residential Units on Falls Creek will be committed to this Declaration, but Declarant and any Successor Declarant shall have no affirmative obligation to construct any additional Residential Units. In the event that a portion of the Expansion Property is submitted to the provisions of this Declaration, Declarant shall retain the right to, but shall not be obligated to, submit any additional portion of the Expansion Property to the provisions of this Declaration. The rights of Declarant and any Successor



Declarant, as described herein, shall apply to all Lots and Residential Units that are added to this Declaration in accordance with these provisions relating to enlargement thereof.

12.2.3 No rights of any character of any owner in units in the Expansion Property shall attach until a Further Supplemental Declaration and Supplemental Plat is filed Of Record annexing the units constructed in such area to Falls Creek. Upon the recording of such Further Supplemental Declaration and, if necessary, Supplemental Plat, the units constructed in the area shall be deemed to be governed in all respects by the provisions of this Declaration.

Section 12.3 Effect of Expansion.

12.3.1 Upon the filing of the Further Supplemental Declaration(s) and Supplemental Plat(s), the Sharing Ratio applicable to a Lot or Residential Unit shall automatically be reduced to a fraction, the numerator of which shall be one (1) and the denominator of which shall be equal to the aggregate number of Lots and Residential Units then subject to this Declaration. Such reduction in the Sharing Ratio appurtenant to a Lot or Residential Unit shall be reflected and set forth in the Further Supplemental Declaration.

12.3.2 Notwithstanding any inclusion of additional Lots or Residential Units under this Declaration, each Owner (regardless of whether such Owner is the owner of a Lot or Residential Unit shown on the original plat or is the owner of a Lot or Residential Unit constructed in the Expansion Property) shall remain fully liable with respect to his or her obligation for the payment of Falls Creek Common Expenses.

Section 12.4 Termination of Expansion and Development Rights. The rights reserved to the Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights") shall expire fifteen (15) years from the date of recording this Declaration, unless terminated earlier by Declarant, or unless the Expansion and Development Rights are (i) extended as allowed by law, or (ii) reinstated or extended by Falls Creek Association, subject to whatever terms, conditions and limitations the Board of Directors may impose on the subsequent exercise of the Expansion and Development Rights by Declarant.

ARTICLE 13 MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers or guarantors of First Mortgages on Residential Units. To the extent permitted under South Carolina law and applicable, necessary or proper, the provisions of this Article 13 apply to this Declaration and also to the Articles and Bylaws.

Section 13.1 Mortgagee Protection. The provisions of Article 16 (Mortgagee Protection) (except with respect to Common Areas) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.



Section 13.2 Title Taken by Mortgagee. Any First Mortgagee that obtains title to the Lot or Residential Unit pursuant to remedies exercised in enforcing the First Mortgage, including foreclosure of the First Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Lot or Residential Unit (i) is acquired, or (ii) could have been acquired under the statutes of South Carolina governing foreclosures, whichever is earlier. Such First Mortgagee shall also become liable for any Assessments having priority over the First Mortgage.

ARTICLE 14 DURATION OF COVENANTS AND AMENDMENT

Section 14.1 Duration. The provisions of this Declaration will run with and bind title to Falls Creek Property, will be binding upon and inure of the benefit of all Owners and Mortgagees, and will be and remain in effect for a period of thirty (30) years from and after the date this Declaration is filed Of Record, provided that rights and easements that are stated herein to have a longer duration will have such longer duration. Upon the expiration of said thirty (30)-year period, this Declaration will be automatically renewed for successive ten (10)-year periods. The number of ten (10)-year renewal periods will be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10)-year renewal period for an additional ten (10)-year period; provided, however, that there will be no renewal or extension of this Declaration, if, during the last year of the initial thirty (30)-year period or the last year of any ten (10)-year renewal period, 75% or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving the termination, which percentage will also constitute the quorum required, approve terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination will be filed Of Record, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Falls Creek Property, by acceptance of a deed or other conveyance therefore, thereby agrees that the provisions of this Declaration will run with and bind title to Falls Creek Property as provided hereby.

Section 14.2 Amendment.

(a) The provisions of Section 17.2 (Amendments by Declarant) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

(b) The provisions of Section 17.3 (Amendments by the Association) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

Section 14.3 Termination of the Association. The provisions of Section 17.5 (Termination of the Association) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein; provided, however, that the term

"Default Annual Assessment" in such Section 17.5 of the Master Declaration shall be deemed to mean "Annual Assessment".

ARTICLE 15
COVENANTS RELATING TO THE MASTER DECLARATION; INCORPORATION
FROM MASTER DECLARATION

Section 15.1 Master Declaration Matters. Each Owner, by accepting a deed to a Lot or Residential Unit, recognizes that (a) Falls Creek Property is subject to the Master Declaration, and (b) by virtue of his or her ownership of the Lot or Residential Unit, he or she has become a member of the Master Association. Each Owner, by accepting a deed to a Lot or Residential Unit, acknowledges that he or she has received a copy of the Master Declaration. The Owner agrees to perform all of his or her obligations as a member of the Master Association as they may from time to time exist, including, but not limited to, the obligation to pay assessments as required under the Master Declaration and other governing documents of the Master Association.

Section 15.2 Enforcement of Master Declaration and the Master Association.

15.2.1 Falls Creek Association shall have the power, subject to the primary power of the Board of Directors of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration, but only if said covenants and restrictions relate to Falls Creek Property, and to collect assessments on behalf of the Master Association.

15.2.2 This Declaration is intended to supplement the Master Declaration as it applies to Falls Creek Property. In addition to all of the obligations that are conferred or imposed upon Falls Creek Association pursuant to this Declaration, the Bylaws or the Articles, Falls Creek Association shall be subject to all of the obligations imposed upon it pursuant to the Master Declaration and the Bylaws of the Master Association. Falls Creek Association, the Board of Directors and all committees thereof shall also be subject to all superior rights and powers that have been conferred upon the Master Association pursuant to the Master Declaration and the Bylaws of the Master Association. Falls Creek Association shall take no action in derogation of the rights of, or contrary to the interests of, the Master Association.

Section 15.3 Rule Making; Alternative Dispute Resolution & Litigation. The provisions of Article 14 (Rule Making) and Article 15 (Alternative Dispute Resolution & Litigation) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

Section 15.4 Control of Declarant. The provisions of Section 17.1 (Control of Declarant) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.



Section 15.5 General Provisions Respecting Incorporation from Master Declaration.
When any provision of the Master Declaration is incorporated into this Declaration, the following rules of incorporation shall apply:

- the term "Annual Assessment" shall mean "Annual Assessment" as defined in this Declaration,
- the term "Articles of Incorporation" shall mean the "Articles" as defined in this Declaration,
- the term "Assessment" shall mean "Assessment" as defined in this Declaration,
- the term "Association" shall mean "Falls Creek Association",
- the term "Board of Directors", "Board" or "ARC" shall mean "Board of Directors",
- the term "Bylaws" shall mean the "Bylaws" as defined in this Declaration,
- the term "Common Expenses" shall mean "Falls Creek Common Expense",
- the term "this Declaration" (or similar terms such as "hereunder") shall also include this Declaration,
- the term "Development" and the term "Property" shall mean "Falls Creek Property",
- the term "Dwelling" shall mean "Residential Unit",
- the term "Emergency Special Assessment" shall mean "Annual Assessment" or "Special Assessment" (as the case may be) as each such term is defined in this Declaration,
- the term "Lot" shall mean "Lot" as defined in this Declaration,
- the term "Members" shall mean "Members" as defined in this Declaration,
- the term "Mortgagee" shall mean "Mortgagee" as defined in this Declaration,
- the term "Occupant" shall mean "Occupant" as defined in this Declaration,
- the term "Owner" shall mean "Owner" as defined in this Declaration,
- the term "Referendum" shall mean "Referendum" as defined in this Declaration,
- the term "Special Assessment" shall mean "Special Assessment" as defined in this Declaration, and
- references to Articles or Sections of the Master Declaration shall be references to the corresponding provision of this Declaration.



ARTICLE 16 ACKNOWLEDGMENTS

Section 16.1 Acknowledgements. Each Owner is hereby advised of the matters affecting Falls Creek Property and the Owners' use and enjoyment thereof that are set forth in this Article 16.

Section 16.2 Wildlife. The location of Falls Creek Property will likely result in wildlife, including possibly bears or other untamed animals, entering Falls Creek Property.

Section 16.3 Access. The primary roadways within The Cliffs at Keowee Falls South (the "Community") are or may be subject to restricted or gated access limitations, and are subject to rules and regulations of the Master Association. The roads within Falls Creek Property and the Community will initially be maintained by the Master Association on non-exclusive easements that have been, or will be, granted to the Master Association by Declarant. The Master Association has promulgated or may promulgate rules and regulations governing use of the private roads within Falls Creek Property and the Community. The roads within Falls Creek Property will be used for access to other property not included in the Community, including golf courses, open space and other properties outside the boundaries of the Plat. Easements for potential future access to properties outside the boundaries of the Plat and adjustments to roadway design not shown on the Plat, including roadway width and curve radii and extensions of roadways, have been reserved, and such easements have been or will be recorded in the Register of Deeds for Oconee County, South Carolina. The construction of such future potential access and adjustments to roadway design may occur at any time and from time to time without notice. Such construction may affect use of cul-de-sacs and may alter access to Falls Creek Property.

Section 16.4 Expansion or Contraction of Falls Creek Property. Despite any depiction of Falls Creek Property as set forth on the Plat, the size and dimensions of Falls Creek Property and the number of residences contained in Falls Creek Property may at Declarant's sole discretion, without obligation, be expanded or contracted, including, without limitation, the right of Declarant to include as part of Falls Creek Property any number of residences more than the number depicted on the Plat or to incorporate into Falls Creek Property additional units anticipated to be developed on land adjacent to or in the vicinity of the land depicted on the Plat.

Section 16.5 Trail, Recreation, Marina, Lake and Construction Activities.

16.5.1 Trail Activities. Falls Creek Property is located adjacent to, or in the vicinity of, an existing or planned pedestrian and bicycle trail system (the "Trail System"). The Trail System is expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Trail System (the "Trail Activities"). The Trail Activities may include, without limitation: (i) activities relating to the construction, operation and maintenance of trails and other facilities relating to the Trail System (including, without limitation, tree cutting and clearing, grading and earth moving and other construction activities, maintenance of trails,



operation of vehicles and equipment relating to trash removal, and operation of safety and supervision vehicles); (ii) activities relating to the use of the Trail System (including, without limitation, walking, bicycling, roller blading and other recreational activities); and (iii) other activities permitted by law.

16.5.2 Golf and Recreation Activities. The Property is located adjacent to, or in the vicinity of, existing or planned golf courses and recreation facilities (including without limitation, driving ranges, clubhouses, restaurants, tennis courts, swimming pools, teaching facilities, trails, golf cart paths, restrooms, shelters and maintenance buildings) (the "Recreation Facilities"). The Recreation Facilities are expected to generate an unpredictable amount of physical, visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Recreation Facilities (the "Recreational Activities"). The Recreational Activities include, without limitation: (i) movement and operation of passenger vehicles (including, without limitation, buses, vans, golf carts and other vehicles transporting passengers over adjacent streets and over, around and through the Recreation Facilities), commercial vehicles, and construction vehicles and equipment; (ii) use of pesticides, herbicides and fertilizers, and the use of effluent in the irrigation of the golf courses; (iii) operation of lawn mowers, grooming equipment and sprinkler systems (it being specifically understood that such maintenance typically takes place on the golf courses at or before sunrise and at or after sunset); (iv) activities relating to the construction, operation and maintenance of golf courses, clubhouses, tennis courts, swimming pools, teaching facilities, trails, and maintenance buildings and other facilities relating to the Recreation Facilities; (v) activities relating to the use of the Recreation Facilities (including without limitation, golfing, golf lessons, tennis, swimming); (vi) golf tournaments and organized events and competitions relating to golfing, tennis and swimming; (vii) restaurants, clubs, shops, locker rooms, restrooms and other public facilities; and (viii) other activities permitted by law. The Recreational Activities may occur during daytime and nighttime and therefore may include illumination for such activities.

16.5.3 Recreation Related Risks. There are certain risks related to ownership of residential property within close proximity to a golf course and other recreation facilities. Such risks include, without limitation, injury to persons and/or property arising out of, or resulting from, Recreational Activities, the design, construction, operation, maintenance and/or use of the Recreation Facilities; errant golf or tennis balls; trespass; the existence of wildlife on and around the Recreation Facilities; acts or omissions of persons using or otherwise on or in the Recreation Facilities; and/or the danger inherent in the existence of water hazards, ponds, lakes, and or swimming pools (including, without limitation, the possibility of drowning or of falling on slippery surfaces) on the golf courses and Recreation Facilities (the "Recreation Related Risks").

16.5.4 Golf Carts. Owners may store a golf cart on Falls Creek Property, but may not operate a golf cart on or in the Recreation Facilities (or the golf cart paths constructed as a part of the Recreation Facilities), the Trails System, or any other portion of The Cliffs at Keowee Falls South except to the extent the owner(s) and/or operator(s) of the Recreation Facilities, the owner(s) and/or operator(s) of the Trails System or the owner of such property grant Owners the right to use and operate a golf cart on such facilities or property. If an Owner uses and operates a golf cart for transportation or other purposes in and around Falls Creek Property or The Cliffs at Keowee Falls South, Owner assumes all risks associated with such use

and operation, including without limitation collision with other golf carts, vehicles and other motorized equipment and the Recreation Related Risks and Owner assumes the risk that a governmental body or agency may limit, restrict or otherwise regulate the use of golf carts on the roadways within Falls Creek Property or The Cliffs at Keowee Falls South (the "Golf Cart Risks").

16.5.5 Lake Activities and Impacts. Falls Creek Property is located adjacent to, or in the vicinity of, Lake Keowee (the "Lake"), an existing or planned marina and related facilities (including without limitation, dock facilities, spoil areas and boats (the "Lake Facilities"). The Lake Facilities and other users of the Lake are expected to generate an unpredictable amount of physical, visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Lake and Lake Facilities (the "Lake Activities and Impacts"). The Lake Activities and Impacts include, without limitation: (i) movement and operation by members of the public of maritime vehicles (including, without limitation, water skiing boats, jet skis, fishing boats, house boats, kayaks, canoes, sailboats, personal watercraft vehicles such as wave runners and other vehicles transporting passengers over, around and through the Lake), construction vehicles and equipment; (ii) use of the Lake by swimmers; (iii) operation of forklifts and dredging equipment in any marina areas; (iv) activities relating to the construction, operation and maintenance of the Lake and Lake Facilities; (v) activities relating to the use of the Lake and Lake Facilities (including without limitation, swimming, water skiing, fishing and boating); (vi) fishing tournaments and organized events and competitions relating to use of the Lake and Lake Facilities; (vii) increased concentrations of mosquitoes, insects and other wildlife occurring in the riparian habitat, (viii) flooding, erosion, droughts and other impacts related to flowing water and (ix) other activities permitted by law. The Lake Activities and Impacts may occur during daytime and nighttime and therefore may include illumination for such activities. Declarant has no interest in or right to divert, alter the flow or use any water from the Lake and Declarant makes no representation or warranty regarding Lake levels.

16.5.6 Lake Related Risks. There are certain risks related to ownership of residential property within close proximity to a lake. Such risks include, without limitation, injury to persons and/or property arising out of, or resulting from, the Lake Activities and Impacts (including without limitation boating risks), the design, construction, operation, maintenance and/or use of the Lake Facilities; disturbances caused by users of the Lake; trespass; the existence of wildlife on the Lake and Lake Facilities; acts or omissions of persons using or otherwise on the Lake; and/or the inherent danger associated with Lakes (including the possibility of drowning) on the Lake (the "Lake Related Risks").

16.5.7 Construction Activities. Falls Creek Property is located in an area that may be subject to or near ongoing construction activities relating to the development of properties, private roads and the Trail System, the Recreation Facilities and the Lake Facilities (the "Construction Activities"). The Construction Activities are expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances. The Construction Activities may include, without limitation: (a) construction traffic (including, without limitation, construction vehicles, equipment and vehicles used or owned by Declarant or Declarant's designee, the owner(s) and/or operator(s) of the Trail System, the Lake Facilities and



the Golf Courses, adjacent landowners, and the employees, agents and contractors of any of them; and (b) construction activities (including, without limitation, grading, excavation, clearing, site work and construction of improvements) relating to Falls Creek Property, nearby properties, the Trail System, the Lake Facilities or the Golf Courses.

16.5.8 Waiver, Release and Indemnification. The Trail Activities, the Recreational Activities, the Golf Cart Activities, the Lake Activities and Impacts and the Construction Activities, the impacts and disturbances generated by them, and the Recreation Related Risks and the Lake Related Risks may occur in and around Falls Creek Property. Each Owner forever waives and releases any claims such Owner, and its successors and assigns, may have against Declarant, Declarant's managers, officers, agents, designees and contractors, the owner(s) and/or operator(s) of the Recreation Facilities, the owner(s) and/or operator(s) of the Trail System, the owner(s) and/or operators(s) of the Lake and Lake Facilities, Falls Creek Association and Master Association and their respective officers, directors, agents and contractors and their respective successors and assigns, that in any way arise out of the impacts and disturbances generated from the Trail Activities, the Recreational Activities, the Golf Cart Activities, the Lake Activities and Impacts, the Construction Activities, the Recreation Related Risks, the Lake Related Risks and from any liability for damage or injury caused by the Recreation Related Risks or the Lake Related Risks. Each Owner agrees to indemnify and hold Declarant, Declarant's managers, officers, agents, designees and contractors, the owner(s) and/or operator(s) of the Recreation Facilities, the owner(s) and/or operator(s) of the Trail System, the owner(s) and/or operators(s) of the Lake and Lake Facilities, Falls Creek Association and Master Association and their respective officers, directors, agents and contractors and their respective agents, employees, officers, successors and assigns, harmless from and against any and all claims, actions, cost or liabilities arising from any damage or injury caused directly or indirectly by the Recreational Activities, the Golf Cart Activities, the Trail Activities, Lake Activities and Impacts, the Construction Activities, the impacts and disturbances generated by them, Recreation Related Risks or the Lake Related Risks occurring on or to the Owner's Lot or Residential Unit or to Owner or any of Owner's guests or invitees.

Section 16.6 Incomplete Development. Because an Owner may be purchasing a Lot or Residential Unit during a period in which construction is or will be occurring and the Residential Unit may be completed prior to the completion of other homesites, there may be certain inconveniences until construction is completed, and each Owner waives all claims against Declarant with respect thereto. Each Owner agrees that if Owner, Owner's family, guests, employees, contractors, agents or invitees enter onto any area of construction, they do so at their own risk, and neither Declarant, nor Declarant's contractors, if any, agents, designees or employees shall be liable for any damage, loss or injury to such persons.

Section 16.7 Amenities. Other than as set forth in the Master Declaration or this Declaration, no interest in any amenity located on or near Falls Creek Property such as swimming pools, spas, wellness facilities, marina facilities, dining or shopping facilities, golf facilities, recreation trails, fishing areas, athletic courts or the like has been conveyed to any Owner. The owners of those facilities shall have the right in their sole discretion to remove, relocate, discontinue operation, restrict access to, charge fees for the use of, sell interests in or otherwise deal with such assets in their sole discretion without regard to the prior use of or



benefit to Declarant, other purchasers from Declarant or any other person within Falls Creek Property or the Community.

Section 16.8 Other Property Uses Within Community. The other properties located within the Community may be developed pursuant to the land uses and restrictions set forth in the documentation prepared and submitted by Declarant, with no representation being made herein concerning the planned uses of such other properties. The zoning for the property on which Falls Creek Property is located and the other properties within the Community is established and governed by Oconee County, South Carolina.

Section 16.9 Mountain Conditions. Ownership of real property in mountain areas involves certain inherent inconveniences. These include, but are not limited to, (a) dripping water onto decks and porches from snow melt, (b) snow and ice build-up on roads, roofs, decks and porches during winter months, and the need to shovel snow off roofs and decks to prevent damage from overloading such structures, and (c) other inconveniences arising from the sometimes severe winter conditions in the Appalachian Mountains. During periods of extreme weather conditions (such as snow and ice storms) access to and from Falls Creek Property may be limited and it may be extremely dangerous to use the private roads located in Falls Creek Property during such periods. Declarant is not responsible for any interruption in electrical or other utility services provided to any Lot or Residential Unit.

Section 16.10 Water Diversion. No Owner has any interest in or right to divert, alter the flow or use any water running through any pond, lake, free running stream or any piped or open irrigation ditch within Falls Creek Property, if any, except as specifically and otherwise approved in writing by Falls Creek Association.

Section 16.11 Mold. Mold, mildew, fungi bacteria and microbiologic organisms (collectively, "Molds") are present in soil, air and elsewhere in the environment. Molds can proliferate in various environments, including, without limitation, damp areas such as crawl spaces, attics, bathrooms, within walls and partitions and in basements. Certain parties have expressed concerns about the possible adverse effects on human health from exposure to molds. Due to various reasons, including the varying sensitivities of different individuals to various types of Molds, there currently exist no state or federal standards regarding acceptable levels of exposure to Molds. Each Owner is hereby advised to perform its own investigation regarding the presence or potential presence of Molds within his or her Residential Unit and acknowledges that Declarant will not be responsible for damage caused by Molds. Additional information regarding mold and mold testing may be obtained from the applicable county public health department. The crawl space of the Residential Unit shall be constructed in accordance with all existing ventilation standards established by applicable code at the time the Residence is constructed. Over watering of the Lot can create mold or sediment problems. Each Owner shall be solely responsible for maintaining his or her Residential Unit in a manner to prevent and/or reduce the proliferation of Molds in the Residence.

Section 16.12 Radon Gas. The South Carolina Department of Health and Environmental Control ("DHEC") and the United States Environmental Protection Agency (the "EPA") have detected elevated levels of naturally occurring radon gas in South Carolina and



other parts of the country. The EPA has voiced concerns about the possible adverse effects on human health from long-term exposure to high levels of radon gas. Declarant does not test for and is not qualified to evaluate the presence or potential impact of radon gas with respect to Falls Creek Property, and is under no obligation to do so. Nothing contained herein shall create, or be interpreted as a representation or warranty, express or implied, concerning the presence or absence of radon gas in the soils beneath any Lot or Falls Creek Property or the surrounding areas or within the Residential Unit. Furthermore, Declarant recommends that each Owner, at its own expense, conduct its own investigation and consult with such experts as such Owner deems appropriate in order to determine the level of radon gas within the Falls Creek Property or within his or her Lot or Residential Unit. The correction or [redemption][remediation] of any radon gas accumulation shall be the sole responsibility of the applicable Owner. Each Owner, for itself and its successors and assigns, hereby releases Declarant from any and all liability with respect to radon gas.

Section 16.13 Parking. Parking areas serving all owners within The Cliffs at Keowee Falls South, their guests and invitees, are to be constructed and will exist within and in the proximity of Falls Creek Property and elsewhere in The Cliffs at Keowee Falls South. Each Owner waives any objection to such surface automobile parking.

ARTICLE 17 GENERAL PROVISIONS

Section 17.1 Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under any applicable law. Any provision in this Declaration in conflict with the requirements of any applicable law shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with such law.

Section 17.2 Enforcement. Except as otherwise provided in this Declaration, the Board of Directors, Declarant or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Board of Directors, Declarant or any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Section 17.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 17.4 Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control. In case of conflict between this Declaration and the Master Declaration, the Master Declaration shall control.

Section 17.5 Owner's and Association's Address for Notices.

- (a) All Owners of each Lot or Residential Unit shall have one and the same mailing address to be registered with Falls Creek Association and used by Falls Creek Association or other Owners for notices, demands and all other communications regarding Falls Creek Association matters. The Owner or Owners of a Lot or Residential Unit shall furnish such address to Falls Creek Association within five (5) days after transfer of title to the Lot or Residential Unit to such Owner or Owners. Such registration, and any subsequent change in such registration, shall be in written form and signed by all of the Owners of the Lot or Residential Unit or by such persons as are authorized by law to represent the interests of all Owners of the Lot or Residential Unit.
- (b) If no address is registered or if all of the Owners cannot agree, then the address set forth in the deed to the Lot or Residential Unit shall be deemed their registered address until another registered address is furnished as required under this Section.
- (c) If the address of the Residential Unit is the registered address of the Owners, then any notice shall be deemed duly given if delivered to any person occupying the Residential Unit or, if a Residence has not been constructed on the Lot or the Residential Unit is unoccupied, if the notice is held and available for the Owners at the principal office of Falls Creek Association.
- (d) Any notice delivered to a First Mortgagee in accordance with the terms of this Declaration shall be sent to the address for such party specified in the First Mortgage unless the First Mortgagee notifies Falls Creek Association in writing of a different address.
- (e) All notices and demands intended to be served upon the Board of Directors shall be sent to such address as the Board of Directors may designate from time to time by notice to all of the Owners.
- (f) All notices given in accordance with this Section shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one business day following timely deposit with the courier service; or regular first class, registered or certified mail, postage prepaid, which shall be effective three (3) business days after deposit in the U.S. mail.

Section 17.6 Miscellaneous. The provisions of Section 17.6 (Perpetuities), Section 17.7 (Interpretation), Section 17.8 (No Affirmative Obligation Unless Stated), Section 17.9 (No Implied Liabilities or Duties), Section 17.10 (Gender and Grammar), Section 17.12 (Rights of Third Parties) and Section 17.15 (No Trespass) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

JOINDER OF LIENOR

The undersigned, mortgagee under the Mortgage dated _____, and recorded _____ at Deed Book __, Page _____ in the office of the Register of Deeds for Oconee County, South Carolina, as amended and supplemented from time to time (the "Mortgage"), for itself and its successors and assigns, approves the foregoing Supplemental and Second Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding Falls Creek Homeowners Association and any Supplements thereto affecting the portion of Falls Creek Property encumbered by the Mortgage, and agrees that no foreclosure or other enforcement of any remedy pursuant to the Mortgage shall impair, invalidate, supersede or otherwise affect the covenants, conditions, restrictions and easements established by that Declaration.

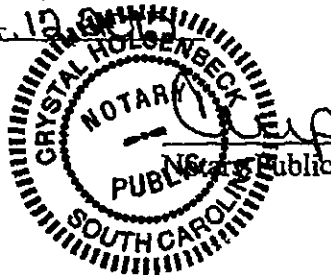
By: [Signature]
Rob Haney, President

STATE OF SOUTH CAROLINA)
) ss.
COUNTY OF OCONEE)

The foregoing instrument was acknowledged before me this 8 day of Nov., 2005, by Rob Haney as President of Keowee Falls Investment Group, a South Carolina corporation.

WITNESS my hand and official seal.
My commission expires Sept. 12, 2006

[SEAL]



[Signature]



EXHIBIT A

FALLS CREEK PROPERTY DESCRIPTION

Lots 1 through 26, inclusive, Falls Creek at Keowee Falls South, according to the plat recorded on July 12, 2004, in Book B14 at Pages 5 and 6, in the real property records of Oconee County, South Carolina.

Lots 27 through 33, inclusive, Falls Creek at Keowee Falls South, according to the plat recorded on July 12, 2004, in Book B14 at Pages 7 and 8, in the real property records of Oconee County, South Carolina.

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
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EXHIBIT B

EXPANSION PROPERTY

1. A parcel of waterfront land, east of Ridge Top Lane and adjacent to Lot 33.



EXHIBIT C

SHARING RATIOS AND FORMULA

Residential Unit

Sharing Ratio

*The formula for Sharing Ratios is an equal allocation among all Residential Units.



EXHIBIT D

EASEMENTS AND LICENSES

Rights or claims of parties in possession not shown by the public records.

Easements, or claims of easements, not shown by the public records.

Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and that are not shown by the public records.

Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Real property taxes and assessments for the year of closing and subsequent years, a lien not yet due and payable.





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BK 1476 pg 66-67

STATE OF SOUTH CAROLINA)
)
)
)
COUNTY OF OCONEE)

FIRST AMENDMENT OF
SUPPLEMENTAL AND SECOND AMENDMENT OF
DECLARATION OF COVENANTS CONDITIONS
AND RESTRICTIONS FOR KEOWEE FALLS SOUTH
REGARDING FALLS CREEK
HOMEOWNERS ASSOCIATION
[Supplemental Recorded in Book 1460, Page 269]

Lot Added: Lot 34

THIS First Amendment of Supplemental and Second Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding Falls Creek Homeowners Association ("Amended Supplemental Declaration") is entered into effective the 23rd day of January, 2006, by Keowee Falls Investment Group, LLC (hereinafter called "Declarant").

WITNESSETH:

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, as the same has been previously amended and supplemented to the date hereof, the Declarant made certain properties in Oconee County, South Carolina subject to the aforesaid Declaration (the "Declaration"); and

WHEREAS, by "Supplemental and Second Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding Falls Creek Homeowners Association", recorded November 14, 2005, in the Office of Register of Deeds for Oconee County in Book 1460 at Page 269 (the "Supplemental Declaration"), the Declarant made certain additional properties in Oconee County, South Carolina subject to the aforesaid Declaration and the additional covenants, conditions and restrictions set forth in the Supplemental Declaration; and

WHEREAS, the Declarant wishes to amend the Supplemental Declaration to add to the plan and operation of the Declaration, as amended and supplemented by the Supplemental Declaration, new Lot 34 in the Falls Creek section of Keowee Falls South.

KNOW ALL MEN BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

I. **Definitions** The words used in this Amended Supplemental Declaration, unless the context shall clearly indicate otherwise, shall have the same meanings as set forth in the Declaration, as amended and supplemented by the Supplemental Declaration.

II. **Amended Property to Supplemental Declaration.**

(A) Lot 34 as shown on that certain plat entitled, "Keowee Falls South, Falls Creek, Lots 27 Thru 34," prepared for Keowee Falls Investment Group, LLC by Robert E. Threatt, PLS 15519, dated July 8, 2004, recorded in the Office of the Register of Deeds for Oconee County, South Carolina in Plat Book B113 at Page 1 & 2, reference to which plat is hereby made for a more complete description thereof.

187710

Ret. The Cliffs Communities

2006 JUN 24 AM
OCONEE
REGISTER



III. Completeness Except as herein provided, the Declaration, as previously amended and supplemented, shall remain in full force and effect, without modification, the said Declaration, as previously amended and supplemented and as amended hereby, being the complete text of said instrument as of the date hereof.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed the day and year first above written.

WITNESSES:

Paul P. Felt, Jr.
[Signature]

Keowee Falls Investment Group, LLC

By [Signature]
Its: Managing Member

STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

PERSONALLY appeared before me the undersigned witness who made oath that (s)he saw the within Keowee Falls Investment Group, LLC, a South Carolina limited liability company, by James B. Anthony, its Managing Member, sign, seal and as its act and deed, deliver the within written instrument and that (s)he with the other witness witnessed the execution thereof.

SWORN TO before me
this 23rd day of January, 2006.

Paul P. Felt, Jr.

Nancy Bray Holdenville
Notary Public for the State of South Carolina
My commission expires: 11/29/2015



2006 JAN 24 A 10 24
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OCONEE COUNTY, S.C.
REGISTER OF DEEDS



OCONEE COUNTY

STATE TAX _____

COUNTY TAX _____

EXEMPT

STATE OF SOUTH CAROLINA)

COUNTY OF OCONEE)



Doc ID: 000941550004 Type: DEE

BK 1484 PG 260-263

QUIT CLAIM DEED

015591

KNOW ALL BY THESE PRESENTS THAT KEOWEE FALLS INVESTMENT GROUP, LLC, hereinafter referred to as the "Grantor", in the State aforesaid, in consideration of the sum of Ten & no/100 (\$10.00) Dollars and no other consideration, to Grantor well and truly paid by FALLS CREEK HOMEOWNERS ASSOCIATION, hereinafter referred to as the "Grantee", at and before the sealing and delivery hereof, the receipt of which is hereby acknowledged, has remised, released and quit claimed, and by these presents does remise, release and quit claim unto the said Grantee all its interest in and to the following:

ALL that piece, parcel, lot or tract of land lying and being in Oconee County, South Carolina and shown as Lot 11 containing 1.05 acres according to plat of Robert E. Threatt, dated July 8, 2004 and recorded with the Oconee County ROD in Book B-14 at Page 5 & 6 on July 12, 2004; reference to said plat is hereby made for a more complete and accurate description, metes and bounds.

This being a portion of the same property conveyed to Keowee Falls Investment Group, LLC by Special Warranty Deed from Crescent Resources, LLC dated December 16, 2002 and recorded with the Oconee County ROD in Deed Book 1256 at Page 257 on December 18, 2002.

THIS CONVEYANCE IS MADE SUBJECT TO: All conditions, covenants, easements, restrictions and rights-of-way indicated by instruments, including plats, of record, and to all applicable zoning or other land use regulations or restrictions of any political subdivision in which the subject property is situate, and is expressly granted as a septic repair area for the benefit of the Grantee, its successors and assigns forever. As such, no dwelling or structure may be erected on the lot.

TMS NO: portion of 066-02-01-011
GRANTEE: Falls Creek Homeowners Association
ADDRESS: c/o Rob Haney
55 Beattie Place, Suite 100
Greenville, SC 29601

Recorded this 6 day of March
Book 2006 Page 601222
Fee _____

Jinda R. Tift

Auditors Oconee County, S.C.

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2006 MAR - 2 A 4

Ret.

Together with all and singular, the rights, members, hereditaments, and appurtenances to the said premises belonging or in anywise incident or appertaining.

TO HAVE AND TO HOLD all and singular the premises before mentioned unto the Grantee, Grantee's successors and assigns forever, subject to the above conditions.

OCONEE COUNTY ASSESSOR'S OFFICE

THIS PROPERTY IS SHOWN ON MAP 0106 S 19 02 BLK 01 PARC 011 ON OCONEE COUNTY TAX MAPS



WITNESS the Grantor's hand and seal this 1st day of March, in the year of our Lord Two Thousand Six.

SIGNED, SEALED, AND DELIVERED IN THE PRESENCE OF:

KEOWEE FALLS INVESTMENT GROUP, LLC, Grantor

Courtney A Stone
Witness

by: [Signature]
its: Managing member

Paul P. Felt Sr
Witness

STATE OF SOUTH CAROLINA)
COUNTY OF OCONEE)

ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 1st day of March, 2006 by James B. Anthony its Managing member, the Grantor.

SWORN to before me this 1st day of March, 2006.

Nancy Bray Haldenell
Notary Public for South Carolina
My commission expires: 11/29/2015

THIS DOCUMENT WAS PREPARED BY:
ROPER LAW FIRM, LLC
18 SOUTH COMMERCE STREET
POST OFFICE BOX 330
LIBERTY, SC 29657
(864) 843-0004

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2006 MAR -2 A 9:01



STATE OF SOUTH CAROLINA)
)
COUNTY OF OCONEE)

AFFIDAVIT

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says:

- 1. I have read the information on this affidavit and I understand such information.
- 2. The property being transferred is located at Lot 11 Keowee Falls, bearing Oconee County Tax Map Number a portion of 066-02-01-011, and was transferred by Keowee Falls Investment Group, LLC to Falls Creek Homeowners Association on _____, 2006.
- 3. Check one of the following: This deed is
 - (a) subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth.
 - (b) subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary.
 - (c) exempt from the deed recording fee because (See Information section of affidavit): (If exempt, please skip items 4-7, and go to item 8 of this affidavit.)

transferring realty in which no gain or loss is recognized by reason of Section 1041 of the Internal Revenue Code as defined in Section 12-6-40(A).

- 4. Check one of the following if either item 3(a) or item 3(b) above has been checked (See Information section of this affidavit.):
 - (a) The fee is computed on the consideration paid or to be paid in money or money's worth in the amount of _____.
 - (b) The fee is computed on the fair market value of the realty which is _____.
 - (c) The fee is computed on the fair market value of the realty as established for property tax purposes which is _____.
- 5. Check Yes or No to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "Yes," the amount of the outstanding balance of this lien or encumbrance is: _____.



6. The deed recording fee is computed as follows:

Place the amount listed in item 4 above here: _____
 Place the amount listed in item 5 above here: _____
 (If no amount is listed, place zero here.)
 Subtract Line 6(b) from Line 6(a) and place result here: _____

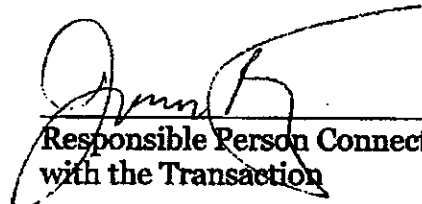
7. The deed recording fee due is based on the amount listed on Line 6(c) above and the deed recording fee due is: _____.

8. Check if Property other than Real Property is being transferred on this Deed.

- (a) Mobile Home
- (b) Other _____

9. As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as: GRANTOR.

10. I understand that a person required to furnish this affidavit who wilfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both.



 Responsible Person Connected
 with the Transaction

James B. Anthony

 Print or Type Name Here

SWORN to before me this 1st day of March, 2006.

Nancy Bray Haldsmith
 Notary Public for South Carolina
 My Commission Expires: 11/29/2015

FILED FOR RECORD
 OCONEE COUNTY, S.C.
 REGISTER OF DEEDS
 2006 MAR -2 A 9 0



Doc ID: 001171530041 Type: DEE
BK 1564 PG 146-186



Doc ID: 001179990041 Type: DEE
BK 1567 PG 133-173

**SUPPLEMENTAL AND FIFTH AMENDMENT OF DECLARATION
OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
KEOWEE FALLS SOUTH
REGARDING
THE RETREAT HOMEOWNERS ASSOCIATION
[Declaration Recorded in Book 1251, Page 221]**

013535

Ret:
Cliffs at Keowee
3598 Hwy 11
Travelers Rest, SC 29690

014394

FILED FOR RECORD
GEORGE COUNTY, S.C.
REGISTER OF DEEDS
2001 FEB - 2 P 3 23

FILED FOR RECORD
GEORGE COUNTY, S.C.
REGISTER OF DEEDS
2001 FEB 16 P 3 12





**SUPPLEMENTAL AND FIFTH AMENDMENT OF DECLARATION
OF
COVENANTS, CONDITIONS AND
RESTRICTIONS
FOR
KEOWEE FALLS SOUTH
REGARDING
THE RETREAT HOMEOWNERS ASSOCIATION
[Declaration Recorded in Book 1251, Page 221]**

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2007 FEB - 2 P 3:23

THIS SUPPLEMENTAL AND FIFTH AMENDMENT OF DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KEOWEE FALLS SOUTH REGARDING THE RETREAT HOMEOWNERS ASSOCIATION (this "Declaration") is made as of January 31, 2007, by KEOWEE FALLS INVESTMENT GROUP, LLC, a South Carolina limited liability company (the "Declarant").

RECITALS

WHEREAS, by "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, the Declarant made certain properties in Oconee County, South Carolina subject to such Declaration (the "Original Declaration" and, as amended from time to time, the "Master Declaration"); and

WHEREAS, during the Declarant Control Period, the Declarant may amend the Master Declaration pursuant to Section 17.2 thereof by an instrument in writing filed Of Record; and

WHEREAS, Section 2.2(a) of the Master Declaration provides, in relevant part, that Declarant may bring within the plan and operation of the Master Declaration additional property, said addition to be made by filing a Supplemental Declaration with respect to the said additional property; and

WHEREAS, pursuant to Section 2.2(a), such Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in the Master Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the land added to the plan and operation of the Master Declaration; and

WHEREAS, the Declarant is the owner of that certain real property being shown and designated on the plats further described in Exhibit "A" to this Declaration ("The Retreat Property"), which the Declarant wishes to be added to the plan and operation of the Master Declaration.



KNOW ALL PERSONS BY THESE PRESENTS THAT the Declarant does hereby declare as follows:

ARTICLE 1 DECLARATION AND SUBMISSION

Section 1.1 Declaration. Declarant hereby declares that The Retreat Property shall be held, sold and conveyed subject to the following covenants, restrictions and easements, which are for the purpose of protecting the value and desirability of The Retreat Property, and which shall run with the land and will inure to the benefit of and be binding upon each and every Owner and his or her respective heirs, representatives, successors, purchasers, lessees, grantees and mortgagees. By the recording or acceptance of the conveyance of a Lot or Residential Unit or any interest therein, the person or entity to whom the interest is conveyed is deemed to accept and agree to be bound by the provisions of this Declaration.

Section 1.2 Master Declaration. This Declaration constitutes a Supplemental Declaration as contemplated by, and for purposes of, the Master Declaration, and extends the operation and effect of the covenants and restrictions of the Master Declaration to The Retreat Property. The Retreat Property is subject and submitted to the provisions of the Master Declaration. As contemplated by, and for purposes of, the Master Declaration:

- (a) The Retreat Property shall be a Neighborhood Area;
- (b) The Retreat Association shall be a Neighborhood Association; and
- (c) This Declaration shall be a Neighborhood Declaration.

ARTICLE 2 DEFINITIONS

Section 2.1 Definitions. The following words when used in this Declaration or any Further Supplemental Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

"Articles" mean the Articles of Incorporation for The Retreat Homeowners Association, as amended from time to time, filed in the Office of the South Carolina Secretary of State in accordance with the Nonprofit Corporation Act.

"Annual Assessment" means the Assessment levied annually.

"Assessments" means the Annual, Special and Default Assessments levied pursuant to Article 11 below.

"Association Documents" means this Declaration, the Articles and the Bylaws, and any procedures, rules, regulations or policies adopted under such documents by the Retreat Association.



"Bylaws" means the Bylaws of The Retreat Association, which govern the administration and operation of The Retreat Association, and as the same may be amended from time to time.

"Declarant" means Keowee Falls Investment Group, LLC, or any successor-in-title to the entire interest of such person with respect to The Retreat Property at the time of such transfer to said successor-in-title, or any party designated Of Record to succeed to the rights of Declarant hereunder as to the matters set forth in such writing. In exercising any right or easement granted or reserved to Declarant hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

"Declaration" means and refers to this Supplemental and Third Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding The Retreat Homeowners Association, as amended from time to time.

"Default Assessment" means an Assessment levied by The Retreat Association pursuant to Article 11, Section 11.7 below.

"Board of Directors" means the governing body of The Retreat Association. The Retreat Association acts through its Board of Directors unless a vote of the Members is otherwise specifically required by this Declaration or by the Articles or Bylaws.

"Expansion Property" means the real property located in Oconee County, South Carolina, more particularly described on the attached Exhibit B which Declarant may subject to this Declaration by one or more duly recorded Further Supplemental Declarations.

"Exterior Maintenance Area" means the exterior of any Residence and the Lot surrounding the Residence and any other improvements on the Lot, as more fully described in Section 9.1 below.

"The Retreat" shall mean the planned community created by this Declaration, consisting of The Retreat Property, the Residential Units, and any other improvements constructed on The Retreat Property and as shown on the Plat.

"The Retreat Association" or **"Association"** means The Retreat Homeowners Association, a South Carolina nonprofit corporation, its successors and assigns. In exercising any right or easement granted or reserved to it hereunder, such right or easement shall be deemed to extend to its duly authorized directors, officers, agents, employees and contractors.

"The Retreat Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration or the Bylaws of The Retreat Association; (ii) insurance premiums for the insurance carried under Article 10; (iii) all expenses associated with The Retreat Association owned community sewer system including operations and maintenance expenses associated with the tanks, pumps, piping, valves, and drainfield, and the land over the system, and (iv) all expenses of The Retreat



Association, together with all funds assessed for the creation or maintenance of reserves for The Retreat Association, that are lawfully determined to be common expenses by the Board of Directors of The Retreat Association.

"The Retreat Property" means and refers to that certain real property described on Exhibit A attached to this Declaration.

"First Mortgage" means any Mortgage that is not subject to any monetary lien or encumbrance except liens for taxes or other liens that are given priority by statute and/or liens for assessments pursuant to this Declaration or the Master Declaration.

"First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

"Further Supplemental Declaration" means an instrument that subjects any part of the Expansion Property to this Declaration, as more fully provided in Article 12 below.

"Lot" means a plot of land subject to this Declaration and designated as a "Lot" on any subdivision plat of The Retreat Property recorded by Declarant in the Register of Deeds for Oconee County, South Carolina.

"Manager" shall mean a person or entity engaged by The Retreat Association to perform certain duties, powers or functions of The Retreat Association, as the Board of Directors may authorize from time to time.

"Master Declaration" means and refers to the "Declaration of Covenants, Conditions and Restrictions for The Cliffs at Keowee Falls South", recorded November 19, 2002, in the Office of Register of Deeds for Oconee County in Book 1251 at Page 221, as amended from time to time.

"Member" shall mean every person or entity that holds membership in The Retreat Association.

"Mortgage" shall mean any mortgage, security deed, deed of trust, installment lands sales contract or other similar security instrument granting, creating or conveying a lien upon, a security interest in or a security title to a Lot or Residential Unit.

"Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

"Nonprofit Corporation Act" means the South Carolina Nonprofit Corporation Act of 1994, South Carolina Code Sections 33-31-101, et. seq., as amended.

"Occupant" means any person, including, without limitation, any Owner, occupying or otherwise using a Residential Unit, and their respective families, servants, agents, guests and invitees.



"Of Record" means the place of filing a writing in the applicable public records, currently being the office of the Register of Deeds for Oconee County ("ROD"), as will give legal notice to the world of the matters set forth in the writing so filed.

"Owner" means the one or more persons, including Declarant, who or that owns fee simple title to any Lot or Residential Unit, his, her or its respective heirs, representatives, successors and assigns, excluding, however, any person having such an interest under a Mortgage, unless and until such person has acquired fee simple title to the Lot or Residential Unit pursuant to foreclosure or other proceedings. In the event that there is filed Of Record any installment land sales contract covering any Lot or Residential Unit, the Owner thereof will be deemed to be the purchaser under the installment sales contract and not the fee simple title holder. An installment land sales contract is an instrument whereby the purchaser is required to make payment for such property for a period extending beyond nine (9) months from the date of the contract, and where the purchaser does not receive title to such property until all such payments are made, although the purchaser is given use thereof.

"Plat" means the subdivision plat of The Retreat depicting The Retreat Property subject to this Declaration and recorded in the Register of Deeds for Oconee County, South Carolina contemporaneously herewith and all supplements and amendments thereto.

"Referendum" means the vote of Members by mailed ballots on certain actions submitted to the Members by the Board of Directors, as more particularly set forth herein and in the Bylaws.

"Residence" means the residence constructed on any Lot.

"Residential Unit" means a Lot together with all improvements thereon, including a Residence, and all easements and rights-of-way appurtenant thereto. A parcel of land will be deemed unimproved and thus considered to be a Lot, rather than a Residential Unit, until the improvements constructed thereon are sufficiently complete to reasonably permit habitation thereof. Upon such completion, such parcel and the improvements thereon will collectively be considered to be a Residential Unit for purposes of this Declaration.

"Sharing Ratio" means the percentage allocation of Assessments to which an Owner's Residential Unit is subject as set forth in Exhibit C attached hereto and made a part hereof pursuant to the formula set forth thereon.

"Special Assessment" means an assessment levied pursuant to Article 11, Section 11.6 below on an irregular basis.

"Successor Declarant" means any party or entity to whom or which Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded in the Register of Deeds for Oconee County, South Carolina, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this



Declaration shall cease and terminate to the extent provided in such document. No party other than Keowee Falls Investment Group, LLC shall exercise the rights and privileges reserved herein to Declarant unless such party shall receive and record in the Register of Deeds for Oconee County, South Carolina, a written assignment from Keowee Falls Investment Group, LLC or its assignee as provided herein.

"Supplemental Plat" means a subdivision plat of The Retreat that depicts any part of the Expansion Property becoming subject to this Declaration through a Further Supplemental Declaration, as more fully provided in Article 12 below.

"The Cliffs at Keowee Falls South" means the development that is comprised of property (including, but not limited to, The Retreat Property) subject to the Master Declaration.

"The Cliffs at Keowee Falls South Owner's Association" or "Master Association" means The Cliffs at Keowee Falls South Owner's Association, a South Carolina nonprofit corporation, and its successors and assigns.

Unless defined above or elsewhere in this Declaration, each capitalized term in this Declaration shall have the meaning ascribed to it in the Master Declaration.

ARTICLE 3 NAME, DIVISION INTO RESIDENTIAL UNITS

Section 3.1 **Name.** The name of the development that is comprised of The Retreat Property subject to this Declaration is "The Retreat".

Section 3.2 **The Retreat Association.** The name of the association is "The Retreat Homeowners Association". Declarant has caused to be incorporated under the laws of the State of South Carolina The Retreat Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 3.3 **Number of Residential Units.** The number of Residential Units initially subjected to this Declaration is ____ (). Declarant reserves the right for itself and any Successor Declarant to expand The Retreat Property and to expand the Common Area (as defined in the Master Declaration).

Section 3.4 **Identification of Residential Units.** The identification number of each Residential Unit is shown on the Plat.

Section 3.5 **Description of Residential Units.**

3.5.1 Title to a Residential Unit may be held individually or in any form of concurrent ownership recognized in South Carolina. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with respect to the Residential Unit in which he or she owns an interest. For all purposes herein, there shall be deemed to be only one Owner for each Residential Unit. The parties, if more than one, having the ownership of a Residential Unit shall



agree among themselves how to share the rights and obligations of such ownership, but all such parties shall be jointly and severally liable for performance and observance of all of the duties and obligations of an Owner under this Declaration and the Master Declaration with respect to the Residential Unit in which they own an interest.

3.5.2 Each Residential Unit shall be considered a separate parcel of real property and shall be separately assessed and taxed.

3.5.3 An Owner shall have the right to lease his or her Residential Unit upon such terms and conditions as the Owner may deem advisable; provided, however, that (i) any such lease exceeding three (3) months in duration shall be in writing and shall provide that the lease is subject to the terms of this Declaration and the Master Declaration, and (ii) any failure of a lessee to comply with the terms of this Declaration, the Articles, the Bylaws, the rules of The Retreat Association, the Master Declaration or the articles, bylaws and rules of the Master Association shall be a default under the lease enforceable by The Retreat Association or the Master Association.

ARTICLE 4 MEMBERSHIP AND VOTING RIGHTS; THE RETREAT ASSOCIATION OPERATIONS

Section 4.1 The Retreat Association. Each Owner of a Lot or Residential Unit will automatically become a Member of The Retreat Association and become subject to the Association Documents and will remain a Member of The Retreat Association and remain subject to the Association Documents until such time as his or her ownership ceases for any reason, at which time his or her membership in The Retreat Association will automatically pass to his or her successor-in-title to his or her Lot or Residential Unit notwithstanding any failure of the transferor to endorse to his or her transferee any certificates or other evidences of such membership. Such passing of membership shall not relieve or release such former Owner from any liability or obligation incurred under, or in any way connected with, The Retreat Association during the period of the Owner's ownership, or impair any rights or remedies that the Association or others may have against such former Owner arising out of ownership of the Lot or Residential Unit and membership in the Association and the covenants and obligations incident thereto. Ownership of a Lot or Residential Unit will be the sole qualification for membership in The Retreat Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot or Residential Unit. The foregoing is not intended to include Mortgagees or any other persons who or that hold an interest in a Lot or Residential Unit merely as security for the performance of an obligation, and the giving of a lien in a Lot or Residential Unit will not terminate or otherwise affect an Owner's membership in The Retreat Association.

Section 4.2 Transfer of Membership. An Owner shall not transfer, pledge or alienate his or her membership in The Retreat Association in any way, except upon the sale or encumbrance of his or her Lot or Residential Unit and then only to the purchaser or Mortgagee of his or her Lot or Residential Unit.



Section 4.3 Membership. The Retreat Association shall have one (1) class of membership consisting of all Owners, including the Declarant so long as Declarant owns an interest in a Lot or Residential Unit. Except as otherwise provided for in this Declaration, each Member shall be entitled to vote in The Retreat Association matters pursuant to this Declaration on the basis of one vote for each Lot or Residential Unit owned. When more than one person holds an interest in any Lot or Residential Unit, all such persons shall be one Member. The vote for such Lot or Residential Unit shall be exercised by one person or alternative persons (who may be a tenant of the Owner) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Lot or Residential Unit shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Lot or Residential Unit that is leased may assign his or her voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of The Retreat Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Lot or Residential Unit.

Section 4.4 Declarant Control During Declarant Control Period. Notwithstanding anything to the contrary provided for herein or in the Bylaws, during the Declarant Control Period (as defined in the Master Declaration) Declarant shall be entitled to appoint and remove the members of The Retreat Association's Board of Directors and officers of The Retreat Association. The specific restrictions and procedures governing the exercise of Declarant's right to so appoint and remove directors and officers shall be set out in the Bylaws of The Retreat Association. Declarant may voluntarily relinquish such power evidenced by a notice executed by Declarant and recorded in the Register of Deeds for Oconee County, South Carolina but, in such event, Declarant may at its option require that specified actions of The Retreat Association or the Board of Directors as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove directors and officers, be approved by Declarant before they become effective. Following the Declarant Control Period or (if earlier) Declarant's relinquishment of its power to appoint and remove the members of the Board of Directors, the Board of Directors shall be elected as provided in the Bylaws of The Retreat Association.

Section 4.5 Meetings and Membership Voting. Except as otherwise provided in this Declaration, rules and procedures of The Retreat Association, including, but not limited to, with respect to conducting elections, meetings (both regular and special), casting of votes by members, and the number thereof required for quorums and approval or ratification, shall be as set forth in the Bylaws.

Section 4.6 Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in The Retreat Association concern the land and shall be covenants running with each Owner's Lot or Residential Unit for the benefit of all other Lots and Residential Units and for the benefit of Declarant's adjacent properties.

Section 4.7 Books and Records. The Retreat Association shall make available for inspection, upon request, during normal business hours or under other reasonable

circumstances, to Owners and to Mortgagees, current copies of the Association Documents and the books, records, and financial statements of The Retreat Association. The Retreat Association may charge a reasonable fee for copying such materials. The Retreat Association shall maintain such books and records as may be required by the Bylaws or by law, and shall prepare and deliver annually to each Member a statement showing all receipts, expenses and disbursements since the last such statement.

Section 4.8 Manager. The Retreat Association may employ or contract for the services of a Manager to whom the Board of Directors may delegate certain powers, functions or duties of The Retreat Association, as provided in the Bylaws of The Retreat Association. The Manager shall not have the authority to make expenditures for or on behalf of The Retreat Association except upon prior approval and direction by the Board of Directors. The Board of Directors shall not be liable for any omission or improper exercise by a Manager of any duty, power or function so delegated by written instrument executed by or on behalf of the Board of Directors.

Section 4.9 Implied Rights and Obligations. The Retreat Association may exercise any right or privilege expressly granted to The Retreat Association in the Association Documents; and every other right or privilege reasonably implied from the existence of any right or privilege given to The Retreat Association under the Association Documents or reasonably necessary to effect any such right or privilege. The Retreat Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation. Without limiting the generality of the foregoing, The Retreat Association is empowered to pledge its future receivables as collateral securing any loan(s) or other obligations of The Retreat Association.

Section 4.10 Limitation Upon Liability of The Retreat Association.

(a) NOTWITHSTANDING THE DUTY OF THE RETREAT ASSOCIATION TO MAINTAIN AND REPAIR PORTIONS OF THE RETREAT PROPERTY, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 10, THE RETREAT ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR, CAUSED BY ANY LATENT CONDITION OF THOSE PORTIONS OF THE RETREAT PROPERTY TO BE MAINTAINED AND REPAIRED BY THE RETREAT ASSOCIATION, OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

(b) The Retreat Association will not be liable for injury or damage to any person or property (i) caused by the elements or by any Owner or any other person, or (ii) caused by any pipe, plumbing, drain, conduit, appliance, equipment, or utility line or facility, the responsibility for the maintenance of which is that of The Retreat Association, becoming out of repair. Nor will The Retreat Association be liable to any Owner for loss or damage, by theft or otherwise, of any property of such Owner that may be stored in or upon any portion of The Retreat Property. No diminution or abatement of Assessments will be claimed or allowed by reason of any alleged



failure of The Retreat Association or the Master Association to take some action or to perform some function required to be taken or performed by The Retreat Association under this Declaration or the Master Association under The Retreat, or for inconvenience or discomfort arising from the making of improvements or repairs that are the responsibility of The Retreat Association or the Master Association, or from any action taken by The Retreat Association or the Master Association to comply with any law, ordinance or order or directive of any municipal or other governmental authority, the obligation to pay such Assessments being a separate and independent covenant on the part of each Owner.

Section 4.11 Additional Provisions respecting The Retreat Association. Without diminishing or affecting the Master Association's rights thereunder, The Retreat Association, in the furtherance of its rights and obligations under this Declaration, shall also have the rights and authority of the Association (as if the term "The Retreat Association" were substituted for "Association" each place it occurs) and the Board of Directors shall also have the rights of the Board of Directors and the ARC (as if the term "Board of Directors" were substituted for "Board of Directors" and "ARC" each place it occurs) as set forth in the following Sections of the Master Declaration:

- (1) 7.10 (Easements for the Association)
- (2) 7.11 (General Maintenance Easement)
- (3) 7.12 (Environmental Easement)
- (4) 7.14 (Irrigation Wells and Pumps)
- (5) 9.2(b) (Work In Behalf of Owners)
- (6) 12.2 (Duties and Powers) (except respecting Common Areas)
- (7) 12.3 (Agreements)
- (8) 12.5 (Personal Property and Real Property for Common Use)
- (9) 12.6 (Rules and Regulations)
- (10) 12.8 (Obligation of the Association)

ARTICLE 5 BOARD OF DIRECTORS OF THE RETREAT ASSOCIATION

Section 5.1 Powers of Board of Directors. The Board of Directors shall have power to take the following actions:

A. Adopt and publish rules and regulations governing the personal conduct of the Members and their invitees and guests, and The Retreat Association may establish penalties, including, without limitation, the imposition of fines, for the infraction of such rules and



regulations. Any rules and regulations established by the Board of Directors must be consistent with the Master Declaration, and the rules and regulations of the Master Association. This requirement of consistency shall not prohibit The Retreat Association from adopting rules that are more restrictive than the provisions of the Master Declaration or the rules of the Master Association.

B. Suspend the voting rights of a Member during any period in which such Member is in default on payment of any Assessment levied by The Retreat Association, as provided in Article 11. Such rights may also be suspended after notice and hearing for a period not to exceed ninety (90) days for infraction of published rules and regulations, unless such infraction is ongoing, in which case the rights may be suspended during the period of the infraction and for up to ninety (90) days thereafter.

C. Exercise for The Retreat Association all powers, duties and authority vested in or delegated to The Retreat Association and not reserved to the Members or Declarant by other provisions of this Declaration or the Articles or Bylaws or as provided by law.

Section 5.2 Liability of Board of Directors Members. No member of the Board of Directors, or any assignee of rights hereunder, will be liable to any Owner for any decision, action or omission made or performed by the Board of Directors member in the course of his or her duties unless the member acted in bad faith or in reckless disregard of the rights of the Owner or of the terms of this Declaration or the Master Declaration.

Section 5.3 Indemnification of Board of Directors Members. The Retreat Association will, to the full extent permitted by law, indemnify all persons who serve as members of the Board of Directors from and against any and all liability, including reasonable attorneys' fees, that may be incurred by the members contrary to Section 5.2.

ARTICLE 6 DESIGN REVIEW

Section 6.1 Design Review. No construction or alteration of the exterior of a Residence or other structure located on a Lot, including painting or repainting of the structure, shall be made unless first approved in writing by the Board of Directors. The Board of Directors shall exercise its best judgment to the end that all structures and land and modifications to structures and land within The Retreat Property conform to and harmonize with existing surroundings and structures. The Board of Directors has the absolute right to deny any requested changes that the Board of Directors reasonably determines do not conform to and harmonize with existing surroundings and structures. The provisions for architectural control contained in this Declaration shall be in addition to, and not in lieu of, the architectural control provisions contained in the Master Declaration. The granting of approval for proposed work hereunder shall not dispense with the need to also comply with the approval procedures set forth in the Master Declaration. All proposed construction, modifications, alterations and improvements shall be approved pursuant to this Declaration before being submitted for approval pursuant to the Master Declaration.



Section 6.2 Fees and Charges. The Board of Directors may provide a schedule of fees, charges, required damage or other deposits, fines for noncompliance and other amounts due and payable by an Owner as part of the application, review and approval processes, which schedule the Board of Directors may increase, modify and amend at any time. All fees, charges and fines provided herein will constitute specific Assessments and a lien upon the Lot or Residential Unit to which the fees and charges relate.

Section 6.3 Approval Not a Guarantee. No approval of plans and specification and no publication of design guidelines and architectural guidelines hereunder will be construed as representing or implying that the plans, specifications or guidelines will, if followed, result in properly designed improvements. Such approvals and guidelines will in no event be construed as representing or guaranteeing that any Residence or other improvement built in accordance therewith will be built in a good and workmanlike manner. None of Declarant, The Retreat Association or the Board of Directors is responsible or liable for any defects in any plans or specifications submitted, revised or approved pursuant to the terms of this Article 6 or any defects in construction undertaken pursuant to the plans and specifications.

Section 6.4 Enforcement. There is specifically reserved unto the Board of Directors the right of entry and inspection upon any Lot or Residential Unit or other portion of the Property for the purpose of determining whether there exists any unapproved improvement or whether any improvement violates the terms of any approval by the Board of Directors or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the Board of Directors hereunder should be made only upon reasonable notice given to the Owner at least twenty-four (24) hours in advance of such entry. The Association, acting pursuant to the direction of the Board of Directors, is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any improvement, or to remove any unapproved improvements, the prevailing party in such litigation shall be entitled to recover all legal fees and costs incurred in connection therewith.

ARTICLE 7 MECHANIC'S LIENS

Section 7.1 No Liability. If any Owner shall cause any material to be furnished to his or her Residential Unit or any labor to be performed therein or thereon, none of Declarant, the Master Association, The Retreat Association or any Owner of any other Residential Unit shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to his or her Residential Unit. Nothing herein contained shall authorize any Owner or any person dealing through, with or under any Owner to charge the Common Area (as defined in the Master Declaration) or any Residential Unit other than of such Owner with any mechanic's lien or other lien or encumbrance whatever. On the contrary (and notice is hereby given) the right and power to



charge any lien or encumbrance of any kind against the Common Area (as defined in the Master Declaration), Declarant, the Master Association, The Retreat Association, any Owner or any Owner's Residential Unit for work done or materials furnished to any other Owner's Residential Unit is hereby expressly denied.

Section 7.2 Indemnification. If, because of any act or omission of any Owner, any mechanic's or other lien or order for the payment of money shall be filed against the Common Area (as defined in the Master Declaration) or against any other Owner's Residential Unit or any other Owner, Declarant, the Master Association or The Retreat Association (whether or not such lien or order is valid or enforceable as such), the Owner whose act or omission forms the basis for such lien or order shall at his or her own cost and expense cause the same to be cancelled and discharged of record or bonded by a surety company reasonably acceptable to The Retreat Association, Declarant, the Master Association or such other Owner or Owners (as the case may be), within twenty (20) days after the date of filing thereof, and further shall indemnify and save all the other Owners, Declarant, the Master Association and The Retreat Association harmless from and against any and all costs, expenses, claims, losses and damages including, without limitation, reasonable attorneys' fees resulting therefrom.

ARTICLE 8 PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT

Section 8.1 Recorded Easements. The Retreat Property shall be subject to all easements as shown on any recorded plat affecting The Retreat Property and to any other easements and licenses of record or of use as of the date of recordation of this Declaration, which easements and licenses of record and use are set forth on the attached Exhibit D. In addition, The Retreat Property is subject to those easements set forth in this Article 8.

Section 8.2 Reservation for Expansion. Declarant hereby reserves to itself and The Retreat Association and/or for Owners in all future phases of The Retreat an easement and right-of-way over, upon and across The Retreat Property for construction, utilities, drainage, and ingress to and egress from the Expansion Property, and other properties abutting and contiguous to The Retreat Property and the Expansion Property; provided, however, that no such rights shall be exercised by Declarant in a way that unreasonably interferes with the occupancy, use or enjoyment of, or access to, The Retreat by the Owners. The location of these easements and rights-of-way may be made certain by Declarant or The Retreat Association by instruments recorded in the Register of Deeds for Oconee County, South Carolina.

Section 8.3 General Maintenance Easement. An easement is hereby reserved to Declarant, and granted to The Retreat Association, any member of the Board of Directors and any Manager, and their respective officers, agents, employees and assigns, upon, across, over, in and under The Retreat Property and a right to make such use of The Retreat Property as may be necessary or appropriate to make emergency repairs, to perform the duties and functions that The Retreat Association is obligated or permitted to perform pursuant to the Association Documents, or to exercise its rights under Article 9 below, including the right to enter upon any



Residential Unit for the purpose of performing maintenance, repair, replacement or improvement to the exterior of any Residence, as set forth in Article 9 below.

Section 8.4 Declarant and The Retreat Association as Attorney-in-Fact. Each Owner, by his or her acceptance of a deed or other conveyance vesting in him or her an interest in a Lot or Residential Unit, does irrevocably constitute and appoint Declarant and/or The Retreat Association with full power of substitution in the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to The Retreat Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action that Declarant or The Retreat Association may consider necessary or advisable to give effect to the provisions of this Section and this Declaration generally. If requested to do so by The Retreat Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment.

Section 8.5 Easements Deemed Granted and Reserved. Any conveyance of a Lot or Residential Unit, whether by the Declarant or otherwise, will be deemed to have granted and reserved, as the context will require, all easements set forth in this Declaration, including, but not limited to, those set forth in this Article 8.

Section 8.6 Setbacks. Notwithstanding anything to the contrary stated in the Master Declaration, side yard setbacks for Lots within The Retreat Property shall be five feet (5').

ARTICLE 9 MAINTENANCE, LANDSCAPING AND SPECIAL EASEMENT

Section 9.1 Maintenance. In order to maintain a uniform appearance and a high standard of maintenance within The Retreat, The Retreat Association shall maintain the Exterior Maintenance Area, as more fully set forth below.

9.1.1 Residence Exteriors. Subject to the insurance responsibilities set forth in Article 10 below, The Retreat Association shall maintain the Exterior Maintenance Area of all Residences, which shall include without limitation painting of the exterior (including decks and porches), but shall exclude the following: roof repair, maintenance and replacement; window washing, repair and replacement; and dock washing, repair and replacement. Further, The Retreat Association shall not be responsible for maintenance or repair of any body of water (including, but not limited to, swimming pools, streams or ponds) which is located on a Lot. The Retreat Association shall have the sole discretion to determine the time and manner in which such maintenance shall be performed as well as the color or type of materials used to maintain the Residences. The Owner shall be responsible for cleaning, repair or replacement of broken windowpanes and roof repair and all other exterior maintenance and repairs. In the event a casualty covered by insurance requires maintenance work to any Exterior Maintenance Area of a Residence and the applicable insurance proceeds under Article 10 are payable to an Owner but the maintenance responsibility of the area to which such proceeds relate is that of The Retreat Association, The Retreat Association shall complete any such maintenance at the Owner's cost.



9.1.2 Landscaping, Sidewalks and Driveway. The Retreat Association shall maintain all landscaping, including, but not limited to, lawns, trees and shrubs, and all walls, gates, sidewalks and driveways located upon any Lot or the land portion of any Residential Unit. The maintenance provided under this Section shall be performed at such time and in such a manner as The Retreat Association shall determine in its sole discretion.

9.1.3 The Retreat Association's Right to Grant Owner Maintenance Responsibility. The Retreat Association reserves the right to grant the maintenance responsibility of certain areas of each Lot or Residential Unit to the Lot or Residential Unit Owner, and the Lot or Residential Unit Owner is obligated to accept said maintenance responsibility, provided said assignment is done in a uniform and nondiscriminatory manner. Furthermore, The Retreat Association shall have the right to promulgate reasonable rules and regulations regarding the maintenance by the Owner.

Section 9.2 Special Easement. The Retreat Association and the Board of Directors and their respective employees, representatives and designees are hereby granted a nonexclusive easement to enter upon and use the Exterior Maintenance Area as may be necessary or appropriate to perform the duties and functions that they may be obligated or permitted to perform pursuant to this Article 9.

Section 9.3 Maintenance Contract. The Retreat Association or Board of Directors may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions or duties of The Retreat Association to maintain the Exterior Maintenance Area and operate and maintain the community sewer system. The employed individual or maintenance company shall have the authority to make expenditures for or on behalf of The Retreat Association upon prior approval and direction of the Board of Directors. The Board of Directors shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power or function so delegated by written instrument executed by or on behalf of the Board of Directors.

Section 9.4 Owner's Responsibility. The Owner shall be responsible for maintaining all portions of the Owner's Lot or Residential Unit other than the Exterior Maintenance Area, except to the extent modified by Section 9.1.3; provided, however, the Owner shall also be responsible for the maintenance of any balcony, patio or deck area of his or her Residence except as set forth in Section 9.1.1. The Retreat Association shall have the right and power to prohibit storage or other activities deemed unsafe, unsightly, unreasonably noisy or otherwise offensive to the senses and perceptible from another Lot or Residential Unit or the Common Area (as defined in the Master Declaration). No Owner shall make any addition or other alteration to any portion of the Exterior Maintenance Area without the express consent of the Board of Directors, as more fully discussed in Article 6. The Retreat Association shall be entitled to reimbursement for cost of repair from any Owner who causes, or whose tenant, employee, guest or invitee causes, damage to the Exterior Maintenance Area by an act of negligence or willful misconduct.

Section 9.5 Owner's Failure to Maintain or Repair. In the event that a Lot or Residential Unit and the improvements thereupon are not properly maintained and repaired, and



if the maintenance responsibility for the unmaintained portion of the Lot or Residential Unit lies with the Owner of the Lot or Residential Unit, or in the event that the improvements on the Lot or Residential Unit are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures diligently to pursue the repair and reconstruction of the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction, then The Retreat Association, after notice to the Owner and with the approval of the Board of Directors, shall have the right (through its employees, representatives or designees), but not the obligation, to enter upon the Lot or Residential Unit to perform such work as is reasonably required to restore the Lot or Residential Unit and the buildings and other improvements thereon to a condition of good order and repair. All costs incurred by The Retreat Association in connection with this restoration shall be reimbursed to The Retreat Association by the Owner of the Lot or Residential Unit, upon demand. All unreimbursed costs shall be a lien upon the Lot or Residential Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article 11 of this Declaration.

Section 9.6 Relationship to Master Declaration. With respect to The Retreat Property, to the extent that this Article 9 is inconsistent with Sections 6.20, 6.21 and 9.1 of the Master Declaration, this Article 9 shall control.

ARTICLE 10 INSURANCE

Section 10.1 General Insurance Provisions. The Retreat Association shall maintain, to the extent reasonably available and applicable, the insurance required to be maintained by the Master Association pursuant to Section 10.1 (Insurance) (excluding paragraph (a) thereof) of the Master Declaration.

Section 10.2 The Retreat Association Policies. The Retreat Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles and any other matters of claims adjustment.

Section 10.3 Insurer Obligation. An insurer that has issued an insurance policy for the insurance described in Section 10.1 shall issue certificates of insurance to The Retreat Association and, upon request, to any Owner or Mortgagee.

Section 10.4 Common Expenses. Premiums for insurance that The Retreat Association acquires and other expenses connected with acquiring such insurance are The Retreat Common Expenses.

Section 10.5 Insurance Obtained by Owners.

(a) Each Owner shall obtain and at all times maintain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the full replacement value of the Owner's Residential Unit. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against The Retreat



Association and other Owners, including Declarant, should Declarant be the Owner of any Residential Unit.

(b) Each Owner shall obtain and at all times maintain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the full replacement value of the Owner's personal property and personal liability insurance in a limit of not less than Five Hundred Thousand Dollars (\$500,000.00) in respect to bodily injury or death to any number of persons arising out of one accident or disaster, or for damage to personal property, and if higher limits shall at any time be customary to protect against tort liability such higher limits as shall be determined from time to time by The Retreat Association shall be carried. In addition, an Owner may obtain such other and additional insurance coverage on the Owner's Lot or Residential Unit as such Owner in the Owner's sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount that the Board of Directors, on behalf of all Owners, may realize under any policy maintained by the Board of Directors or otherwise affect any insurance coverage obtained by The Retreat Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against The Retreat Association and other Owners, including Declarant, should Declarant be the Owner of any Residential Unit.

(c) All Owners are required to maintain on file copies of all such current policies to evidence their obligations hereunder and to facilitate recovery of all appropriate awards or proceeds by The Retreat Association.

ARTICLE 11 ASSESSMENTS

Section 11.1 Obligation. Each Owner, by accepting a deed for or other conveyance of a Lot or Residential Unit, whether or not it will be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to The Retreat Association (1) the Annual Assessments imposed by the Board of Directors as necessary to meet The Retreat Common Expenses and to perform the functions of The Retreat Association; (2) Special Assessments for purposes as stated in this Declaration; and (3) Default Assessments that may be assessed against a Residential Unit for the Owner's failure to perform an obligation under the Association Documents or because The Retreat Association has incurred an expense on behalf of the Owner under the Association Documents. Assessments will be paid in such manner and on such dates as may be fixed by the Board of Directors in accordance with this Declaration, provided that, unless otherwise provided by the Board of Directors, the Annual Assessments will be paid in equal monthly installments. The Assessments provided for herein will commence with respect to a Lot or Residential Unit on the date on which the Lot or Residential Unit is first conveyed to a person other than Declarant. Assessments will be adjusted for such property according to the number of months then remaining in the then fiscal year of The Retreat Association and the number of days then remaining in the month in which such property is so conveyed.

Section 11.2 Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and Occupants of The Retreat, and for the



improvement and maintenance of the Exterior Maintenance Area, the operations and maintenance of the community sewer system and ground above same, and other areas of The Retreat Association responsibility referred to herein, as more fully set forth in this Article below.

Section 11.3 Budget. The Board of Directors shall, at least sixty (60) days prior to the beginning of each fiscal year of The Retreat Association, prepare a budget covering the estimated The Retreat Common Expenses during the ensuing fiscal year, such budget to include a reserve account, if necessary. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board of Directors shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting seventy-five percent (75%) of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event that the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. The Board of Directors shall levy and assess the Annual Assessments in accordance with the annual budget.

Section 11.4 Annual Assessments.

(a) Annual Assessments for The Retreat Common Expenses shall be based upon the estimated cash requirements as the Board of Directors shall from time to time determine to be paid by all of the Owners, subject to Section 11.3 above. Estimated The Retreat Common Expenses shall include, but shall not be limited to, the cost of routine maintenance of the Exterior Maintenance Area; expenses of management; insurance premiums for insurance coverage maintained pursuant to this Declaration; landscaping and care of grounds within the Exterior Maintenance Area; routine repairs and renovations within the Exterior Maintenance Area; wages; common water and utility charges for the Exterior Maintenance Area; legal and accounting fees; management fees; expenses and liabilities incurred by The Retreat Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs and replacement of improvements within the Exterior Maintenance Area and to cover emergencies and unforeseen contingencies or deficiencies; and such other expenses as may be determined from time to time by the Board of Directors to be The Retreat Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against Lots or Residential Units.

(b) Annual Assessments shall be payable in monthly installments on a prorated basis in advance and shall be due on the first day of each month. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year.



(c) If the Board of Directors determines that the important and essential functions of The Retreat Association will not be properly funded in any year by the Annual Assessment herein provided, it may increase such Assessment; provided, however, an increase in Annual Assessments in any year pursuant to such special Board action will in no way affect Annual Assessments for subsequent years.

(d) The initial Annual Assessment for all Owners of Lots and Residential Units for the fiscal year in which this Declaration is filed Of Record will be established by the Board of Directors within ninety (90) days following the date that this Declaration is filed Of Record.

Section 11.5 Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Annual Assessments and for The Retreat Common Expenses in excess of the Annual Assessments, which shall be divided among the Residential Units on the basis of the Sharing Ratios in effect on the date of assessment, subject to the following provisions. All expenses (including, but not limited to, costs of maintenance, repair and replacement) relating to or benefiting fewer than all of the Residential Units to the extent not covered by insurance shall be borne by the Owners of those affected Residential Units only. The formula establishing Sharing Ratios is an equal allocation among all Residential Units.

Section 11.6 Special Assessments. In addition to the Annual Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Exterior Maintenance Area or for any other expense incurred or to be incurred as provided in this Declaration. This Section 11.6 shall not be construed as an independent source of authority for the Association to incur expense, but shall be construed to prescribe the manner of assessing expenses authorized by other sections of this Declaration, and in acting under this Section, the Association shall make specific reference to this Section. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Annual Assessments in Article 11, Sections 11.4 and 11.5, subject to the requirements that any extraordinary maintenance, repair or restoration work on fewer than all of the Residential Units shall be borne by the Owners of those affected Residential Units only; and any extraordinary insurance costs incurred as a result of the value of a particular Owner's residence or the actions of a particular Owner (or his or her agents, servants, guests, tenants or invitees) shall be borne by that Owner. To the extent practicable, Special Assessments shall be based on a budget adopted in accordance with Section 11.3 above provided that, if necessary, the Association may adopt a new budget pursuant to Section 11.3 prior to levying a Special Assessment. Notice in writing of the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than ten (10) days after such notice shall have been given.

Section 11.7 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association that is the obligation of an Owner or that is incurred by the Association on behalf of an Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such



Owner's Lot or Residential Unit, which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least ten (10) days prior to the due date.

Section 11.8 Effect of Nonpayment; Assessment Lien.

(a) Any Assessment amount or installment, whether pertaining to any Annual, Special or Default Assessment, that is not paid on or before its due date shall be delinquent. If an Assessment amount or installment becomes delinquent, The Retreat Association, in its sole discretion, may take any or all of the following actions:

11.8.1 Assess a late charge for each delinquency in such amount as The Retreat Association deems appropriate;

11.8.2 Assess an interest charge from the due date at such lawful rate as the Board of Directors may establish;

11.8.3 Suspend the voting rights of the Owner during any period of delinquency;

11.8.4 Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

11.8.5 Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

11.8.6 Proceed with foreclosure as set forth in more detail below.

(b) Assessments chargeable to any Lot or Residential Unit, together with late charges, simple interest at a rate established from time to time by the Board of Directors, costs of collection and court costs and attorneys' fees incurred to enforce or collect such Assessments, will be an equitable charge and a continuing lien on such Lot or Residential Unit. The applicable Owner's grantee will take title to such property subject to the equitable charge and continuing lien therefor, but without prejudice to the rights of such grantee to recover from his or her grantor any amounts paid by such grantee therefor; provided, however, the lien for unpaid Assessments will be subordinate to the lien of any unpaid taxes and any Institutional Mortgage or Mortgage held by Declarant. Sale or transfer of any Lot or Residential Unit will not affect the lien of the Assessments; however, the sale or transfer of any Lot or Residential Unit that is subject to any Institutional Mortgage or Mortgage of Declarant, pursuant to a decree of foreclosure, will extinguish the lien of the Assessments as to payment thereof that became due prior to such sale or transfer. To the extent any subordinated lien and permanent charge for any Assessment is extinguished by foreclosure of any Institutional Mortgage or Mortgage of Declarant, then the amount or amounts otherwise secured thereby that cannot otherwise be collected will be deemed a The Retreat Common Expense collectible from all Owners, including the person who or that acquires title through the foreclosure sale.

(c) The Association may institute foreclosure proceedings against the defaulting Owner's Lot or Residential Unit in the manner for foreclosing a mortgage on real property under



the laws of the State of South Carolina. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on a Lot or Residential Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 11.9 Personal Obligation. The amount of any Assessment chargeable against any Lot or Residential Unit shall be a personal and individual debt of the Owner of same. An Owner will remain personally liable for Assessments, together with the other amounts payable by such Owner, that accrue prior to a sale, transfer or other conveyance by that Owner of his or her Lot or Residential Unit. In the event of co-ownership of any property subject to this Declaration, all of such co-Owners will be jointly and severally liable for the entire amount of such Assessments. No Owner may exempt himself or herself from liability for the Assessment by abandonment of his or her Lot or Residential Unit. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 11.10 Payment by Mortgagee. Any Mortgagee holding a lien on a Lot or Residential Unit may pay any unpaid Assessment payable with respect to such Lot or Residential Unit, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Lot or Residential Unit for the amounts paid with the same priority as the lien of the Mortgage.

Section 11.11 Statement of Status of Assessment Payment. Upon payment of a reasonable fee set from time to time by the Board of Directors and upon fourteen (14) calendar days' written request (delivered as provided in Section 17.5 of this Declaration) to the Manager or the Association's registered agent, any Owner, Mortgagee, prospective Mortgagee or prospective purchaser of a Lot or Residential Unit shall be furnished with a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Lot or Residential Unit. Such statement shall be issued by personal delivery or by certified mail, first class postage prepaid, return receipt requested (in which event the date of posting shall be deemed the date of delivery), to the inquiring party within such fourteen (14) days.

Section 11.12 Capitalization of the Association. Upon acquisition of record title to a Lot or Residential Unit from Declarant or any seller after Declarant, each Owner shall contribute to the working capital and reserves of The Retreat Association an amount equal to twenty-five percent (25%) of the Annual Assessment determined by the Board of Directors for that Lot or Residential Unit for the fiscal year in which the Owner acquired title. Such payments shall not be considered advance payments of Annual Assessments. [The unused portion of the working capital deposit shall be returned to each Owner upon the sale of his or her Lot or Residential Unit, provided that the new purchaser of the Lot or Residential Unit has deposited the required working capital deposit with The Retreat Association.]



ARTICLE 12
EXPANSION AND WITHDRAWAL

Section 12.1 Reservation of Expansion and Withdrawal Rights.

12.1.1 Declarant reserves the right for itself and any Successor Declarant to subject all or any part of the Expansion Property to The Retreat and subject such Expansion Property to the provisions of this Declaration and thereby The Retreat Property may at Declarant's sole discretion, without obligation, be expanded or contracted, without limitation.

12.1.2 Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to subject unspecified real property to The Retreat and the provisions of this Declaration.

12.1.3 Further Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the Register of Deeds for Oconee County, South Carolina, one or more Further Supplemental Declarations and, if the real property being subject to this Declaration by such Further Supplemental Declaration has not been previously platted in a plat recorded in the Register of Deeds for Oconee County, South Carolina, of a Supplemental Plat depicting such Expansion Property recorded concurrently with the applicable Further Supplemental Declaration. The Further Supplemental Declaration shall set forth the Lots and other real property, if any, to be included in the expansion, together with any covenants, conditions, restrictions and easements particular to such property. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant in its sole discretion determines. Declarant shall not be obligated to expand The Retreat beyond the number of Residential Units initially submitted to this Declaration.

12.1.4 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to The Retreat Property subject to this Declaration as so expanded. For example, "Residential Unit" shall mean the Residential Units as shown on the Plat plus any additional Residential Units added by a Further Supplemental Declaration or Declarations and, if necessary, Supplemental Plat or Plats, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Lots and Residential Units shall be effective to transfer rights in The Retreat Property as expanded.

Section 12.2 Declaration Operative on New Lots.

12.2.1 The new Residential Units shall be subject to all of the terms and conditions of this Declaration and of any Further Supplemental Declaration, upon placing the Further Supplemental Declaration and, if necessary, the Supplemental Plat(s) depicting the Expansion Property Of Record.



12.2.2 It is contemplated that additional Residential Units on The Retreat will be committed to this Declaration, but Declarant and any Successor Declarant shall have no affirmative obligation to construct any additional Residential Units. In the event that a portion of the Expansion Property is submitted to the provisions of this Declaration, Declarant shall retain the right to, but shall not be obligated to, submit any additional portion of the Expansion Property to the provisions of this Declaration. The rights of Declarant and any Successor Declarant, as described herein, shall apply to all Lots and Residential Units that are added to this Declaration in accordance with these provisions relating to enlargement thereof.

12.2.3 No rights of any character of any owner in units in the Expansion Property shall attach until a Further Supplemental Declaration and Supplemental Plat is filed Of Record annexing the units constructed in such area to The Retreat. Upon the recording of such Further Supplemental Declaration and, if necessary, Supplemental Plat, the units constructed in the area shall be deemed to be governed in all respects by the provisions of this Declaration.

Section 12.3 Effect of Expansion.

12.3.1 Upon the filing of the Further Supplemental Declaration(s) and Supplemental Plat(s), the Sharing Ratio applicable to a Lot or Residential Unit shall automatically be reduced to a fraction, the numerator of which shall be one (1) and the denominator of which shall be equal to the aggregate number of Lots and Residential Units then subject to this Declaration. Such reduction in the Sharing Ratio appurtenant to a Lot or Residential Unit shall be reflected and set forth in the Further Supplemental Declaration.

12.3.2 Notwithstanding any inclusion of additional Lots or Residential Units under this Declaration, each Owner (regardless of whether such Owner is the owner of a Lot or Residential Unit shown on the original plat or is the owner of a Lot or Residential Unit constructed in the Expansion Property) shall remain fully liable with respect to his or her obligation for the payment of The Retreat Common Expenses.

Section 12.4 Termination of Expansion and Development Rights. The rights reserved to the Declarant for itself, its successors and assigns for the expansion and development of the Expansion Property ("Expansion and Development Rights") shall expire fifteen (15) years from the date of recording this Declaration, unless terminated earlier by Declarant, or unless the Expansion and Development Rights are (i) extended as allowed by law, or (ii) reinstated or extended by The Retreat Association, subject to whatever terms, conditions and limitations the Board of Directors may impose on the subsequent exercise of the Expansion and Development Rights by Declarant.

ARTICLE 13 MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers or guarantors of First Mortgages on Residential Units. To the extent permitted under South Carolina law and



applicable, necessary or proper, the provisions of this Article 13 apply to this Declaration and also to the Articles and Bylaws.

Section 13.1 Mortgagee Protection. The provisions of Article 16 (Mortgagee Protection) (except with respect to Common Areas) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

Section 13.2 Title Taken by Mortgagee. Any First Mortgagee that obtains title to the Lot or Residential Unit pursuant to remedies exercised in enforcing the First Mortgage, including foreclosure of the First Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Lot or Residential Unit (i) is acquired, or (ii) could have been acquired under the statutes of South Carolina governing foreclosures, whichever is earlier. Such First Mortgagee shall also become liable for any Assessments having priority over the First Mortgage.

ARTICLE 14 DURATION OF COVENANTS AND AMENDMENT

Section 14.1 Duration. The provisions of this Declaration will run with and bind title to The Retreat Property, will be binding upon and inure of the benefit of all Owners and Mortgagees, and will be and remain in effect for a period of thirty (30) years from and after the date this Declaration is filed Of Record, provided that rights and easements that are stated herein to have a longer duration will have such longer duration. Upon the expiration of said thirty (30)-year period, this Declaration will be automatically renewed for successive ten (10)-year periods. The number of ten (10)-year renewal periods will be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10)-year renewal period for an additional ten (10)-year period; provided, however, that there will be no renewal or extension of this Declaration, if, during the last year of the initial thirty (30)-year period or the last year of any ten (10)-year renewal period, 75% or more of the votes of the entire Association, by Referendum or at a duly held meeting of Members called for the purpose of approving the termination, which percentage will also constitute the quorum required, approve terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination will be filed Of Record, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any The Retreat Property, by acceptance of a deed or other conveyance therefore, thereby agrees that the provisions of this Declaration will run with and bind title to The Retreat Property as provided hereby.

Section 14.2 Amendment.

(a) The provisions of Section 17.2 (Amendments by Declarant) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.



(b) The provisions of Section 17.3 (Amendments by the Association) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

Section 14.3 Termination of the Association. The provisions of Section 17.5 (Termination of the Association) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein; provided, however, that the term "Default Annual Assessment" in such Section 17.5 of the Master Declaration shall be deemed to mean "Annual Assessment".

ARTICLE 15 COVENANTS RELATING TO THE MASTER DECLARATION; INCORPORATION FROM MASTER DECLARATION

Section 15.1 Master Declaration Matters. Each Owner, by accepting a deed to a Lot or Residential Unit, recognizes that (a) The Retreat Property is subject to the Master Declaration, and (b) by virtue of his or her ownership of the Lot or Residential Unit, he or she has become a member of the Master Association. Each Owner, by accepting a deed to a Lot or Residential Unit, acknowledges that he or she has received a copy of the Master Declaration. The Owner agrees to perform all of his or her obligations as a member of the Master Association as they may from time to time exist, including, but not limited to, the obligation to pay assessments as required under the Master Declaration and other governing documents of the Master Association.

Section 15.2 Enforcement of Master Declaration and the Master Association.

15.2.1 The Retreat Association shall have the power, subject to the primary power of the Board of Directors of the Master Association, to enforce the covenants and restrictions contained in the Master Declaration, but only if said covenants and restrictions relate to The Retreat Property, and to collect assessments on behalf of the Master Association.

15.2.2 This Declaration is intended to supplement the Master Declaration as it applies to The Retreat Property. In addition to all of the obligations that are conferred or imposed upon The Retreat Association pursuant to this Declaration, the Bylaws or the Articles, The Retreat Association shall be subject to all of the obligations imposed upon it pursuant to the Master Declaration and the Bylaws of the Master Association. The Retreat Association, the Board of Directors and all committees thereof shall also be subject to all superior rights and powers that have been conferred upon the Master Association pursuant to the Master Declaration and the Bylaws of the Master Association. The Retreat Association shall take no action in derogation of the rights of, or contrary to the interests of, the Master Association.

Section 15.3 Rule Making; Alternative Dispute Resolution & Litigation. The provisions of Article 14 (Rule Making) and Article 15 (Alternative Dispute Resolution & Litigation) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.



Section 15.4 Control of Declarant. The provisions of Section 17.1 (Control of Declarant) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.

Section 15.5 General Provisions Respecting Incorporation from Master Declaration. When any provision of the Master Declaration is incorporated into this Declaration, the following rules of incorporation shall apply:

- the term "Annual Assessment" shall mean "Annual Assessment" as defined in this Declaration,
- the term "Articles of Incorporation" shall mean the "Articles" as defined in this Declaration,
- the term "Assessment" shall mean "Assessment" as defined in this Declaration,
- the term "Association" shall mean "The Retreat Association",
- the term "Board of Directors", "Board" or "ARC" shall mean "Board of Directors",
- the term "Bylaws" shall mean the "Bylaws" as defined in this Declaration,
- the term "Common Expenses" shall mean "The Retreat Common Expense",
- the term "this Declaration" (or similar terms such as "hereunder") shall also include this Declaration,
- the term "Development" and the term "Property" shall mean "The Retreat Property",
- the term "Dwelling" shall mean "Residential Unit",
- the term "Emergency Special Assessment" shall mean "Annual Assessment" or "Special Assessment" (as the case may be) as each such term is defined in this Declaration,
- the term "Lot" shall mean "Lot" as defined in this Declaration,
- the term "Members" shall mean "Members" as defined in this Declaration,
- the term "Mortgagee" shall mean "Mortgagee" as defined in this Declaration,
- the term "Occupant" shall mean "Occupant" as defined in this Declaration,
- the term "Owner" shall mean "Owner" as defined in this Declaration,
- the term "Referendum" shall mean "Referendum" as defined in this Declaration,
- the term "Special Assessment" shall mean "Special Assessment" as defined in this Declaration, and



references to Articles or Sections of the Master Declaration shall be references to the corresponding provision of this Declaration.

ARTICLE 16 ACKNOWLEDGMENTS

Section 16.1 Acknowledgements. Each Owner is hereby advised of the matters affecting The Retreat Property and the Owners' use and enjoyment thereof that are set forth in this Article 16.

Section 16.2 Wildlife. The location of The Retreat Property will likely result in wildlife, including possibly bears or other untamed animals, entering The Retreat Property.

Section 16.3 Access. The primary roadways within The Cliffs at Keowee Falls South (the "Community") are or may be subject to restricted or gated access limitations, and are subject to rules and regulations of the Master Association. The roads within The Retreat Property and the Community will initially be maintained by the Master Association on non-exclusive easements that have been, or will be, granted to the Master Association by Declarant. The Master Association has promulgated or may promulgate rules and regulations governing use of the private roads within The Retreat Property and the Community. The roads within The Retreat Property will be used for access to other property not included in the Community, including golf courses, open space and other properties outside the boundaries of the Plat. Easements for potential future access to properties outside the boundaries of the Plat and adjustments to roadway design not shown on the Plat, including roadway width and curve radii and extensions of roadways, have been reserved, and such easements have been or will be recorded in the Register of Deeds for Oconee County, South Carolina. The construction of such future potential access and adjustments to roadway design may occur at any time and from time to time without notice. Such construction may affect use of cul-de-sacs and may alter access to The Retreat Property.

Section 16.4 Expansion or Contraction of The Retreat Property. Despite any depiction of The Retreat Property as set forth on the Plat, the size and dimensions of The Retreat Property and the number of residences contained in The Retreat Property may at Declarant's sole discretion, without obligation, be expanded or contracted, including, without limitation, the right of Declarant to include as part of The Retreat Property any number of residences more than the number depicted on the Plat or to incorporate into The Retreat Property additional units anticipated to be developed on land adjacent to or in the vicinity of the land depicted on the Plat.

Section 16.5 Trail, Recreation, Marina, Lake and Construction Activities.

16.5.1 Trail Activities. The Retreat Property is located adjacent to, or in the vicinity of, an existing or planned pedestrian and bicycle trail system (the "Trail System"). The Trail System is expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Trail System (the "Trail Activities"). The Trail Activities may include,



without limitation: (i) activities relating to the construction, operation and maintenance of trails and other facilities relating to the Trail System (including, without limitation, tree cutting and clearing, grading and earth moving and other construction activities, maintenance of trails, operation of vehicles and equipment relating to trash removal, and operation of safety and supervision vehicles); (ii) activities relating to the use of the Trail System (including, without limitation, walking, bicycling, roller blading and other recreational activities); and (iii) other activities permitted by law.

16.5.2 Golf and Recreation Activities. The Property is located adjacent to, or in the vicinity of, existing or planned golf courses and recreation facilities (including without limitation, driving ranges, clubhouses, restaurants, tennis courts, swimming pools, teaching facilities, trails, golf cart paths, restrooms, shelters and maintenance buildings) (the "Recreation Facilities"). The Recreation Facilities are expected to generate an unpredictable amount of physical, visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Recreation Facilities (the "Recreational Activities"). The Recreational Activities include, without limitation: (i) movement and operation of passenger vehicles (including, without limitation, buses, vans, golf carts and other vehicles transporting passengers over adjacent streets and over, around and through the Recreation Facilities), commercial vehicles, and construction vehicles and equipment; (ii) use of pesticides, herbicides and fertilizers, and the use of effluent in the irrigation of the golf courses; (iii) operation of lawn mowers, grooming equipment and sprinkler systems (it being specifically understood that such maintenance typically takes place on the golf courses at or before sunrise and at or after sunset); (iv) activities relating to the construction, operation and maintenance of golf courses, clubhouses, tennis courts, swimming pools, teaching facilities, trails, and maintenance buildings and other facilities relating to the Recreation Facilities; (v) activities relating to the use of the Recreation Facilities (including without limitation, golfing, golf lessons, tennis, swimming); (vi) golf tournaments and organized events and competitions relating to golfing, tennis and swimming; (vii) restaurants, clubs, shops, locker rooms, restrooms and other public facilities; and (viii) other activities permitted by law. The Recreational Activities may occur during daytime and nighttime and therefore may include illumination for such activities.

16.5.3 Recreation Related Risks. There are certain risks related to ownership of residential property within close proximity to a golf course and other recreation facilities. Such risks include, without limitation, injury to persons and/or property arising out of, or resulting from, Recreational Activities, the design, construction, operation, maintenance and/or use of the Recreation Facilities; errant golf or tennis balls; trespass; the existence of wildlife on and around the Recreation Facilities; acts or omissions of persons using or otherwise on or in the Recreation Facilities; and/or the danger inherent in the existence of water hazards, ponds, lakes, and or swimming pools (including, without limitation, the possibility of drowning or of falling on slippery surfaces) on the golf courses and Recreation Facilities (the "Recreation Related Risks").

16.5.4 Golf Carts. Owners may store a golf cart on The Retreat Property, but may not operate a golf cart on or in the Recreation Facilities (or the golf cart paths constructed as a part of the Recreation Facilities), the Trails System, or any other portion of The Cliffs at Keowee Falls South except to the extent the owner(s) and/or operator(s) of the Recreation Facilities, the owner(s) and/or operator(s) of the Trails System or the owner of such property



grant Owners the right to use and operate a golf cart on such facilities or property. If an Owner uses and operates a golf cart for transportation or other purposes in and around The Retreat Property or The Cliffs at Keowee Falls South, Owner assumes all risks associated with such use and operation, including without limitation collision with other golf carts, vehicles and other motorized equipment and the Recreation Related Risks and Owner assumes the risk that a governmental body or agency may limit, restrict or otherwise regulate the use of golf carts on the roadways within The Retreat Property or The Cliffs at Keowee Falls South (the "Golf Cart Risks").

16.5.5 Lake Activities and Impacts. The Retreat Property is located adjacent to, or in the vicinity of, Lake Keowee (the "Lake"), an existing or planned marina and related facilities (including without limitation, dock facilities, spoil areas and boats (the "Lake Facilities"). The Lake Facilities and other users of the Lake are expected to generate an unpredictable amount of physical, visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Lake and Lake Facilities (the "Lake Activities and Impacts"). The Lake Activities and Impacts include, without limitation: (i) movement and operation by members of the public of maritime vehicles (including, without limitation, water skiing boats, jet skis, fishing boats, house boats, kayaks, canoes, sailboats, personal watercraft vehicles such as wave runners and other vehicles transporting passengers over, around and through the Lake), construction vehicles and equipment; (ii) use of the Lake by swimmers; (iii) operation of forklifts and dredging equipment in any marina areas; (iv) activities relating to the construction, operation and maintenance of the Lake and Lake Facilities; (v) activities relating to the use of the Lake and Lake Facilities (including without limitation, swimming, water skiing, fishing and boating); (vi) fishing tournaments and organized events and competitions relating to use of the Lake and Lake Facilities; (vii) increased concentrations of mosquitoes, insects and other wildlife occurring in the riparian habitat, (viii) flooding, erosion, droughts and other impacts related to flowing water and (ix) other activities permitted by law. The Lake Activities and Impacts may occur during daytime and nighttime and therefore may include illumination for such activities. Declarant has no interest in or right to divert, alter the flow or use any water from the Lake and Declarant makes no representation or warranty regarding Lake levels.

16.5.6 Lake Related Risks. There are certain risks related to ownership of residential property within close proximity to a lake. Such risks include, without limitation, injury to persons and/or property arising out of, or resulting from, the Lake Activities and Impacts (including without limitation boating risks), the design, construction, operation, maintenance and/or use of the Lake Facilities; disturbances caused by users of the Lake; trespass; the existence of wildlife on the Lake and Lake Facilities; acts or omissions of persons using or otherwise on the Lake; and/or the inherent danger of associated with Lakes (including the possibility of drowning) on the Lake (the "Lake Related Risks").

16.5.7 Construction Activities. The Retreat Property is located in an area that may be subject to or near ongoing construction activities relating to the development of properties, private roads and the Trail System, the Recreation Facilities and the Lake Facilities (the "Construction Activities"). The Construction Activities are expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances. The



Construction Activities may include, without limitation: (a) construction traffic (including, without limitation, construction vehicles, equipment and vehicles used or owned by Declarant or Declarant's designee, the owner(s) and/or operator(s) of the Trail System, the Lake Facilities and the Golf Courses, adjacent landowners, and the employees, agents and contractors of any of them; and (b) construction activities (including, without limitation, grading, excavation, clearing, site work and construction of improvements) relating to The Retreat Property, nearby properties, the Trail System, the Lake Facilities or the Golf Courses.

16.5.8 Waiver, Release and Indemnification. The Trail Activities, the Recreational Activities, the Golf Cart Activities, the Lake Activities and Impacts and the Construction Activities, the impacts and disturbances generated by them, and the Recreation Related Risks and the Lake Related Risks may occur in and around The Retreat Property. Each Owner forever waives and releases any claims such Owner, and its successors and assigns, may have against Declarant, Declarant's managers, officers, agents, designees and contractors, the owner(s) and/or operator(s) of the Recreation Facilities, the owner(s) and/or operator(s) of the Trail System, the owner(s) and/or operators(s) of the Lake and Lake Facilities, The Retreat Association and Master Association and their respective officers, directors, agents and contractors and their respective successors and assigns, that in any way arise out of the impacts and disturbances generated from the Trail Activities, the Recreational Activities, the Golf Cart Activities, the Lake Activities and Impacts, the Construction Activities, the Recreation Related Risks, the Lake Related Risks and from any liability for damage or injury caused by the Recreation Related Risks or the Lake Related Risks. Each Owner agrees to indemnify and hold Declarant, Declarant's managers, officers, agents, designees and contractors, the owner(s) and/or operator(s) of the Recreation Facilities, the owner(s) and/or operator(s) of the Trail System, the owner(s) and/or operators(s) of the Lake and Lake Facilities, The Retreat Association and Master Association and their respective officers, directors, agents and contractors and their respective agents, employees, officers, successors and assigns, harmless from and against any and all claims, actions, cost or liabilities arising from any damage or injury caused directly or indirectly by the Recreational Activities, the Golf Cart Activities, the Trail Activities, Lake Activities and Impacts, the Construction Activities, the impacts and disturbances generated by them, Recreation Related Risks or the Lake Related Risks occurring on or to the Owner's Lot or Residential Unit or to Owner or any of Owner's guests or invitees.

Section 16.6 Incomplete Development. Because an Owner may be purchasing a Lot or Residential Unit during a period in which construction is or will be occurring and the Residential Unit may be completed prior to the completion of other homesites, there may be certain inconveniences until construction is completed, and each Owner waives all claims against Declarant with respect thereto. Each Owner agrees that if Owner, Owner's family, guests, employees, contractors, agents or invitees enter onto any area of construction, they do so at their own risk, and neither Declarant, nor Declarant's contractors, if any, agents, designees or employees shall be liable for any damage, loss or injury to such persons.

Section 16.7 Amenities. Other than as set forth in the Master Declaration or this Declaration, no interest in any amenity located on or near The Retreat Property such as swimming pools, spas, wellness facilities, marina facilities, dining or shopping facilities, golf facilities, recreation trails, fishing areas, athletic courts or the like has been conveyed to any



Owner. The owners of those facilities shall have the right in their sole discretion to remove, relocate, discontinue operation, restrict access to, charge fees for the use of, sell interests in or otherwise deal with such assets in their sole discretion without regard to the prior use of or benefit to Declarant, other purchasers from Declarant or any other person within The Retreat Property or the Community.

Section 16.8 Other Property Uses Within Community. The other properties located within the Community may be developed pursuant to the land uses and restrictions set forth in the documentation prepared and submitted by Declarant, with no representation being made herein concerning the planned uses of such other properties. The zoning for the property on which The Retreat Property is located and the other properties within the Community is established and governed by Oconee County, South Carolina.

Section 16.9 Mountain Conditions. Ownership of real property in mountain areas involves certain inherent inconveniences. These include, but are not limited to, (a) dripping water onto decks and porches from snow melt, (b) snow and ice build-up on roads, roofs, decks and porches during winter months, and the need to shovel snow off roofs and decks to prevent damage from overloading such structures, and (c) other inconveniences arising from the sometimes severe winter conditions in the Appalachian Mountains. During periods of extreme weather conditions (such as snow and ice storms) access to and from The Retreat Property may be limited and it may be extremely dangerous to use the private roads located in The Retreat Property during such periods. Declarant is not responsible for any interruption in electrical or other utility services provided to any Lot or Residential Unit.

Section 16.10 Water Diversion. No Owner has any interest in or right to divert, alter the flow or use any water running through any pond, lake, free running stream or any piped or open irrigation ditch within The Retreat Property, if any, except as specifically and otherwise approved in writing by The Retreat Association.

Section 16.11 Mold. Mold, mildew, fungi bacteria and microbiologic organisms (collectively, "Molds") are present in soil, air and elsewhere in the environment. Molds can proliferate in various environments, including, without limitation, damp areas such as crawl spaces, attics, bathrooms, within walls and partitions and in basements. Certain parties have expressed concerns about the possible adverse effects on human health from exposure to molds. Due to various reasons, including the varying sensitivities of different individuals to various types of Molds, there currently exist no state or federal standards regarding acceptable levels of exposure to Molds. Each Owner is hereby advised to perform its own investigation regarding the presence or potential presence of Molds within his or her Residential Unit and acknowledges that Declarant will not be responsible for damage caused by Molds. Additional information regarding mold and mold testing may be obtained from the applicable county public health department. The crawl space of the Residential Unit shall be constructed in accordance with all existing ventilation standards established by applicable code at the time the Residence is constructed. Over watering of the Lot can create mold or sediment problems. Each Owner shall be solely responsible for maintaining his or her Residential Unit in a manner to prevent and/or reduce the proliferation of Molds in the Residence.



Section 16.12 Radon Gas. The South Carolina Department of Health and Environmental Control ("DHEC") and the United States Environmental Protection Agency (the "EPA") have detected elevated levels of naturally occurring radon gas in South Carolina and other parts of the country. The EPA has voiced concerns about the possible adverse effects on human health from long-term exposure to high levels of radon gas. Declarant does not test for and is not qualified to evaluate the presence or potential impact of radon gas with respect to The Retreat Property, and is under no obligation to do so. Nothing contained herein shall create, or be interpreted as a representation or warranty, express or implied, concerning the presence or absence of radon gas in the soils beneath any Lot or The Retreat Property or the surrounding areas or within the Residential Unit. Furthermore, Declarant recommends that each Owner, at its own expense, conduct its own investigation and consult with such experts as such Owner deems appropriate in order to determine the level of radon gas within the The Retreat Property or within his or her Lot or Residential Unit. The correction or [redemption][remediation] of any radon gas accumulation shall be the sole responsibility of the applicable Owner. Each Owner, for itself and its successors and assigns, hereby releases Declarant from any and all liability with respect to radon gas.

Section 16.13 Parking. Parking areas serving all owners within The Cliffs at Keowee Falls South, their guests and invitees, are to be constructed and will exist within and in the proximity of The Retreat Property and elsewhere in The Cliffs at Keowee Falls South. Each Owner waives any objection to such surface automobile parking.

ARTICLE 17 GENERAL PROVISIONS

Section 17.1 Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under any applicable law. Any provision in this Declaration in conflict with the requirements of any applicable law shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with such law.

Section 17.2 Enforcement. Except as otherwise provided in this Declaration, the Board of Directors, Declarant or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Board of Directors, Declarant or any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

Section 17.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 17.4 Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control. In case of



conflict between this Declaration and the Master Declaration, the Master Declaration shall control.

Section 17.5 Owner's and Association's Address for Notices.

(a) All Owners of each Lot or Residential Unit shall have one and the same mailing address to be registered with The Retreat Association and used by The Retreat Association or other Owners for notices, demands and all other communications regarding The Retreat Association matters. The Owner or Owners of a Lot or Residential Unit shall furnish such address to The Retreat Association within five (5) days after transfer of title to the Lot or Residential Unit to such Owner or Owners. Such registration, and any subsequent change in such registration, shall be in written form and signed by all of the Owners of the Lot or Residential Unit or by such persons as are authorized by law to represent the interests of all Owners of the Lot or Residential Unit.

(b) If no address is registered or if all of the Owners cannot agree, then the address set forth in the deed to the Lot or Residential Unit shall be deemed their registered address until another registered address is furnished as required under this Section.

(c) If the address of the Residential Unit is the registered address of the Owners, then any notice shall be deemed duly given if delivered to any person occupying the Residential Unit or, if a Residence has not been constructed on the Lot or the Residential Unit is unoccupied, if the notice is held and available for the Owners at the principal office of The Retreat Association.

(d) Any notice delivered to a First Mortgagee in accordance with the terms of this Declaration shall be sent to the address for such party specified in the First Mortgage unless the First Mortgagee notifies The Retreat Association in writing of a different address.

(e) All notices and demands intended to be served upon the Board of Directors shall be sent to such address as the Board of Directors may designate from time to time by notice to all of the Owners.

(f) All notices given in accordance with this Section shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one business day following timely deposit with the courier service; or regular first class, registered or certified mail, postage prepaid, which shall be effective three (3) business days after deposit in the U.S. mail.

Section 17.6 Miscellaneous. The provisions of Section 17.6 (Perpetuities), Section 17.7 (Interpretation), Section 17.8 (No Affirmative Obligation Unless Stated), Section 17.9 (No Implied Liabilities or Duties), Section 17.10 (Gender and Grammar), Section 17.12 (Rights of Third Parties) and Section 17.15 (No Trespass) of the Master Declaration are incorporated in, and apply for purposes of, this Declaration as if fully set forth herein.



IN WITNESS WHEREOF, Declarant has executed this Declaration as of the date first written above.

KEOWEE FALLS INVESTMENT GROUP, LLC,
a South Carolina limited liability company

Michael Phasor
McCance Smith

By: [Signature]
Its: Member

STATE OF SOUTH CAROLINA)
) SS.
COUNTY OF OCONEE)

The foregoing instrument was acknowledged before me this 31st day of January 2007, by Lucas T. Anthony as Member of Keowee Falls Investment Group, LLC, a South Carolina limited liability company.

My commission expires: 11/29/2015



Nancy Gray Goldsmith
Notary Public



JOINDER OF LIENOR

The undersigned, mortgagee under the Mortgage dated September 22, 2006 and recorded 9/27/06 at Deed Book 4328, Page 176-184 in the office of the Register of Deeds for Oconee County, South Carolina, as amended and supplemented from time to time (the "Mortgage"), for itself and its successors and assigns, ~~approves~~ ^{releases} the foregoing Supplemental and Fifth Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding The Retreat Homeowners Association and any Supplements thereto affecting the portion of The Retreat Property encumbered by the Mortgage, and agrees that no foreclosure or other enforcement of any remedy pursuant to the Mortgage shall impair, invalidate, supersede or otherwise affect the covenants, conditions, restrictions and easements established by that Declaration.

The Peoples National Bank
By: [Signature]
SENIOR VICE President

STATE OF SOUTH CAROLINA)
) ss.
COUNTY OF OCONEE)

The foregoing instrument was acknowledged before me this 31st day of January, 2007 by W. Stan Painter ^{Senior Vice} as President of The Peoples National Bank, a South Carolina corporation.

WITNESS my hand and official seal.
My commission expires My Commission Expires
September 12, 2016

[SEAL]

[Signature]
Notary Public



JOINDER OF LIENOR

The undersigned, mortgagee under the Mortgage dated 03/06/2006/06/30/06, and recorded 03/14/2006 at Deed Book 2215 Page 132-103 07/11/2006 2279 Page 2279/108-114 in the office of the Register of Deeds for Oconee County, South Carolina, as amended and supplemented from time to time (the "Mortgage"), for itself and its successors and assigns, approves the foregoing Supplemental and Fifth Amendment of Declaration of Covenants, Conditions and Restrictions for Keowee Falls South Regarding The Retreat Homeowners Association and any Supplements thereto affecting the portion of The Retreat Property encumbered by the Mortgage, and agrees that no foreclosure or other enforcement of any remedy pursuant to the Mortgage shall impair, invalidate, supersede or otherwise affect the covenants, conditions, restrictions and easements established by that Declaration.

Independence National Bank

By: Wesley Wilbanks, President/Vice President

STATE OF SOUTH CAROLINA)) ss. COUNTY OF OCONEE)

The foregoing instrument was acknowledged before me this 31st day of January, 2007, by Wesley C. Wilbanks as President of Independence National South Carolina corporation. Vice President Bank

WITNESS my hand and official seal.

My commission expires 11/30/2014



[Signature] Notary Public



EXHIBIT A

THE RETREAT PROPERTY DESCRIPTION

Lots 1 -28, filed in Plat Book B139, page 9 - 10 and recorded in Oconee County Register of Deeds on May 19, 2006

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2007 FEB -2 P 3:23



EXHIBIT B

EXPANSION PROPERTY

1.

Recorded this 2 day of
Feb 2007
Vol 564 Pg 146 and Certified
Register of Deeds, Oconee County



EXHIBIT C

SHARING RATIOS AND FORMULA

Residential Unit

Sharing Ratio

The formula for Sharing Ratios is an equal allocation among all Residential Units.



EXHIBIT D

EASEMENTS AND LICENSES OF RECORD

Rights or claims of parties in possession not shown by the public records.

Easements, or claims of easements, not shown by the public records.

Discrepancies, conflicts in boundary lines, shortage in area, encroachments, and any facts which a correct survey and inspection of the premises would disclose and that are not shown by the public records.

Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

Real property taxes and assessments for the year of closing and subsequent years, a lien not yet due and payable.

Liens for unpaid water and sewer charges, if any.

[others]