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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
SOUTHWIND BAY

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Exhibit "A" Articles of Incorporation of Southwind Bay Owners Association, Inc.

Exhibit "B" Bylaws of Southwind Bay Owners Association, Inc.

Exhibit "C" Erosion Control Practices

Exhibit "D" Layout of the Community Boatslips

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
SOUTHWIND BAY**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SOUTHWIND BAY ("Declaration") is made as of the 15 day of May, 2001, by CRESCENT COMMUNITIES S.C., LLC, a Delaware limited liability company ("Declarant").

STATEMENT OF PURPOSE

Declarant is the developer and owner of certain property located in Oconee County, South Carolina, which is more particularly described on that certain map recorded in Map Book 18 Page(s) 1-4, in the Office of the Register of Deeds for Oconee County, South Carolina (the "Property"). Declarant desires to create on the Property a residential community of single-family homes to be named SOUTHWIND BAY (the "Development").

Declarant desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances and enhance the value and amenities of all properties within the Development. Furthermore, Declarant desires to provide for the construction, maintenance and upkeep of any Common Areas and related easements within the Development, all for the common use and benefit of all Owners (or, with respect to Common Areas dedicated to the use and benefit of certain Owners, to the exclusion of other Owners, the Owners benefiting from such Common Area), including, but not limited to, Street Lights, the Public Roads (prior to acceptance by Oconee County Public Works Department for public maintenance), Entrance Monument, and any medians located thereon.

Declarant desires to provide for a system whereby all Owners (or, with respect to Common Areas dedicated to the use and benefit of only certain Owners, to the exclusion of other Owners, the Owners benefiting from such Common Area) will pay for the maintenance and upkeep of any Common Areas, in accordance with an established budget set by the Board of Directors.

Declarant desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Property and each Owner.

Declarant further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Areas (except as otherwise provided in the Declaration), administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created, in order to efficiently preserve, protect and enhance the values and amenities in the Development, to ensure the residents' benefit of the specific rights, privileges and easements in the Common Areas, and to provide for the maintenance and upkeep of the Common Areas, as provided in the Declaration and the Bylaws.

To that end, Declarant has or will cause to be incorporated under South Carolina law, pursuant to the Articles of Incorporation attached as Exhibit "A" and incorporated herein by reference, SOUTHWIND BAY OWNERS ASSOCIATION, INC., as a non-profit corporation

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for the purpose of exercising and performing the aforesaid functions, said corporation to be governed by the Bylaws attached as Exhibit "B" and incorporated herein by reference.

NOW, THEREFORE, Declarant, by this Declaration, does declare that all of the Property described herein is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, which shall run with the Property and be binding on all parties owning any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

All capitalized terms used herein shall have the meanings set forth in Article I, or elsewhere in this Declaration.

Section 1.1. "Additional Property" shall mean and refer to any additional real estate adjacent or contiguous to the Property shown on the Map recorded in Map Book AS18 at page(s) 1-4 in the Office of the Register of Deeds for Oconee County, South Carolina, and any property located within four thousand (4,000) feet of any boundary of the Property shown on the above-referenced Map, all or a portion of which may be made subject to the terms of this Declaration in accordance with the provisions of Section 2.2 of this Declaration.

Section 1.2. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation for the Association attached hereto as Exhibit "A" and incorporated herein by reference.

Section 1.3. "Association" shall mean and refer to SOUTHWIND BAY OWNERS ASSOCIATION, INC., a South Carolina non-profit corporation, its successors and assigns.

Section 1.4. "Board of Directors" shall mean and refer to the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

Section 1.5. "Boatslip Lots" shall mean and refer to those interior Lots in the Development which have, as an appurtenance to the Lot, the right to use one of the assigned Community Boatslip in accordance with and as more particularly set forth in Article VI-A of this Declaration.

Section 1.6. "Bylaws" shall mean and refer to the Bylaws for the Association, substantially in the form attached as Exhibit "B" hereto and incorporated herein by reference.

Section 1.7. "Common Area" or "Common Areas" shall mean and refer to the Entrance Monument, Street Lights (to be leased), and Public Roads (prior to their acceptance for maintenance by the Oconee County Public Works Department or other governmental entity), collectively, and any other property designated on the Map as "Common Area," "Common Open Area," "Common Open Space," "COS," or other similar designation. The Common Areas shall be owned by the Association (except as otherwise provided herein) for the common use and

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benefit of all Owners. The listing and description of the components of the Common Area is illustrative of Declarant's present plans only and is not a guaranty by the Declarant or the Association that all or any part of such components will be constructed or installed by Declarant or the Association at any future time. Declarant reserves the right, but not the obligation, to provide additional Common Areas within the Subdivision, and shall have the right to designate which Owners shall be permitted to use any Common Areas or future Common Areas as set forth in Section 2.2 of this Declaration.

Section 1.8. "Community Boatlips" shall mean and refer to the ten (10) Boatlips, pier, access area, and parking area which shall be constructed by Declarant for lease to those Interior Lot Owners (as hereinafter defined) who elect to lease one of the Community Boatlips, as more particularly shown and described on the attached Exhibit D.

Section 1.9. "Declarant" shall mean and refer to Crescent Communities, S.C., LLC, and such of its successors and assigns to whom the rights of Declarant are transferred by written instrument recorded in the Office of the Register of Deeds for Oconee County, South Carolina.

Section 1.10. "Development" shall mean and refer to Southwind Bay, a single-family residential development proposed to be developed on the Property by Declarant.

Section 1.11. "Entrance Monument(s)" shall mean and refer to the easement areas reserved and granted by Declarant in Section 7.9 of this Declaration, over a portion of (a) Lot 14, and (b) the Common Area, as shown on the Map, and any monuments and entrance sign located on such easements together with lighting, an irrigation system, landscaping and other improvements which may be constructed on such easement area, to be used as an entryway for the Subdivision, and for the purposes set forth in Section 7.9.

Section 1.12. "Lot" or "Lots" shall mean and refer to the separately numbered parcels depicted on the Map.

Section 1.13. "Map" shall mean and refer to (i) the map of Southwind Bay Subdivision recorded in Map Book AS18, Page(s) 1-4, in the Office of the Register of Deeds for Oconee County, South Carolina; (ii) any maps of any portions of the Additional Property which are subjected to this Declaration, and (iii) any revisions of such map or maps recorded in the Office of the Register of Deeds for Oconee County, South Carolina.

Section 1.14. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 1.15. "Mortgage" shall mean any mortgage constituting a first lien on a Lot.

Section 1.16. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 1.17. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot within the Development, including the Declarant if it owns any Lot, but excluding those having such interest merely as security for the performance of an obligation.

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Section 1.18. "Property" shall mean and refer to the Property shown on the Map, including the Lots and Common Areas, together with any leasehold interest or easement which the Association has or may hereafter acquire in any property adjacent to the Development (including, but not limited to, any leases of any submerged land lying within the bed of Lake Keowee).

Section 1.19. "Public Roads" shall mean and refer to all roads and cul-de-sacs in the Subdivision and shown on the Map, all to be maintained by the Association as more particularly set forth in Section 4.6 of this Declaration until accepted for dedication and public maintenance by the Oconee County Public Works Department or other governmental entity.

Section 1.20. "Street Lights" shall mean and refer to those certain street lights which may be constructed upon and over the rights-of-way of the Public Roads.

Section 1.21. "Subdivision" shall mean and refer to Southwind Bay Subdivision, as the same is shown on the Map.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF THE ASSOCIATION

Section 2.1. Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and which is and shall be within the jurisdiction of the Association, is located in Oconee County, South Carolina, and is the Property as defined above and as more particularly described and shown on the Map.

Section 2.2. Additions to the Property

- (a) Declarant may cause Additional Property to be made subject to the terms and scheme of this Declaration by filing one or more Supplemental Declarations in the Office of the Register of Deeds for Oconee County, South Carolina, containing a description of the Additional Property and a statement by the Declarant of its intent to extend the operation and effect of this Declaration to the Additional Property. Declarant may, but is not obligated to, also cause common areas and recreational facilities adjacent to the Property, or within, or adjacent to, any Additional Property, to be constructed and made subject to the terms and scheme of this Declaration by the filing of one or more Supplemental Declarations describing the common area and recreational facilities to be added, and a statement by Declarant of its intent to extend the operation and effect of this Declaration to such common area and recreational facilities; and Declarant may in any such Supplemental Declaration provide for such common areas and recreational facilities to be owned, operated, repaired, replaced and maintained by the Association for the use and benefit of the Owners, or for the use and benefit of certain Owners to the exclusion of other Owners, and for the expense thereof to be paid by the Owners or such group or groups of Owners as shall be entitled to

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use such common area and recreational facilities. Notwithstanding the foregoing, the covenants and restrictions established herein as applied to, or imposed upon, the Additional Property may be altered or modified by the filing of one or more Supplemental Declarations as provided in Subparagraph (b) below.

- (b) Any Supplemental Declaration may contain complementary additions to the covenants and restrictions contained herein as may be necessary in the judgment of the Declarant to reflect the different character of the Additional Property. In no event, however, shall any Supplemental Declaration revoke or modify the covenants and restrictions contained herein with respect to the Property, nor revoke or modify the covenants and restrictions established by previously filed Supplemental Declarations, without meeting the requirements for Amendment set forth in Section 11.3 of this Declaration, except as may be otherwise specifically set forth herein. Notwithstanding the foregoing, Declarant or the Association shall have the right, without meeting the requirements for Amendment set forth in Section 11.3 of this Declaration, to amend this Declaration to reconfigure any proposed piers, boatslips (including the Community Boatslips) or Common Areas to reflect the actual final configuration of such areas and the "as-built" construction of such amenities.

ARTICLE III

PROPERTY RIGHTS

Section 3.1. Ownership of Common Areas. Declarant shall convey or grant to the Association in fee simple title or by easement therein, the Common Areas, to be owned or held and maintained by the Association. Declarant reserves the right to construct (i) the Entrance Monument(s) to be located at the entrance to the Development; and (ii) the Public Roads, as reflected on the Map, for the use and benefit of the Owners who are entitled to the use of such Common Areas as provided in this Declaration. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and benefit of the public (with the exception of the Public Roads, which will eventually be accepted for public dedication and maintenance by the Oconee County Public Works Department or other governmental entity).

Section 3.2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas, and such right shall be appurtenant to and conveyed with title to such Owner's Lot, subject to the following:

- (a) the right of the Association to promulgate and enforce reasonable regulations governing the use of the Common Areas to insure the availability of the right to use the Common Areas to the Owners and the safety of all Owners on the Common Areas;
- (b) the right of the Association to suspend the voting rights of an Owner in the Association and the right of the Association to suspend the right to use certain or all of the Common Areas by an Owner for any period during which any

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Assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

- (c) the right of the Declarant or the Association to grant utility, drainage and other easements across the Common Areas;
- (d) the right of the Declarant or the Association to restrict the use of certain Common Areas to certain designated Owners as shall be described in this, Declaration or any amendments or supplements; and
- (e) the provisions of Article VII of this Declaration.

Section 3.3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, the Owner's right of enjoyment to the Common Areas and facilities located thereon to the members of the Owner's family, his guests, his tenants, or his invitees.

Section 3.4. Rights in the Public Roads. Each Owner, the Declarant and the Association shall further have and are hereby granted a perpetual, non-exclusive right, in common with the general public, to use the Public Roads for the purpose of providing access to and from each Lot and the Common Areas. Declarant, the Association or individual Owners shall be responsible for petitioning the Oconee County Public Works Department to accept the Public Roads for public maintenance at the appropriate time. Notwithstanding the foregoing, Declarant shall have the right, but not the obligation, to maintain the Public Roads at its cost and expense prior to acceptance for public maintenance by the Oconee County Public Works Department, as described in the Declaration.

Section 3.5. Community Boatslips. Subject to and contingent upon the approval of the Federal Energy Regulatory Commission ("FERC"), Duke Energy Corporation and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct all of the Community Boatslips (including all improvements located thereon), in the approximate locations shown on the Map or as otherwise shown in any Supplemental Declaration or other document which may be filed pursuant to the provisions of this Declaration. Declarant shall not construct more Community Boatslips than are approved by Duke Energy Corporation pursuant to Declarant's Boatslip permit request for the Subdivision. Notwithstanding any term or provision in this Declaration to the contrary, the Community Boatslips, to the extent available, will be offered to Owners of Interior Lots on a first come, first served basis; thereafter, on such basis as Declarant shall determine in Declarant's sole discretion.

Section 3.6. Lease of Community Boatslips. Following the construction of the Community Boatslips, each of the Community Boatslips may be leased by Declarant to the Owners of certain Interior Lots and transferred among Owners as follows:

- (a) Pursuant to that certain Boatslip lease form provided by Declarant (the "Boatslip Lease"), Declarant, in its sole discretion, may lease one of the Community Boatslips to the Owner of any Interior Lot. Each Boatslip Lease shall be appurtenant to the ownership of the applicable Interior Lot and shall only be assigned as provided below. The Boatslip Lease shall include the right to use the

assigned Boatslip and the pier, access area, and parking area in common with the other Boatslip Lot Owners.

- (b) The Lot to which a Boatslip Lease is appurtenant shall thereafter be a Boatslip Lot. Once entered into between Declarant and the Boatslip Lot Owner, the relevant Boatslip Lease shall not be separated from the ownership of the Boatslip Lot to which it is appurtenant but rather, shall run with the title to such Boatslip Lot unless and until such Boatslip Lease is assigned by the Boatslip Lot Owner to another Interior Lot Owner in accordance with subsection 3.6 (c). In this regard, provided the applicable Boatslip Lease has not been previously assigned in accordance with subsection 3.6 (c), any conveyance by a Boatslip Lot Owner of its ownership interest in a Boatslip Lot shall automatically assign to the transferee of such ownership interest all rights and duties of said Boatslip Lot Owner under the Boatslip Lease; provided, however, in such event, the Boatslip Lot Owner and the transferee of the Boatslip Lot Owner's ownership interest in the Boatslip Lot shall immediately execute and record an instrument in the Office of the Register of Deeds of Oconee County, South Carolina, sufficient to provide record evidence of such assignment (a recorded copy of which instrument shall be provided to Declarant, as lessor, and the Association). Any Mortgage or other encumbrance of a Boatslip Lot shall also encumber the Boatslip Lease appurtenant thereto, even if not expressly included therein. Provided, however, no Mortgagee or other person claiming by, through or under any Mortgage shall by virtue thereof acquire any greater rights in the relevant Boatslip than the Boatslip Lot Owner may have under the Boatslip Lease at the time of such encumbrance; and provided further, such Mortgage or other instrument of encumbrance, and the indebtedness secured thereby, shall at all times be and remain subordinate and subject to all of the terms and conditions of the Boatslip Lease and to all of the rights of Declarant (as lessor) thereunder. Any successor to a Boatslip Lot Owner's interest in a Boatslip Lease, whether such interest is acquired by sale, assignment, foreclosure, deed in lieu of foreclosure, execution or otherwise, shall take such interest subject to all of the terms, covenants, conditions, duties, and obligations of such Boatslip Lot Owner under the Boatslip Lease, shall be deemed to have attorned to Declarant (as lessor) and shall execute an attornment agreement upon the request of Declarant (as lessor).
- (c) Any Boatslip Lease may be assigned by the relevant Boatslip Lot Owner only to another Interior Lot Owner. Upon such assignment, the Boatslip Lot Owner and the assignee of such Boatslip Lot Owner's interest in the Boatslip Lease shall immediately execute and record an instrument in the Office of the Register of Deeds of Oconee County, South Carolina (a recorded copy of which shall be provided to Declarant, as lessor, and the Association), sufficient to provide record evidence of such assignment. Following such assignment, the assignor's Interior Lot shall automatically cease to be a Boatslip Lot and the assignee's Interior Lot shall thereafter be a Boatslip Lot (until further assignment of said assignee's lease rights), in which case the relevant Boatslip Lease shall then run with the title to such Boatslip Lot as set forth herein. No Boatslip Lease shall be separated from

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the ownership of any Interior Lot and assigned to anyone or any entity other than another Owner in accordance with this subsection 3.6(c) and the Declaration.

Section 3.7. Use of Community Boatslips. Declarant (or Association) shall have the right to use Boatslips not leased to another Owner and shall have the obligation to pay Boatslip, Supplemental Boatslip and Special Boatslip Assessments on any Boatslips constructed by Declarant and actually used by Declarant and not leased to another Owner. Declarant (or Association) shall not be required to pay Boatslip, Supplemental Boatslip and Special Boatslip Assessments for any Boatslips not actually used by Declarant (or Association). At Declarant's option, Declarant shall be entitled to assign all rights and duties of Declarant under any Boatslip Lease and/or the Duke Lease (as defined below) to any person or entity, including, without limitation, the Association, whereupon Declarant shall have no further rights, duties, obligations or liabilities thereunder.

- (a) In the event that any of the Community Boatslips is not leased as an appurtenance to a Boatslip Lot, the unleased Boatslip(s) may be retained by Declarant and the Association for the common use and enjoyment of only the Owners of Boatslip Lots, their families, guests and invitees, for the purpose of temporarily docking boats, and may not be leased or otherwise transferred by Declarant to, or used by, any other party or the public.
- (b) The use of the Community Boatslips is and shall be subject to each of the following:
 - (i) rules and regulations for use promulgated by Declarant and/or Association;
 - (ii) all laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon;
 - (iii) rules and regulations for use established by Duke Energy Corporation, its successors and assigns; and
 - (iv) the terms and provisions of that certain Lease Agreement between Duke Energy Corporation and Declarant (the "Duke Lease") pertaining to the lease of the lake bed underlying the Boatslips (a copy of said Duke Lease is attached to the Boatslip Lease form).
- (c) The Board of Directors, pursuant to the Bylaws attached as Exhibit "B", shall adopt rules and regulations governing the use of the Community Boatslips and the personal conduct thereon of the Members owning Boatslip Lots and their families, guests and invitees. Should Members owning Boatslip Lots desire to amend such rules and regulations, then a meeting of the Members owning Boatslip Lots may be called and held, in accordance with the terms and provisions of the Bylaws, for the purpose of voting to amend such rules and regulations. If such a meeting is duly called and held, the Boatslip Lot Owners may direct the Board of Directors to make such amendments to the rules and regulations governing the use of the Community Boatslips, including additions to and deletions of portions of such

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rules and regulations, as are approved by a vote of the Members owning Boatslip Lots in accordance with the terms and provisions of the Bylaws, and as are permitted under the Duke Lease and as are consented to by Declarant so long as Declarant is the Owner of any Lot. The Community Boatslips may only be installed by Declarant.

- (d) The pier, access area and parking area which are part of the Community Boatslips may only be used by Owners of Boatslip Lots, their families, guests and invitees. Each Boatslip may only be used by the Owner(s) of the Boatslip Lot to which such Boatslip is appurtenant, their families, guests and invitees.

ARTICLE IV

THE ASSOCIATION

Section 4.1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and shall be governed by the Bylaws, attached as Exhibit "B" and incorporated by this reference.

Section 4.2. Classes of Lots and Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

- (a) Class A Lots. Class A Lots shall be all Lots, except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of the Lot to one (1) vote for each Class A Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Class A Lot.
- (b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with Declarant. Declarant shall be entitled to four (4) votes for each Class B Lot owned by it.

Section 4.3. Relinquishment of Control. The Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier:

- (a) when the number of votes in the Class A membership held by Owners occupying homes in the Subdivision on a full-time basis exceeds the total number of votes outstanding in the Class B membership; or
- (b) upon the expiration of ten (10) full years after the recordation of this Declaration; or

- (c) upon the election of Declarant, in its sole discretion, to terminate its Class B Membership and to convert the Class B Lots to Class A Lots. Any such election, to be effective, must be in writing and recorded in the Office of the Register of Deeds for Oconee County, South Carolina.

Section 4.4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development as well as its own books, records, and financial statements which will be available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 4.5. Management Contracts. The Association is authorized to engage the services of any person, firm or corporation to act as managing agent of the Association at a compensation level to be established by the Board of Directors and to perform any or all of the powers and duties of the Association. Provided, however, that the term of any such agreement with a managing agent shall not exceed one (1) year and shall only be renewed by agreement of the parties for successive one (1) year terms. Any such contract shall be terminable by the Association, with or without cause upon ninety (90) days prior written notice to the manager, without payment of a termination fee.

Section 4.6. Maintenance. Prior to their acceptance for public maintenance, the Public Roads shall be maintained by the Association, provided that the Declarant, in its sole discretion, has the right to reimburse the Association for maintenance costs until the Public Roads are accepted for maintenance by the Oconee County Public Works Department or other governmental entity. Such maintenance shall include repair and reconstruction, when necessary. Maintenance of the Public Roads shall conform to the standard of maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Roadways for maintenance.

The Common Areas shall be maintained as more particularly described below:

- (a) Maintenance of the Entrance Monument(s) shall include maintenance, repair and reconstruction, when necessary, of the monuments, signage, irrigation, planters and lighting located thereon, and providing and paying for landscaping and utility charges for irrigation and lighting of the monuments and signage located thereon (if any).
- (b) All Common Areas (and all improvements located thereon) shall be clean and free from debris and maintained in an orderly condition, together with the landscaping thereon (if any) in accordance with the highest standards for private parks, including any removal and replacement of any landscaping, utilities, or improvements located thereon.
- (c) Maintenance of the Public Roads shall conform to the standard of maintenance (if one is ascertainable) which would be required by the Oconee County Public

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Works Department or other governmental entity before it would accept such Public Roads for maintenance. The Public Roads shall be maintained by the Association until the Public Roads are accepted for maintenance by the Oconee County Public Works Department or other governmental entity.

- (d) The Association shall not be responsible for the maintenance of any Lot or any portion of any Lot or the improvements within the boundaries thereof, with the exception of the Entrance Monument(s) if located on any Lot. The Owners of such Lots shall be responsible for same.

Section 4.7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund (the "Reserve Fund") for the periodic maintenance, repair, reconstruction and replacement of the Common Areas and any improvements located on such Common Areas (including, but not limited to the Public Roads prior to acceptance for public maintenance) which the Association is obligated to maintain and in order to fund unanticipated expenses of the Association or to acquire equipment or services deemed necessary or desirable by the Board of Directors. Such reserve fund shall be collected and maintained out of the Annual Assessment as hereinafter defined, and as set forth in Section 5.2.

ARTICLE V

COVENANT FOR ANNUAL AND SPECIAL ASSESSMENTS

Section 5.1. Creation of the Lien and Personal Obligation for Annual, Supplemental Annual, Special and Special Individual Assessments. Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the Annual Assessments, Supplemental Annual Assessments, Special Assessments and Special Individual Assessment, as hereinafter defined (collectively, "Assessments"), and established and collected as hereinafter provided. Any such Assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such Assessment or charge is made. Each such Assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 5.2. Purpose of Annual Assessment. The Assessment to be levied annually by the Association against each Lot ("Annual Assessment") shall be used as follows:

- (a) to repair, maintain, reconstruct (when necessary), keep clean and free from debris, the Common Areas, including but not limited to the Street Lights and the Entrance Monument(s), and to maintain the landscaping thereon in accordance with the highest standards for private parks, including any necessary removal or replacement of landscaping, as more particularly set forth in Section 4.6 of this Declaration;

- (b) to maintain and repair or caused to be maintained the Public Roads to the standards of the maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Public Roads for maintenance, as more particularly set forth in Section 4.6 of this Declaration;
- (c) to pay all costs associated with the lease of the Street Lights, including but not limited to, monthly lease payments and utility costs;
- (d) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;
- (e) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws; and
- (f) to maintain contingency reserves as to the amounts described in subsections (a) and (b) above for the purposes set forth in Section 4.7 hereof in amounts as determined by the Board of Directors.

Section 5.3. Payment of Annual Assessment; Due Dates. The Annual Assessment provided for herein shall commence as to each Lot on January 1, 2002. The initial Annual Assessment, and the Annual Assessment for the calendar year beginning January 1, 2002 shall be Five Hundred Dollars (\$500.00) per Lot, which amount shall be due and payable in full no later than January 30, 2002, and pro-rated on a calendar year basis. The Annual Assessment for each and every year beginning January 1 thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 5.4, and shall be due and payable in one (1) annual installment, such installment being due and payable no later than January 31st of each such year. The Board of Directors shall fix the amount of the Annual Assessment as to each Lot for any calendar year at least thirty (30) days prior to January 1st of such calendar year, and the Association shall send written notice of the amount of the Annual Assessment, as well as the amount of the installment due, to each Owner on or before January 1st of such calendar year. The failure of the Association to send, or of an Owner to receive, such notice shall not relieve any Owner of its obligation to pay the Annual Assessment. Notwithstanding the foregoing, the Board of Directors may alter the dates of the fiscal year for setting the Annual Assessment and may increase or decrease the frequency of collection of Annual Assessment installments in any reasonable manner.

Section 5.4. Maximum Annual Assessment.

- (a) For years following the first year of the Annual Assessment and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84 = 100) ("CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then there shall be used the

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index most similar to the CPI which is published by the United States Government indicating changes in the cost of living. If the Annual Assessment is not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Annual Assessment may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members.

- (b) From and after the first year of the Annual Assessment, the maximum annual assessment may be increased above the maximum amount set forth in subparagraph (a) of this Section 5.4 by a vote of no less than two-thirds (2/3) of the eligible Members who are voting in person or by proxy, or at the annual meeting or at a meeting duly called for this purpose, in accordance with the Bylaws.
- (c) The Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum set forth in subparagraph (a) of this Section 5.4 (the "Maximum Annual Assessment"). If the Board of Directors shall levy less than the Maximum Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board of Directors may, without a vote of the Members, but in accordance with the Bylaws, levy a supplemental Annual Assessment ("Supplemental Annual Assessment"). In no event shall the sum of the Annual Assessment and Supplemental Annual Assessment for any year exceed the applicable Maximum Annual Assessment for such year other than as set forth in Section 6.3.

Section 5.5. Special Assessment for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any calendar year, a special assessment ("Special Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of (i) the construction of any Common Area improvements which are not originally constructed by Declarant; or (ii) the reconstruction, repair or replacement of the Common Areas, including but not limited to the Public Roads (prior to acceptance for public maintenance), Entrance Monument, and Street Lights, including all improvements located thereon, and including fixtures and personal property related thereto. Provided, however, that any such Special Assessment must be approved by a vote of no less than two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5.6. Special Individual Assessment. In addition to the Annual Assessments, Supplemental Assessments, and Special Assessments authorized above, the Board of Directors shall have the power to levy a special assessment applicable to any particular Lot Owner ("Special Individual Assessment") (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, including the Public Roads, Entrance Monument, and all improvements located thereon, whether occasioned by any act or omission of such Owner(s), members of such Owner's family, or such

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Owner's agents, guests, tenants, employees, or invitees and not the result of ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against any particular Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, that Declarant shall not be obligated to pay any Special Individual Assessment, except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 5.6 shall be fixed in the Board of Directors' resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) at least thirty (30) days prior to the date such Special Individual Assessment is due.

Section 5.7. Assessment Rate.

- (a) Subject to the exception set forth in subsection (b) below, the Annual, Assessments, Supplemental Annual Assessments, and Special Assessments must be fixed at a uniform rate for all Lots; and
- (b) Annual Assessments, Supplemental Annual Assessments and Special Assessments for each Lot owned by Declarant and unoccupied as a residence shall be one-third (1/3) of the Annual Assessment, Supplemental Annual Assessments and Special Assessments for each other Lot in the Subdivision not owned by Declarant.

ARTICLE VI

GENERAL ASSESSMENT PROVISIONS

Section 6.1. Certificate Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 6.2. Effect of Nonpayment of Assessments; Remedies of the Association. Assessment (or installment thereof) not paid by its due date, shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been established by the Board of Directors to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner or foreclose the lien against the Lot and the right to use the Common Areas, and interest, late payment charges, costs and reasonable attorneys' fees related to such action or foreclosure shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by not using the Common Areas, or by abandoning his Lot.

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Section 6.3. Subordination of the Lien to Mortgages. The lien of the Assessments provided for in Articles V, VI, VI-A and VI-B of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot or any Mortgage to CLT Development Corp. Sale or transfer of any Lot shall not affect the Assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, however, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. Provided, however, that the Board of Directors may in its sole discretion determine such unpaid Assessments to be collectable pro rata from all Owners, including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners, notwithstanding the fact that such pro rata portions may cause the applicable Assessment (as applicable), to be in excess of the applicable Maximum Assessment amount permitted hereunder. No sale or transfer shall relieve the purchaser of such Lot from liability for any Assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any Mortgage as above provided.

ARTICLE VI-A

COVENANT FOR BOATSLIP, SUPPLEMENTAL BOATSLIP AND SPECIAL BOATSLIP ASSESSMENTS

Section 6A.1. Creation of the Lien and Personal Obligation for Boat Slip, Supplemental Boat Slip and Special Boat Slip Assessments. Declarant, for each Boat Slip Lot owned within the Property, hereby covenants, and each Owner of any Boat Slip Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by entering into a Boat Slip Lease (or an assignment thereof) for a Boat Slip as an appurtenance to such Owner's Lot as more particularly set forth in Section 3.6 of this Declaration is deemed to covenant and agree to pay to the Association, in addition to the Annual, Supplemental Annual and Special Assessments provided for herein, Boat Slip Assessments, Supplemental Boat Slip Assessments and Special Boat Slip Assessments, as hereinafter defined, for maintenance and repair costs of the Community Boat Slips (including all improvements thereon) established and collected as hereinafter provided. Any such assessment or charge, together with interest costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Boat Slip Lot against which each such Assessment or charge is made and upon the right to use the Boat Slip appurtenant to such Boat Slip Lot, along with the non-exclusive right to use the pier, access area and parking area which comprise the Community Boat Slips. Each such Assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Boat Slip Lot effective at the time when the assessment falls due. The personal obligation for delinquent Assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Boat Slip Lot against which such Assessments or charges are made.

Section 6A.2. Purpose of Boat Slip Assessments. The assessments to be levied annually by the Association against each Boat Slip Lot (the "Boat Slip Assessments") shall be used as follows:

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- (a) to clean, maintain, repair and reconstruct when necessary, the Community Boatslips, including all lighting and other fixtures, wires, railings and other facilities located thereon (if any), all as more particularly set forth in this Declaration;
- (b) to provide and pay for lighting of and water service to the Community Boatslips (if any) to the extent necessary for the safety and enjoyment of the users thereof;
- (c) to pay all ad valorem taxes levied against the Community Boatslips and any other property owned by the Association in connection therewith;
- (d) to pay all lease payments, if applicable, to Duke Energy Corporation for the lease of the land on which the Community Boatslips is located;
- (e) to pay the premiums on all insurance carried by the Association in connection with the Community Boatslips (including all improvements located thereon) pursuant hereto or pursuant to the Bylaws;
- (f) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws in connection with the Community Boatslips (including all improvements located thereon); and
- (g) to maintain reserves for the purposes set forth in Article IV, Section 7 hereof in amounts as determined by the Board of Directors.

Section 6A.3. Payment of Boatslip Assessments; Due Dates. The Boatslip Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Boatslip Lot (to which a completed Boatslip is appurtenant), and shall be due and payable thirty (30) days following the lease of a completed Boatslip to a Boatslip Lot as set forth in Section 3.6 of this Declaration (such Assessment shall be prorated from the date of such lease through the remainder of the calendar year for which such assessment is due). Notwithstanding the foregoing, no Boatslip Assessments shall be due prior to January 1, 2002. The initial Boatslip Assessments applicable to all Boatslip Lots (for the calendar year in which the first lease of a completed Boatslip is executed) shall be Three Hundred Seventy-Five Dollars (\$375.00) per Boatslip Lot. Boatslip Assessments for each and every year thereafter shall be payable no later than January 31 of such year. The Boatslip Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 6.4, and shall be due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Boatslip Assessment as to each Boatslip Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Boatslip Assessment to each Boatslip Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 6A.3 shall not relieve the Owners of their liability for Boatslip Assessments. Notwithstanding the foregoing, the Board of Directors may alter the dates of the fiscal year for setting the Boatslip Assessments, and may increase or

decrease the frequency of the collection of the Boatslip Assessments (or installments thereof) in any reasonable manner.

Section 6A.4. Maximum Boatslip Assessment.

- (a) For years following the first year of Boatslip Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, (without a vote of the Members who are Owners of Boatslip Lots), may increase the Boatslip Assessment each year by a maximum amount equal to the previous year's Boatslip Assessment times the greater of (i) ten percent (10%); or (ii) the annual percentage increase in the CPI issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then there shall be used the index most similar to the CPI that is published by the United States Government indicating changes in the cost of living. If the Boatslip Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed, and the Boatslip Assessment may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members who are Owners of Boatslip Lots.
- (b) From and after the first year of Boatslip Assessments, the Boatslip Assessments may be increased without limitation if such increase is approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boatslip Lots.
- (c) The Board of Directors may fix the Boatslip Assessments at an amount not in excess of the maximum amount set forth in subparagraph (a) of this Section 6A.4 (the "Maximum Boatslip Assessment"). If the Board of Directors shall levy less than the Maximum Boatslip Assessment for any calendar year and thereafter, during such year, determine that the important and essential functions of the Association as to the Community Boatslips cannot be funded by such lesser assessment, the Board may, by a vote in accordance with the Bylaws, levy a supplemental Boatslip Assessment (the "Supplemental Boatslip Assessment"). In no event shall the sum of the Boatslip Assessments and Supplemental Boatslip Assessments for any year exceed the applicable Maximum Boatslip Assessment for such year other than as set forth herein.

Section 6A.5. Special Assessments for Boatslip Improvements. In addition to the Boatslip Assessments authorized above, the Association may levy, in any assessment year, a special Boatslip Assessment (the "Special Boatslip Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of any reconstruction, repair or

replacement of the Community Boatlips, and any capital improvement located thereon, including lighting, water lines and other fixtures, poles, wires, railings and other facilities located thereon and personal property related thereto. Provided, however, (i) any such Special Boatlip Assessment must be approved by Declarant (so long as Declarant owns any part of the Property) and by a vote of a majority of the votes appurtenant to the Boatlip Lots, and (i) any such Special Boatlip Assessment may be levied only against the Owners of Boatlip Lots.

Section 6A.6. Assessment Rate.

- (a) Except as set forth in subsection (b) below, Boatlip, Supplemental Boatlip and Special Boatlip Assessments must be fixed at a uniform rate for all Boatlip Lots.
- (b) Boatlip, Supplemental Boatlip and Special Boatlip Assessments for each Boatlip Lot owned by Declarant shall be one-third (1/3) of the Boatlip, Supplemental Boatlip and Special Boatlip Assessments for each other Boatlip Lot in the Subdivision not owned by Declarant.

ARTICLE VI-B

COVENANT FOR SEPTIC SYSTEM ASSESSMENTS

Section 6B.1. Creation of the Lien and Personal Obligation for Septic System Assessments. Declarant, for each Lot owned within the Property hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association, in addition to the Annual, Supplemental Annual, Special and Special Individual Assessments provided for herein, Septic System Assessments, as hereinafter defined, for the inspection of each Lot Owner's Septic System. Any such Assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such Assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner effective at the time when the assessment falls due. The personal obligation for delinquent Assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Lot against which such Assessments or charges are made.

Section 6B.2. Purpose of Septic System Assessments. The assessments to be levied annually by the Association against each upon which a septic system has been constructed (the "Septic System Assessments") shall be used to inspect each Lot Septic System to ensure such Septic Systems are in compliance with any requirements imposed by the Association or any governmental authority.

Section 6B.3. Payment of Septic System Assessments; Due Date. The Septic System Assessments provided for herein shall be payable, annually, in advance, and shall commence as to each Lot, and shall be due and payable thirty (30) days following the completion of

construction on each Lot. The initial Septic System Assessments applicable to all Lots (for the calendar year in which construction is completed on such Lot) shall be Two Hundred Seventy-Five Dollars (\$275.00) per Lot for the first year. Thereafter, the Septic System Assessments shall be One Hundred Seventy-Five Dollars (\$175.00) per year. Septic System Assessments for each and every year thereafter shall be payable no later than January 31 of such year. The Septic System Assessments for each and every year thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 6B.4 and shall be due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Septic System Assessment as to each Lot for any year at least thirty (30) days prior to January 1 of such year, and the Association shall send written notice of the amount of the Septic System Assessment to each Lot Owner on or before January 5 of such year. Failure of the Association to send the notice described in this Section 3 shall not relieve the Owners of their liability for Septic System Assessments. Notwithstanding the forgoing, the Board of Directors may alter the dates of the fiscal year for setting the Septic System Assessments, and may increase or decrease the frequency of the collection of the Septic System Assessments (or installments thereof) in any reasonable manner.

Section 6B.4. Maximum Septic System Assessment.

- (a) For years following the first year of Septic System Assessments and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, without a vote of the Members, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84 = 100) (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, then the index most similar to the CPI (published by the United States Government indicating changes in the cost of living) shall be used. If the Septic System Assessments are not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Septic System Assessments may be increased by that amount in a future year, in addition to the maximum increase permitted under the terms of the preceding sentence for such future year, by a vote of the Board of Directors, without a vote of the Members.
- (b) From and after the first year of Septic System Assessments, the maximum annual assessment may be increased above the maximum amount set forth in subparagraph (a) of this Section 6B.4 by a vote of a majority of the votes appurtenant to the Lots which are then subject to this Declaration, plus the written consent of Declarant (so long as Declarant owns any part of the Property).
- (c) The Board of Directors may fix the Septic System Assessment at an amount not in excess of the maximum set forth in Subparagraph (a) of this

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Section 6B.4 (the "Maximum Septic System Assessment"). If the Board of Directors shall levy less than the Maximum Septic System Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by vote in accordance with the Bylaws, levy a supplemental Septic System Assessment ("Supplemental Septic System Assessment"). In no event shall the sum of the Septic System and Supplemental Septic System Assessments for any year exceed the applicable Maximum Septic System Assessment for such year other than as set forth herein.

Section 6B.5. Assessment Rate.

- (a) Subject to the exception set forth in subsection (b) below, Septic System Assessments and Supplemental Septic System Assessments must be fixed at a uniform rate for all Lots.
- (b) Septic System Assessments for each Lot owned by Declarant shall be one-third (1/3) of the Septic System Assessments and Supplemental Septic System Assessments for each other Lot in the Subdivision not owned by Declarant.

ARTICLE VII

RESTRICTIONS

Section 7.1. Land Use, Building Type and Residential Restriction. All Lots in the Subdivision shall be known and described as residential lots and shall be used only for private residential and recreational purposes. No structure shall be erected, altered, placed or permitted to remain on any Lot other than for use as a single family residential dwelling, unless otherwise provided herein, and only one single-family residential dwelling not exceeding 2½ stories in height above ground shall be erected or permitted to remain upon any Lot. No log cabin (or structure resembling a log cabin, or having the architectural characteristics of a log cabin), mobile home, modular home or shell home may be erected or permitted to remain on any Lot. A private garage (not exceeding three (3) car capacity), outbuildings, fixed piers and floating boat dock facilities incidental to the residential use of the Lot are expressly permitted upon the condition that they are not rented, leased nor otherwise used for remuneration, subject to the other covenants and restrictions contained herein. No detached garage or outbuildings shall at any time be used as a residence. Any ownership or leasing arrangement for a Lot having the characteristics of a vacation time-sharing ownership plan, a vacation-time-sharing lease plan or other form of shared or interval ownership is expressly prohibited. Furthermore, no boat (including a houseboat), whether existing on a Lot or docked at a fixed piers or floating boat dock which is appurtenant to any Property in the Subdivision, may at any time be used as a residence.

Section 7.2. Dwelling Size. The square footage requirements hereinafter set forth refer to enclosed heated floor area and are exclusive of the area in unfinished basements, unheated

porches of any type, attached or detached garages, carports, any type of porte cochere, and unheated storage areas, decks or patios. Any one (1) story dwelling erected upon any Lot shall contain not less than one thousand six hundred (1,600) square feet; any multi-story dwelling shall contain not less than one thousand eight hundred (1,800) square feet and the first floor shall contain not less than one thousand (1,000) square feet.

Section 7.3. Building Construction and Quality. All buildings and outbuildings erected upon any Lot shall be constructed of new material of good grade, quality and appearance and shall be constructed in a proper, workmanlike manner. No single-family residential dwelling with a sales price of less than One Hundred Fifty Thousand Dollars (\$150,000.00) (in terms of 2001 dollar value), exclusive of the cost of the Lot, shall be permitted on any Lot, unless approved in advance in writing by Declarant or the Board of Directors. No building shall be erected unless it is completely underpinned with a solid brick, brick or stone-covered block or stucco foundation. The exterior surface of any building shall not be of asbestos shingle siding, imitation brick or stoneroil siding, or exposed concrete or cement blocks. The exterior surface of any garage, outbuilding or appurtenant structure or building erected on or located on any Lot shall be architecturally compatible with, and of material and construction comparable in cost and design to, the exterior surface of the dwelling located on said Lot. All buildings shall have roofs (except for dormers, porches and bay windows) of not less than six (6) vertical by twelve (12) horizontal pitch, and not less than twelve (12) inch overhang, covered with slate, cedar shakes, tile composition (fiberglass), or architectural (sculpted) shingles. Tin or rolled roofing material is not permitted. The exterior of all houses and other structures on the Lot must be completed within one (1) year after the commencement of construction, except where such completion is impossible due to strikes, fires, national emergency or natural calamities or other similar "force majeure" events beyond the control of the Owner.

Section 7.4. Temporary Structures: Structure Materials. No residence or building of a temporary nature shall be erected or allowed to remain on any Lot, and no metal, fiberglass, plastic, vinyl or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic, vinyl or canvas structure shall be placed or effected on any Lot or attached to any residence. Provided, however, that nothing herein shall prohibit Declarant from erecting or moving temporary buildings or trailers onto the Lots owned by Declarant, to be used for storage or for construction or sales offices.

Section 7.5. Building Setback Lines. No building on any Lot (including any stoops, porches, or decks) shall be erected or permitted to remain within the front (street right-of-way) or side abutting right-of-way (for a corner Lot) building setback lines as noted on the Map. Notwithstanding any rear setback restrictions noted on the Map, no building, including stoops, porches or decks (whether attached or unattached) shall be erected or permitted to remain nearer than fifty (50) feet to the rear (waterside) lot line of any Lot adjoining the waters of Lake Keowee. For purposes of this restriction, the waterside lot line shall mean the contour line of Lake Keowee as noted on the Map. Boathouses, piers and dock facilities are exempt from the rear setback restrictions provided they comply with the provisions set forth in Section 7.22. The foregoing notwithstanding, gazebos or similar minor aesthetic improvements may encroach within the rear setback, including the fifty (50) foot waterside setback, provided that they: (i) are single story; (ii) contain less than one hundred fifty (150) square feet; and (iii) are not enclosed by walls or other surfaces unless such surfaces meet the openness test established for perimeter

fencing in Section 7.11. Similarly, front, side or rear entryways which (i) are connected to the residence and (ii) are not covered or enclosed in any manner, may encroach within the front, side, rear, or fifty-foot waterside setback.

In the event any zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation applicable to a Lot shall prescribe greater setbacks, then all buildings erected during the pendency of that zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation shall conform to said requirements. No masonry mailboxes or other structures or improvements may be constructed or placed within the right-of-way of any of the Public Roads (so as to prevent such Public Roads from being accepted for maintenance by the Oconee County Public Works Department or other applicable governmental entity). Declarant hereby reserves the right and easement, benefiting Declarant and the Association and burdening the Property, to go upon any Lot or other portion of the Property in order to remove any mailboxes or other structures or improvements constructed within the right-of-way of any Public Road which will prevent such Public Road from being accepted for maintenance by the Oconee County Public Works Department or other applicable governmental entity. Should Declarant or the Association exercise its easement rights pursuant to the terms of this Section 7.5; the Owner of the nonconforming Lot shall reimburse Declarant or the Association (as applicable) within five (5) business days following the submission of an invoice for any costs or expenses incurred by Declarant or the Association. The exercise or nonexercise of the easement rights contained in this Section 7.5 shall be subject to the discretion of the Declarant and the Association and neither Declarant nor the Association shall have the obligation to exercise such rights.

The Association shall have the authority but not the obligation, in its sole discretion, to bring a Special Individual Assessment against an Owner who fails to abide by the terms of this Section 7.5, as well as the expenses to be reimbursed Declarant in the event that Declarant seeks to cure any such violation, and shall be subject to the Association's assessment collection remedies as specified in Article VI of the Declaration.

Section 7.6. Minor Setback Violations. In the event of the unintentional violation of any of the building setback covenants set forth above, in the amount of ten percent (10%) or less of the setback covenant in question, Declarant reserves the right, which right shall be vested in and may be exercised by the Association after Declarant's Class B Membership in the Association has converted to Class A Membership, but is not obligated, to waive in writing such violation of the setback covenants upon agreement of the Owner of the Lot upon which the violation occurs and the Owner of any Lot adjoining the violated setback, provided that such change is not in violation of any zoning or subdivision ordinance or other applicable law or regulation or, if in violation, provided that a variance or other similar approval has been received from the appropriate governmental authority.

Section 7.7. Combination or Subdivision of Lots. Except as otherwise set forth herein, no Lot shall be subdivided by sale or otherwise so as to reduce the Lot area shown on the Map. However, a Lot Owner may combine with a portion or all of another contiguous Lot so long as the parcel or parcels which result from such combination do not violate any applicable zoning ordinance or other applicable law or regulation. In the event that two or more Lots are completely combined so as to create one parcel, the resulting parcel shall be considered as one

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Lot for the purposes of this Article VII, but shall continue to be considered as two Lots for all other purposes (including voting and Assessments). Furthermore, the Owner of any Lot which combines with all or a portion of a contiguous Lot shall be solely responsible for any costs which may result from such combination, including the costs of relocating any existing easements. Notwithstanding the foregoing, Declarant reserves the right to change the boundaries or dimensions of any Lots still owned by Declarant as may be needed to meet septic system requirements or for any other reason and any Lot or Lots which result from such change by Declarant shall not be subject to any additional assessment.

Section 7.8. Utility Easements. Declarant reserves easements for the installation and maintenance of utilities (electricity, septic system, water, gas, telephone, cable T.V., etc.) and drainage facilities over the front and rear ten (10) feet of each Lot (with the exception of the Lots along the waters of Lake Keowee, which will not have a ten [10] foot easement over the rear of each such Lot [i.e., waterside]) and five (5) feet in width along each side lot line of each Lot. Additional drainage easements and utility easements are reserved as more particularly shown and delineated on the Map and in other recorded easement documents. Within such easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of each Lot shall maintain that portion of the Lot lying within the easement areas as defined herein and shall maintain any improvements located thereon, except those improvements installed and maintained by a public authority or utility company. All transformers and meters must be located at the rear of the Dwell ings. Declarant reserves the right to create and impose additional easements over any unsold Lot or Lots for road drainage, utility and entry signage installation purposes by the recording of appropriate instruments, and such easements shall not be construed to invalidate any of these covenants.

Section 7.9. Entrance Monument Easement. Declarant hereby grants, establishes, creates and reserves for the benefit of Declarant and the Association, and their successors and assigns, non-exclusive perpetual easements (the "Entrance Monument Easements"), for the purpose of landscaping and maintaining the entryway and erecting and maintaining the Entrance Monument for the Subdivision over the portion of a) Lot 14, and b) the Common Area identified as "Entrance Monument Easement" on the Map (the "Easement Area").

Declarant or the Association shall have the right to enter, landscape and maintain the Easement Area as an entryway to the Subdivision. Further, Declarant or the Association may erect and maintain one or more stone monuments, with an entrance sign thereon (collectively, the "Entrance Sign") bearing the name of the Subdivision and Declarant, which Entrance Sign may be built to the applicable governmental standards for signs; and may erect and maintain lighting for the Entrance Sign, planters and other improvements typically used for an entryway (the Easement Area, the Entrance Sign, lighting, landscaping, irrigation and other improvements to be constructed on the Easement Area are herein collectively referred to as the "Entrance Monument").

Section 7.10. Stormwater Drainage Easement. Declarant reserves over the Common Areas an easement for drainage of stormwater runoff from the Lots and Public Roads within the Subdivision.

Section 7.11. Fences and Walls. No wooden fence, or brick or stone wall may be erected nearer the front lot line of a Lot than the front face of the dwelling located on such Lot. In the case of a corner Lot, no sideyard fence shall be located nearer than the side of the house facing the side street line. No wooden fences, or brick or stone walls, greater than six (6) feet in height are permitted. Chain link or other metal fencing is not permitted, except that 2" x 4" metal mesh may be used with split rail fencing to contain animals or children within rear or side yards. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence. A wall constructed of brick or stone and used in lieu of a fence is exempt from the openness test. Provided, however, that the restrictions described in this Section 7.11 shall not apply to any improvements originally installed by Declarant on any Common Area.

Section 7.12. Signs. No signs of any kind may shall be displayed to the public view on any Common Area, other than the Entrance Monument as set forth in Section 7.9. No signs of any kind may be displayed to the public view on any Lot with the following exceptions which may not exceed five (5) square feet in size: (a) one sign (on the Lot only) advertising the Property for sale or rent; (b) one sign on the Lot only used by a builder to advertise the Lot during the construction and sales period; and (c) temporary political signs. These restrictions shall never apply to permanent Entrance Monuments or to temporary entry signs or advertising by Declarant, or for sale signs installed by Declarant or its agents prior to the sellout of the Subdivision.

Section 7.13. Antennas; Satellite Dishes or Discs. No radio or television transmission or reception towers, antenna, satellite dishes or discs shall be erected or maintained on any Lot, except that one (1) dish or disc not exceeding one (1) meter in diameter or diagonal measurement for receiving direct broadcast satellite service ("DBS") or multi-point distribution services ("MDS") may be erected and maintained on each Lot. No roof-mounted antenna, dishes or discs shall be permitted on any Lot if adequate broadcast reception can be obtained without mounting such equipment on the roof of the house; provided, however, that if such roof-mounted equipment is required, no antenna or related structures may be mounted on masts exceeding twelve (12) feet in height above the highest roof line ridge of the house. Any dish, disc, or antenna (with associated mast) shall be reasonably camouflaged and screened from view from Lake Keowee and the Public Roads, and shall not be located in the area between the street right-of-way line and the minimum building setback lines applicable to the Lot. In cases where an antenna wire does not require the use of a mast, such wire must be camouflaged by landscaping or some other means to reduce its visual impact.

Section 7.14. Lot Maintenance; Trash Disposal. Each Owner shall keep his Lot in a clean and orderly condition and shall keep the improvements thereon in a suitable state of painting and repair, promptly repairing any damage thereto by fire or other casualty. No clothes line may be erected or maintained on any Lot. No Lot shall be used in whole or in part for storage of trash of any character whatsoever and no trash, rubbish, stored materials or similar unsightly items shall be allowed to remain on any Lot outside of an enclosed structure, except when temporarily placed in closed, sanitary containers pending collection by trash collection authorities or companies.

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Section 7.15. Off-Road Parking; Off-Water Boat Storage. Each Lot Owner shall provide a concrete or asphalt driveway prior to the occupancy of any dwelling constructed on the Lot which provides space for parking two automobiles off the Public Roads; provided, however, the Owners of Lot 14 and Lot 15 may not place the driveways that serve their Lots so as to require a curb cut onto Stokes Drive. No truck or commercial vehicle in excess of one-ton load capacity, or any vehicle under repair, wrecked or junked motor vehicle shall be parked upon or permitted to remain on any Lot or Common Area, or other portion of the Property. No trailer, mobile home, recreational vehicle, camper or boat shall be used as a residence, either temporarily or permanently. No trailer, mobile home, recreational vehicle, camper or boat shall be parked upon or be permitted to remain on any Lot for a period exceeding twenty-four (24) hours, unless it is parked off the Public Roads and not within the front or side yard of the Lot. All trucks, trailers, campers, motor homes and recreational vehicles must have a current license plate affixed. All automobiles must have a current license plate affixed and must be parked in a carport, enclosed garage, or on a concrete or asphalt driveway. The parking area shown on the Map which is provided for Boatslip Lot Owners shall not be used for overnight parking and shall not be used by any Owner who is not a Boatslip Lot Owner.

Section 7.16. Sewage Disposal. Every dwelling unit erected on any Lot shall be served by an approved septic system for the disposal of sewage, or connected to a private or public sewage disposal system. All septic systems or other private sewage disposal systems shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction. Declarant does not make any representations regarding the future availability of municipal sewer service.

Section 7.17. Public Water System; No Wells. Declarant shall construct a water system in order to provide water supplies necessary to serve the Subdivision (the "Water System"). All water mains and pipes and other equipment necessary for the operation and maintenance of the Water System shall be located within the Utility Easements described in Section 7.8, or within public road rights-of-way. Upon its completion, the Water System and all mains, pipes, equipment and other personal property which is part thereof, shall become the property of Seneca Light and Water Plant, a public utility company duly licensed and operating under the authority granted by the South Carolina Department of Health and Environmental Control. The Water System shall be the sole source of potable water for the Subdivision, and no well may be dug or constructed on any Lot for the purpose of providing domestic water supply.

Section 7.18. Nuisances. No noxious or offensive trade or activity shall be carried on or upon any Lot or in any residential dwelling or outbuilding, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No substance, thing or material shall be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace and quiet of the occupants of surrounding property. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot or in any residential dwelling or outbuilding with the exception of dogs, cats, or other household pets, which may be kept or maintained provided they are not kept, bred, or maintained for commercial purposes. No more than three (3) household pets shall be kept or maintained per Lot, except for newborn offspring of such household pets which are under nine (9) months in age.

Section 7.19. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed houses or other improvements shall be permitted to exist on any Lot or Common Area, except during such reasonable time period as is necessary for completion. The exterior of all houses and other structures must be completed within one (1) year from the date of commencement of construction, except where such completion is impossible due to strikes, fires, national emergency or natural calamities. No construction materials of any kind may be stored within forty-five (45) feet of any Public Roads curbs on any Lot. Any damage to any Public Roads, curb or sidewalk or any part of any Common Area or any utility system caused by an Owner or any builder shall be repaired by such responsible party. If such responsible party fails to repair such damage, Declarant or the Association may make or provide for such repairs, and the responsible Owner shall immediately reimburse the repairing party for its out of pocket expenses in making such repairs. The Owner of each Lot and any builders shall at all times keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by construction of improvements on the Lots, Public Roads, and any Common Areas. Declarant or the Association may provide for the cleaning of public and private areas due to the activities of the responsible party and may assess the responsible party a reasonable charge not to exceed the actual cost for such cleaning. Declarant and each Owner or builder shall, consistent with standard construction practices, keep all portions of the Lots, Public Roads, and Common Areas free of unsightly construction debris and shall at all times during construction either provide dumpsites for the containment of garbage, trash or other debris which is occasioned by construction of improvements on a Lot or Common Areas, or take other measures consistent with standard construction practices necessary to keep the Lot, Public Roads, and all Common Areas free of such garbage, trash, or other debris. Each Owner and any Owner's builder and each Owner shall be responsible for erosion control protection during any earth-disturbing operation, as described and defined in the "Erosion Control Practices" on Exhibit "C" attached hereto and incorporated herein by reference.

Section 7.20. Removal of Trees and Other Vegetation. All trees, shrubs and ground cover within the fifty (50) foot waterfront setback shown on the Map are considered to be "protected" vegetation in that cutting and clearing generally is not permitted therein without the prior written consent of Declarant or the Board of Directors. The practical exceptions to this rule are that dead or diseased trees may be removed, poisonous plants may be removed, underbrush may be selectively cleared, understory may be thinned to provide better views, individual trees may be limbed up, and ground covers may be planted.

"Mature trees" inside the fifty (50) foot waterfront setback as shown on the Map may not be cut down or otherwise removed without the specific written approval of the Declarant or the Association. For purposes of this Declaration, "Mature trees" shall mean all evergreen or deciduous trees with a caliper of four (4) inches or greater.

Furthermore, in the event that trees, shrubs or ground cover are completely removed (as opposed to thinned) in connection with the improvement of any Lot, such cleared portions of the Lot shall be covered with grass or shall be landscaped with plants, shrubs, trees, mulch, wood chips, pine needles and/or similar landscaping improvements. However, grass can not be planted inside buffer area.

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Declarant hereby reserves the right and easement benefiting Declarant and the Association to go upon any Lot or other portion of the property to replant or order the replanting of any trees, shrubs or other vegetation removed within the Subdivision in violation of the terms of this Section 7.20. If Declarant or the Association exercises its easement rights pursuant to the terms of this Section 7.20, the Owner of the nonconforming Lot shall reimburse Declarant or the Association (as applicable) within five (5) business days following the submission of an invoice for any costs or expenses incurred by Declarant or the Association. The exercise or nonexercise of the easement rights contained in this Section 7.20 shall be subject to the discretion of the Declarant and the Association and neither Declarant nor the Association shall have the obligation to exercise such rights.

Declarant and/or the Association shall have the authority but not the obligation, in their sole discretion, to levy a Special Individual Assessment against an Owner who cuts, damages, or removes any trees, shrubs or other vegetation on any part of the Common Areas, their Lot or any other Lot contrary to the above provisions.

The penalties authorized by this Section 7.20, as well as all related expenses to be reimbursed, shall be considered a Special Individual Assessment against the respective Owner's Lot, entitling the Association to the Assessment collection remedies specified in Article VI of this Declaration.

Section 7.21. Marine Toilets. No water craft equipped with a marine toilet having a fixed or portable holding tank, or a through hull or overboard discharge toilet, shall be permitted at any waterfront Lot Owner's docks or piers.

Section 7.22. Docks, Piers and Boat Houses. Duke Energy Corporation controls access to, use of, and water levels in Lake Keowee. Any Owner, the Declarant and the Association must receive permission from Duke Energy Corporation (or a successor manager of Lake Keowee under authority from the Federal Energy Regulatory Commission ["FERC"]) prior to placing or constructing any pier, structure or other improvement within or upon, or conducting any activity altering the topography of, the hydroelectric project surrounding and encompassing the waters of Lake Keowee. Declarant makes no oral, express or implied representation or commitment as to the likelihood of any Owner obtaining such permission, nor as to the continued existence, purity, depth or levels of water in Lake Keowee, and Declarant shall have no liability with respect to these matters. Construction of any such improvements is also subject to the recorded restrictions and easements affecting the Lot.

Subject to the foregoing and to the other provisions of this Declaration, the Owner of any Lot adjoining the waters of Lake Keowee may construct one (1) pier, provided that such Lot is not located in an area where the narrowness of a cove precludes construction of a dock or pier as determined by Duke Energy Corporation and/or any governmental entity having jurisdiction at the time such improvements are to be constructed. Any waterfront improvement shall have a low profile and open design to minimize obstruction of neighbors' views. Enclosed docks or boat houses will not be allowed either on the water or within the fifty (50) foot waterfront setback. Roof-covered docks are allowed provided that such docks are one level, do not exceed more than twenty-five (25) feet in height and are not enclosed. Two-level or multi-level docks are not permitted.

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The placement, construction, or use of the piers, boatslips, and of any other pier, dock, boatslip structures or other improvements within or upon, or the conducting of any activity altering the topography of, the hydroelectric project surrounding and encompassing the waters of Lake Keowee, is and shall be subject to each of the following:

- (i) easements, restrictions, rules and regulations for construction and use promulgated by the Association;
- (ii) all laws, statutes ordinances and regulations of all Federal, State and local governmental bodies having jurisdiction thereof, including without limitation FERC and
- (iii) rules and regulations, privileges and easements affecting the Property and the waters and submerged land of Lake Keowee established by Duke Energy Corporation, its successors and assigns. (Duke Energy Corporation is the manager of Lake Keowee under authority granted by FERC; its current management plan runs through August 31, 2016. As manager of Lake Keowee, Duke Energy Corporation controls access to, and the use and level of, the waters of Lake Keowee. All Owners, the Association, the Declarant and any builders must receive permission from Duke Energy Corporation [or a successor manager of Lake Keowee, under authority from FERC] prior to any alterations therein, including the construction and continued use and maintenance of any dock, pier, or boatslip; and

No Owner of any Lot which adjoins the waters of Lake Keowee shall construct a pier of any kind, boat mooring or any other structure outside the pier zone designated on the Map applicable to such Lot.

Section 7.23. Boat Ramps. No boat ramps of any kind shall be permitted on any Lot, and no boat shall be placed in (or removed from) the waters of Lake Keowee from any Lot, provided however, small watercraft such as canoes, dinghies, and jet skis may be launched from any Lot if launched without a ramp. All other watercraft shall be launched from a public boat ramp outside the Subdivision.

Section 7.24. Rights of Duke Energy Corporation. Duke Energy Corporation has certain privileges and easements affecting the Development which include the right, privilege and easement of backing, ponding, raising, flooding or diverting the waters of Lake Keowee and its tributaries upon and over the Development, as more specifically described in the deed from Duke Energy Corporation to the Declarant.

Section 7.25. Non-waiver. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect to a violation of any provision contained herein or referred to herein shall be held to be a waiver by that party of any right available to the party upon the recurrence or continuance of said violation or the occurrence of a different violation.

ARTICLE VIII

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INSURANCE

Section 8.1. Board of Directors. The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in no less than the amounts set forth below:

- (a) **Fire and Casualty.** All improvements and all fixtures included in any Common Areas, including but not limited to the Entrance Monument and Public Roads (prior to acceptance by governmental authorities for maintenance), and the medians located thereon, and all personal property and supplies belonging to the Association, shall be insured in an amount equal to 100% of the current replacement cost up to the amount specified in the insurance policy (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board of Directors with the assistance of the insurance company providing coverage. The Board of Directors shall, at least annually, review the insurance coverage required herein and determine 100% of the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire, windstorm, vandalism and malicious damage and all perils covered by a standard "all risk" insurance policy. All such policies shall provide that adjustment of loss shall be approved by the Board of Directors and the insurance company. In addition to the provisions and endorsements set forth in Section 8.4, the fire and casualty insurance described herein shall contain the following provisions:
 - (i) a waiver of subrogation by the insurer as to any claims against the Association, any officer, Director, agent or employee of the Association, the Owners and their employees, agents, tenants and invitees; and
 - (ii) a provision that the coverage will not be prejudiced by act or neglect of one or more Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.
- (b) **Public Liability.** The Board of Directors shall also be required to obtain and maintain to the extent obtainable, public liability insurance in such limits as the Board of Directors may, from time to time, determine to be customary for projects similar in construction, location and use to any Common Areas, and customary for the activities and obligations of property owners' associations for projects similar to the Development, covering each member of the Board of Directors, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas and out of the activities of the Association; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to Property, including loss of use thereof, occurring upon, in or

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about, or arising from or relating to, the property or any portion thereof. Such insurance shall include endorsements covering cross-liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Owners, such public liability insurance shall be in amounts of not less than \$1,000,000 per occurrence for claims for bodily injury and property damage.

- (c) Fidelity Coverage. The Board of Directors shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether officers, Directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association, in an amount determined by the Board of Directors in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.
- (d) Such other insurance coverages, including flood insurance and worker's compensation, as the Board of Directors shall determine from time to time desirable.

Section 8.2. Premium Expense. Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors and charged as a common expense to be collected from the Owners pursuant to Articles V.

Section 8.3. Special Endorsements. The Board of Directors shall make diligent effort to secure insurance policies that will provide for the following:

- (a) recognition of any insurance trust agreement entered into by the Association;
- (b) coverage that may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least forty-five (45) days prior written notice to the named insured, any insurance trustee and all Mortgagees; and
- (c) coverage that cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner or any Mortgagee.

Section 8.4. General Guidelines. All insurance policies purchased by the Board of Directors shall be with a company or companies licensed to do business in the State of South Carolina and holding a rating of "A-10" or better by the current issue of A.M. Best's Insurance Reports. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of, and provide that all proceeds thereof shall be payable to, the Association. Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the Association's authorized

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representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

The property and public liability insurance policies shall not contain (and the insurance shall not be placed with companies whose charters or bylaws contain) provisions whereby: (1) contributions or assessments may be made against the Association, the Owners or the Mortgagees; (2) loss payments are contingent upon action by the carriers, Directors, policy holders or Members; and (3) there are limiting clauses (other than insurance conditions) which could prevent Owners or Mortgagees from collecting the proceeds.

Section 8.5. Owner's Personal Property. The Association or Declarant shall not be liable in any manner for the safekeeping or conditions of any boat or other personal property belonging to or used by any Owner or his family, guests or invitees, located on or used at the Common Areas or the Community Boatslips. Further, the Association or Declarant shall not be responsible or liable for any damage or loss to or of any boat, its tackle, gear, equipment or other property located thereon, or any other personal property of any Owner, his family, guests or invitees located on or used at the Common Areas or the Community Boatslips. Each Owner shall be solely responsible for all such boats and other personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase, at such Owner's sole cost and expense, of any liability insurance or other insurance for damage to or loss of such property.

ARTICLE IX

RIGHTS OF MORTGAGEES

Section 9.1. Approval of Mortgagees. Unless at least seventy-five percent (75%) of the Mortgagees holding Mortgages on Lots located within the Development then subject to the full application of this Declaration have given their prior written approval, the Association shall not:

- (a) except as otherwise specifically provided herein, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, direct y or indirectly, by the Association (the granting of easements for utilities or other purposes and the transfer of Boatslips pursuant to the terms of the Declarat on shall not be deemed a transfer within the meaning of this clause);
- (b) except as otherwise specifically provided herein, change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;
- (c) fail to maintain fire and extended coverage insurance on insurable improvements in any Common Areas in the Subdivision (with the exception of Public Roads) on a current replacement cost basis in an amount not less than 100% of the insurable value as set forth in Article VIII; or

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- (d) use the proceeds of any hazard insurance policy covering losses to any part of any Common Area for other than the repair, replacement or reconstruction of the damaged Common Areas or other common amenities.

Section 9.2. Additional Rights. Any Mortgagee shall have the following rights:

- (a) to be furnished at least one copy of the annual financial statement and report of the Association, such annual statement and report to be furnished within ninety (90) days following the end of each fiscal year;
- (b) to be given notice by the Association of the call of any meeting of the Association's membership, and to designate a representative to attend all such meetings;
- (c) to be given prompt written notice of default under the Declaration, the Bylaws or any rules and regulations promulgated by the Association by any Owner owning a Lot encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgagee or the place which it may designate in writing;
- (d) to be given prompt written notice of any casualty loss to the Common Areas, or loss by eminent domain or other taking of (i) the Common Areas or (ii) any Lot encumbered by a Mortgage held by the Mortgagee;
- (e) to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- (f) to be given prompt written notice of any eminent domain or condemnation proceeding affecting the Property; and
- (g) to be given prompt written notice of any action which requires the consent of all or any portion of the Mortgagees as specified herein.

Whenever any Mortgagee desires the provisions of this Section 9.2 to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the Lot or Lots upon which any such Mortgagee holds any Mortgage or identifying any Lot owned by it, together with sufficient pertinent facts to identify any mortgage which may be held by it and which notice shall designate the place to which notices are to be given by the Association to such Mortgagee.

Section 9.3. Books and Records. Any Mortgagee will have the right to examine the books and records of the Association during any reasonable business hours.

Section 9.4. Payment of Taxes and Insurance Premiums. The Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a

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charge or lien against the Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefrom from the Association.

ARTICLE X

CONDEMNATION

Section 10.1. Partial Taking: Without Direct Effect on Lots. If part of the Property shall be taken or condemned by any authority having the power of eminent domain, such that no Lot is taken, all compensation and damages for and on account of the taking of the Common Areas, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board of Directors in trust for all Owners and their Mortgagees according to the loss or damages to their respective interests in such Common Areas. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Areas, without limitation on the right of the Owners to represent their own interests. Each Owner, by his acceptance of a deed to a Lot, hereby appoints the Association as his attorney-in-fact to negotiate, litigate or settle on his behalf all claims arising from the condemnation of the Common Areas. Such proceeds shall be used to restore the Common Areas with the excess, if any, to be retained by the Association and applied to future operating expenses by the Board of Directors, in its sole discretion. Nothing herein is to prevent Owners whose Lots are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damage relating to loss of value of the affected Lots, or improvements, fixtures or personal property thereon, exclusive of damages relating to the Common Areas. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Association, as their interests may appear, by the Board of Directors, in its sole discretion.

Section 10.2. Partial or Total Taking: Directly Affecting Lots. If part or all of the Property shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Area as provided in Section 10.1 and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots. All compensation and damages for and on account of the taking of anyone or more of the Lots or improvements, fixtures or personal property thereon, shall be paid to the Owners of the affected Lots and their Mortgagees, as their interests may appear. If all of the Property shall be taken such that the Association no longer has reason to exist and shall thereafter be dissolved and/or liquidated, all compensation and damages for and on account of the taking of the Common Areas shall be distributed with the other assets of the Association in accordance with the Articles of Incorporation.

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Section 10.3. Notice to Mortgagees. A notice of any eminent domain or condemnation proceeding shall be sent to all Mortgagees who have served written notice upon the Association in accordance with Section 9.2.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1. Enforcement. Declarant, being the developer of other subdivisions in the area of the Subdivision, wishes to maintain a high standard in the appearance and quality of the Subdivision. Though damages would be difficult to measure, the failure of the Owners or the Association to abide by the terms, covenants and restrictions contained in this Declaration would result in irreparable damage to Declarant and its reputation. Accordingly, Declarant, during the term of this Declaration as set forth in Section 11.4, as well as the Association or any Owner or Owners, shall have the right, but not the obligation, to enforce all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration by proceeding at law or in equity against any person or persons violating or attempting to violate any such restriction, condition, covenant, reservation, lien or charge, either to restrain violation thereof or to recover damages therefor. Each Owner and the Declarant shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Development against the Association.

In addition, the Association and the Owners hereby covenant and agree that they shall exercise their power of enforcement hereunder in order to maintain a first class subdivision in appearance and quality, and that they shall, upon the request of Declarant, enforce any restriction, condition, covenant or reservation contained in this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to them at law or in equity. Failure by Declarant, the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Declarant hereby reserves the right and easement, but not the obligation, to go upon any portion of the Common Areas at any time in order to repair and maintain such Common Areas where needed, in Declarant's sole discretion, to bring such Common Areas within the standards required by Declarant. Should Declarant go upon the Common Areas to perform maintenance and/or repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and/or repairs, upon receipt of a statement for such cost from Declarant, for maintenance and/or repair of the Common Areas.

Section 11.2. Severability. Invalidation of anyone 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 11.3. Amendment. The covenants, conditions, and restrictions of this Declaration may be amended at any time and from time to time by an agreement signed by Owners holding a majority of votes appurtenant to the Lots which are then subject to this Declaration; provided, however, that such amendment must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development or of any Additional Property. Any

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such amendment shall not become effective until the instrument evidencing such change has been filed of record. Notwithstanding the foregoing, the consent of a majority of the Owners of Lots, plus the written consent of Declarant, shall be required to reduce the land in the Development, to withdraw any portion of the Property from the requirements of this Declaration, or to restrict or revoke Declarant's right of enforcement as provided for in Section 11.1 of the Declaration.

Notwithstanding the foregoing, no such consent shall be required for any addition or amendment which Declarant is authorized to make under other Sections of this Declaration, including without limitation Section 2.2 and Section 3.2(d).

Notwithstanding anything in this Section 11.3 to the contrary, Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause this Declaration to comply with the requirements of FHA, VA, the Federal National Mortgage Association or other similar agency. Declarant, without obtaining the approval of any other person or entity, may also make amendments or modifications hereto which are correctional in nature only and do not involve a change which materially adversely affects the rights, duties or obligations specified herein.

Section 11.4. Term. The covenants and restrictions of this Declaration are to run with the land (unless otherwise specified herein) and shall be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded; after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Lots, plus Declarant, has been recorded, agreeing to terminate said covenants and restrictions in whole or in part. Provided, however, that the residential use restrictions set forth in Section 7.1 of this Declaration shall run with the land and shall be binding upon all parties and all persons claiming under them in perpetuity.

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IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by its duly authorized officer as of the day and year first above written.

WITNESSES:

[Signature]
First Witness

[Signature]
Second Witness

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

By: [Signature]
President

STATE OF NORTH CAROLINA

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COUNTY OF MECKLENBURG

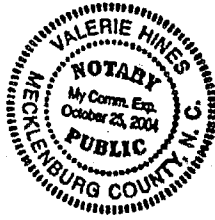
Personally appeared before me, Blake Kiser (First Witness) and made oath that he/she saw the within named Crescent Communities S.C., LLC by Stephen M. Schriber its Vice President sign, seal, and deliver the within written instrument; and that he/she with Robb Little (Second Witness) witnessed the execution thereof.

Sworn to before me this 15th day of May, 2001

[Signature]
(Signature of First Witness)

Valerie Hines (L.S.)
Notary Public for North Carolina
My Commission Expires 10/25/04

[SEAL]



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EXHIBIT "A"
TO
DECLARATION
FOR
SOUTHWIND BAY

Articles of Incorporation of Southwind Bay Owners Association, Inc.

CLT-1702-7

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ARTICLES OF INCORPORATION
OF
SOUTHWIND BAY OWNERS ASSOCIATION, INC.
A NONPROFIT CORPORATION

STATE OF SOUTH CAROLINA
SECRETARY OF STATE
NONPROFIT CORPORATION
ARTICLES OF INCORPORATION

TYPE OR PRINT CLEARLY IN BLACK INK

Pursuant to Section 33-31-202 of the South Carolina Code of Laws, as amended, the undersigned corporation submits the following information:

1. The name of the nonprofit corporation is Southwind Bay Owners Association, Inc.
2. The initial registered office of the nonprofit corporation is 1201 Main Street, Suite 1450
Street Address
Columbia Richland SC 29202
City County State Zip Code

The name of the registered agent of the nonprofit corporation at that office is
David B. Summer, Jr.
Print Name

I hereby consent to the appointment as registered agent of the corporation.

Agent's Signature

3. Check "a", "b", or "c" whichever is applicable. Check only one box:
 - a. The nonprofit corporation is a public benefit corporation.
 - b. The nonprofit corporation is a religious corporation.
 - c. The nonprofit corporation is a mutual benefit corporation.
4. Check "a" or "b", whichever is applicable:
 - a. This corporation will have members.
 - b. This corporation will not have members.
5. The address of the principal office of the nonprofit corporation is
400 South Tryon Street, Suite 1330, Charlotte, Mecklenburg, North Carolina 28201
Street Address City County State Zip Code
6. If this nonprofit corporation is either a public benefit or religious corporation (when box "a" or "b" of paragraph 3 is checked), complete either "a" or "b", whichever is applicable, to describe how the remaining assets of the corporation will be distributed upon dissolution of the corporation.
 - a. Upon dissolution of the corporation assets shall be distributed for one or more exempt purposes within the meaning of section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future Federal tax code, or shall be distributed to the Federal government, or to a state or local government, for a public purpose. Any such asset not so disposed of shall be disposed of by the Court of Common Pleas of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

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Southwind Bay Owners Association, Inc.
Name of Corporation

b. Upon dissolution of the corporation, consistent with the law, the remaining assets of the corporation shall be distributed to

7. If the corporation is a mutual benefit corporation (when box "c" of paragraph 3 is checked), complete either "a" or "b", whichever is applicable, to describe how the (remaining) assets of the corporation will be distributed upon dissolution of the corporation.

a. Upon dissolution of the mutual benefit corporation, the (remaining) assets shall be distributed to its members, or if it has no members, to those persons to whom the corporation holds itself out as benefiting or serving.

b. Upon dissolution of the mutual benefit corporation, the (remaining) assets, consistent with the law, shall be distributed to

8. The optional provisions which the nonprofit corporation elects to include in the articles of incorporation are as follows (See 33-31-202(c) of the 1976 South Carolina Code of Laws, as amended, the applicable comments thereto, and the instructions to this form)

9. The name and address of each incorporator is as follows (only one is required)

Nancy L. Olah, Esq., 401 South Tryon Street, Suite 3000, Charlotte, North Carolina 28202		
Name	Address	Zip Code
_____	_____	_____
Name	Address	Zip Code
_____	_____	_____
Name	Address	Zip Code
_____	_____	_____

10. Each original Director of the nonprofit corporation must sign the articles but only if the Directors are named in these articles:

Name (on y / f named in articles)	Signature of Director
_____	_____
Name (on y / f named in articles)	Signature of Director
_____	_____
Name (on y / f named in articles)	Signature of Director
_____	_____

11. Each incorporator must sign the articles.

Signature of Incorporator

Signature of Incorporator

Signature of Incorporator

CLT-11702-1

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EXHIBIT "B"
TO
DECLARATION
FOR
SOUTHWIND BAY

Bylaws of Southwind Bay Owners Association, Inc.

CLT:517702-7

BYLAWS
OF
SOUTHWIND BAY OWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1.1. Name. The name of the corporation is SOUTHWIND BAY OWNERS ASSOCIATION, INC. (the "Association").

Section 1.2. Location. The principal office of the Association shall be located in either Oconee County, South Carolina or Mecklenburg County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

Section 1.3. Purpose. The purpose for which the Association is organized is to further social activities of property owners of Lots in Southwind Bay Subdivision located in Oconee County, South Carolina, to provide services to such property owners, manage and maintain the Common Areas and administer and enforce all covenants and restrictions dealing with the Property located in Southwind Bay and any other purposes allowed by law

ARTICLE 2

DEFINITION

All capitalized terms when used in these Bylaws, or any amendment hereto (unless the context shall otherwise require or unless otherwise specified herein or therein) shall have the meanings set forth in that certain Declaration of Covenants, Conditions and Restrictions for Southwind Bay executed by Crescent Communities, S.C., LLC, and duly recorded in the Office of the Register of Deeds for Oconee County, South Carolina, as the same may be supplemented and amended from time to time (the "Declaration").

ARTICLE 3

MEETINGS OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held sometime during the months of March, April or May of 2002, on such date as determined by a vote of the Board of Directors, and each subsequent regular annual meeting of the Members shall be held in March, April or May each year thereafter on such date as is established by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote at least ten percent (10%) of all of the votes appurtenant to the Lots.

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Section 3.3. Meetings of the Boatslip Lot Owners. Meetings of the Members owning Boatslip Lots may be called at any time by the President of the Association, by the Board of Directors, or upon the written request of the Members who are entitled to vote at least 30% of all votes appurtenant to the Boatslip Lots, for the purpose of discussing and voting on matters affecting the Community Boatslip. Such meetings may be held at the annual meeting of the Members or at a special meeting of the Members owning Boatslip Lots.

Section 3.4. Place of Meetings. All meetings of the Members or Members owning Boatslip Lots shall be held at such place, within Oconee County, South Carolina or Mecklenburg County, North Carolina, as shall be determined by the Board of Directors of the Association.

Section 3.5. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than thirty (30) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote thereat, 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. 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.

Section 3.6. Classes of Lots and Voting Rights. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights.

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote for each Class A Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been conveyed to purchasers who are not affiliated with the Declarant. Each Class B Lot shall entitle the Owner of said Lot to four (4) votes for each Class B Lot owned by it.

Section 3.7. Relinquishment of Control. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) when the number of votes in the Class A membership held by Owners occupying full-time homes in the Subdivision exceeds the total number of votes outstanding in the Class B membership; or

(b) upon the expiration of ten (10) full years after the recordation of the Declaration, upon the election of Declarant, Declarant, in its sole discretion, to terminate its Class B Membership and to convert the Class B Lots to Class A Lots. Any such election, to be effective, must be in writing and recorded in the Office of the Register of Deeds for Oconee County, South Carolina.

Section 3.8. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one third (1/3) of the votes appurtenant to the Lots shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 3.9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 3.10. Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of no less than two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present shall be regarded as the act of the Members.

Section 3.11. Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members no notice shall be required and any business may be transacted at such meeting.

Section 3.12. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1. Number. The business and affairs of the Association shall be managed by a Board of three Directors, who need not be Members of the Association. At the first annual meeting of the Members following relinquishment of Declarant control pursuant to Section 3.7 of the Bylaws, a Board of three (3) Directors shall be elected as described in Section 4.5.

Section 4.2. Initial Directors. The initial Directors shall be selected by the Declarant. Such initial Directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Office of the Register of Deeds for Oconee County, South Carolina until such time as their successors are duly elected and qualified. The names of the persons who shall serve on the initial Board of Directors from the date upon which the Declaration is recorded in the Office of the Register of Deeds of Oconee County, South Carolina until such time as their successors are duly elected and qualified are as follows:

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Name	Address
Stephen M. Schreiner	400 South Tryon St., Suite 1300 Charlotte, North Carolina 28202-1003
Leslie A. Lancaster	400 South Tryon St., Suite 1300 Charlotte, North Carolina 28202-1003
Stephen W. Coleman	400 South Tryon St., Suite 1300 Charlotte, North Carolina 28202-1003

Section 4.3. Nomination. Nomination for election to the Board of Directors shall be made from the floor at the first meeting of the Members. After the first election of Directors, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. 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.

Section 4.4. Election. Except as provided in Section 4.6 of the Bylaws, Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, 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. Cumulative voting is not permitted.

Section 4.5. Term of Office. Each Director shall hold office for the term for which he was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. At the first annual meeting of the Members following the relinquishment of Declarant control as set forth in Section 3.7 of the Bylaws, the Members shall elect one (1) member of the Board of Directors for a term of three (3) years, who shall be the person receiving the largest number of votes, one (1) Member of the Board of Directors for a term of two (2) years, who shall be the person receiving the second largest number of votes, and one (1) Member of the Board of Directors for a term of one (1) year, who shall be the person receiving the third largest number of votes. At all annual elections thereafter, a Director shall be elected by the Members to succeed that Director whose term then expires. Nothing herein contained shall be construed to prevent the election of a Director to succeed himself.

Section 4.6. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the Directors.

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Section 4.7. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE 5

MEETINGS OF DIRECTORS

Section 5.1. Regular Meetings. Meetings of the Board of Directors shall be held on a regular basis as often as the Board sees fit, but no less often than annually, on such days and at such place and hour as may be fixed from time to time by resolution of the Board. Should said 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.

Section 5.2. Special Meetings. Special Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

Section 5.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or 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.

Section 5.4. Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5.5. Chairman. A Chairman of the Board of Directors shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors and serve until a new President is elected.

Section 5.6. Liability of the Board. The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Owner(s).

ARTICLE 6

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, including but not limited to, the Street Lights, Public Roads (prior to acceptance by governmental authorities for maintenance), Entrance Monuments, (and all improvements thereon) and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;

(c) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(d) employ a manager, an independent contractor, or such other employees as they deem necessary, and prescribe their duties;

(e) employ attorneys to represent the Association when deemed necessary;

(f) grant easements for the installation and maintenance of sewer or water lines and other utilities or drainage facilities upon, over, under and across the Common Areas without the assent of the membership when such easements are requisite for the convenient use and benefit of the Property;

(g) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient;

(h) do anything necessary or desirable, including, but not limited to, establishing any rules or regulations which the Association deems necessary to carry out the purposes of the Association as set forth herein or as permitted by law;

(i) enforce the provisions of the Declaration and anyone or more Amendment(s) or Supplemental Declaration(s) and any rules or regulations made hereunder or thereunder and to enjoin and/or, at its discretion, seek damages or other relief for violation of such provisions or rules and/or by Special Individual Assessments against any Owner for violation of such provisions, rules or regulations pursuant to the provisions of the Declaration; and

(j) to levy Assessments as more particularly set forth in the Declaration.

Section 6.2. Duties. It shall be the duty of the Board of Directors to:

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(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members entitled to at least one-third (1/3) of the votes appurtenant to the Lots;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration:

- (i) Fix the amount of the Annual, Supplemental Annual, Special, Special Individual, Septic, Special Septic, and Supplemental Septic Assessments, and as defined in the Declaration, against each Lot at least thirty (30) days before January 1 of each fiscal year;
- (ii) Send written notice of each assessment to every Owner subject thereto before its due date and before January 1 of each year;
- (iii) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid (reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment);

(e) procure and maintain adequate liability insurance covering the Association and the Directors and officers thereof and adequate hazard insurance on the property owned by the Association, and to divide appropriate portions of such related costs between the applicable assessments described in the Declaration;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) cause the Common Areas to be maintained, and if damaged, to repair or replace such Common Areas (and any improvements located thereon) as they see fit.

ARTICLE 7

OFFICERS AND THEIR DUTIES

Section 7.1. Officers. The officers of the Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may elect from time to time by resolution create.

Section 7.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

CL7-117702-7

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Section 7.3. Term. Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

Section 7.4. 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.

Section 7.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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.

Section 7.6. 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.

Section 7.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 7.4 of the Bylaws.

Section 7.8. Compensation. No officer shall receive any compensation from the Association for acting as such.

Section 7.9. Duties. The duties of the officers are as follows:

(a) President. The President shall be the principal executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. 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 co-sign all checks and promissory notes.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him 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, shall keep the corporate seal of the Association and affix it on all papers requiring said seal, shall serve notice of meetings of the Board and of the Members, shall keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(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 checks and promissory notes of the Association, shall keep proper books of account, and shall prepare an annual budget and a statement of income and

expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE 8

COMMITTEES

The Association shall appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE 9

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE 10

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual, Supplemental Annual, Special and Special Individual Assessments, as defined in the Declaration. Any Assessments which are not paid when due shall be delinquent. If an Assessment is not paid by its due date, as set forth in the Declaration, the assessment shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less, plus such late charge as may be established by the Board, and the Association may bring an action at law against the Member personally obligated to pay the same. The late charges, costs of collection and reasonable attorneys' fees related to any such action shall be added to the amount of such Assessment, all in accordance with the provisions of the Declaration. No Member may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Property.

ARTICLE 11

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words, "SOUTHWIND BAY OWNERS ASSOCIATION, INC. -2001- South Carolina."

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ARTICLE 12

AMENDMENTS

Section 12.1. Procedure for Amendments. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of at least two-thirds (2/3) of all votes present at a duly held meeting of the Members at which a quorum is present in person or by proxy.

Notwithstanding anything in this Section 12.1 to the contrary, the Class B Member may at its option amend these Bylaws without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause these Bylaws to comply with the requirements of the FHA, V A, Federal National Mortgage Association or similar agency.

Section 12.2. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE 13

MISCELLANEOUS

The fiscal year of the Association shall begin on the first (1st) 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.

ARTICLE 14

INDEMNIFICATION OF DIRECTORS, AND OFFICERS

The Association shall indemnify any Director or officer or former Director or officer of the Association or any person who may have served at the request of the Association as a Director or officer of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such Director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, Bylaw, agreement, vote of Members or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request

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of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director or officer of the Association, or is or was serving at the request of the Association as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article 14, or elsewhere in these Bylaws, shall operate to indemnify any Director or officer if such indemnification is for any reason contrary to any applicable State or Federal law.

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EXHIBIT "C"

TO DECLARATION FOR SOUTHWIND BAY
EROSION CONTROL PRACTICES

(To be supplied)

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2008 MAY 25 P 2 30

CLT51702-7

EXHIBIT "C"
(Page 1 of 2)

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

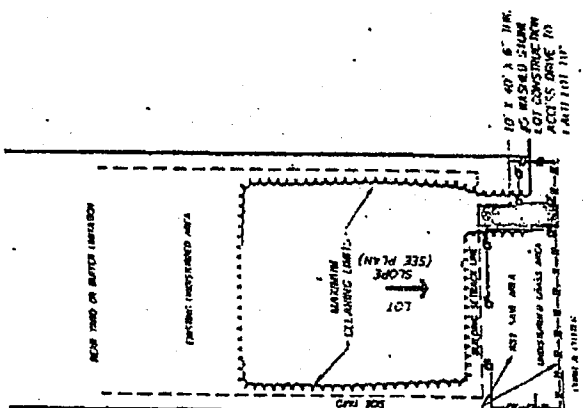
GENERAL EROSION CONTROL NOTES ²⁰⁰¹ MAY 25 P 2 30

1. EROSION CONTROL MEASURES SHALL BE PROVIDED FOR EACH LOT AS IT IS DEVELOPED.
2. THE OWNER SHALL BE RESPONSIBLE FOR INSTALLING AND MAINTAINING THE EROSION CONTROL MEASURES FOR EACH LOT OWNED BY SUCH OWNER.
3. THE OWNER SHALL INSTALL A #5 WASHED STONE CONSTRUCTION ACCESS TO EACH LOT OWNED BY SUCH OWNER. ACCESS TO EACH LOT SHALL BE VIA THIS DRIVE ONLY. THE OWNER SHALL NOT ENCROACH OR ALLOW ANY ENCROACHMENT INTO THE UNDISTURBED GRASS AREA BETWEEN THE BACK OF CURB AND THE RIGHT-OF-WAY LINE WITH MATERIAL OR VEHICLES.
4. THE OWNER SHALL PROVIDE A MATERIAL STORAGE AREA ON EACH LOT OWNED BY SUCH OWNER. THIS STORAGE AREA SHALL BE ACCESSED ONLY FROM THE LOT OR THE CONSTRUCTION ACCESS DRIVE.
5. THE TYPICAL LOT EROSION CONTROL MEASURES SHOWN SHALL BE FIELD LOCATED AND ADJUSTED TO REFLECT THE FINAL GRADES AND ACTUAL FIELD CONDITIONS OF EACH LOT.
6. THE OWNER SHALL PROVIDE MAINTENANCE INSPECTIONS OF ALL LOT EROSION CONTROL MEASURES ON A DAILY BASIS AND AFTER RAINFALL. REPAIRS SHALL BE PERFORMED IMMEDIATELY.
7. THE OWNER SHALL AT ALL TIMES REMAIN COGNIZANT OF AND IN OBEYANCE WITH THE RESTRICTON PROHIBITING CLEARING, GRADING OR CONSTRUCTION OF ANY KIND WITHIN THE LIMITS OF THE LAKE BUFFER AREAS.

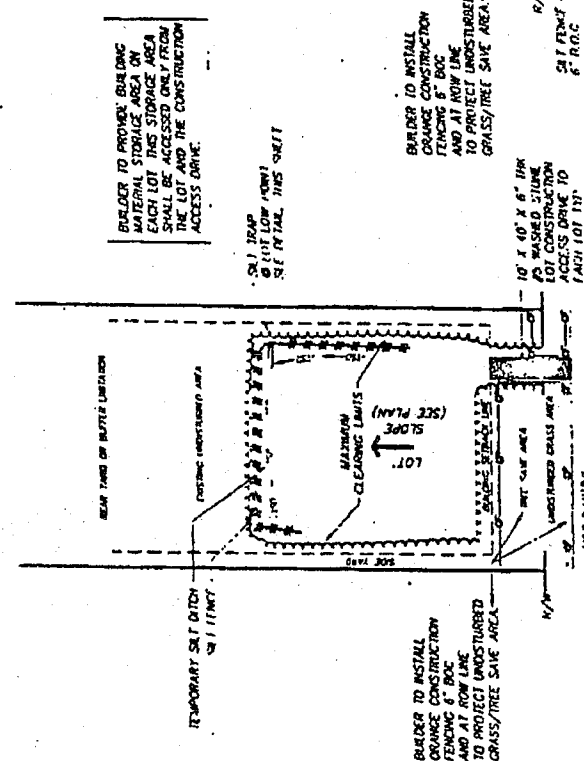
EXHIBIT "C"

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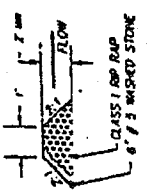
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TYPICAL LOT DEVELOPMENT EROSION CONTROL
LOT SLOPING TOWARD STREET



TYPICAL LOT DEVELOPMENT EROSION CONTROL
LOT SLOPING AWAY FROM STREET



ELEVATION



PLAN

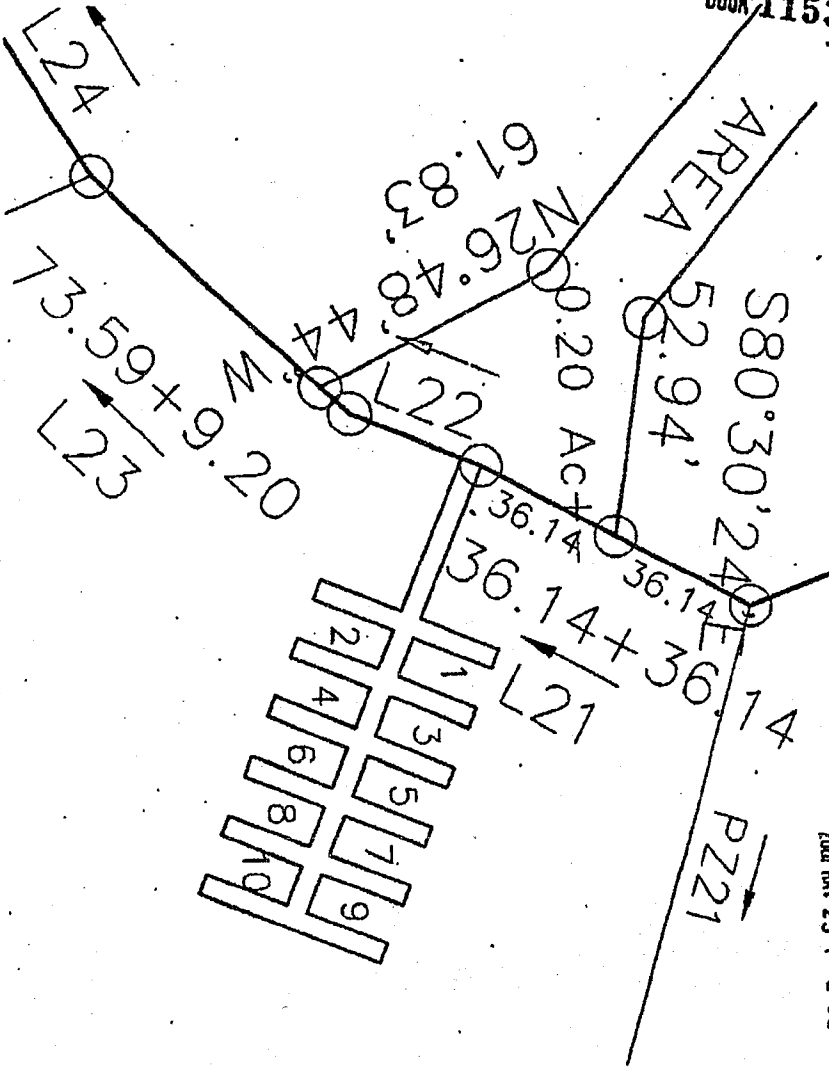
SILT TRAP DETAIL

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EXHIBIT "D"
LAYOUT OF THE
COMMUNITY BOATSLIPS

CLT-51720-7

EXHIBIT "D" BOATSLIP AREA BOOK 1153 PAGE 298



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OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2008 MAY 25 P 2-30