



COPY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

WATERFORD RIDGE

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

WATERFORD RIDGE

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OCONEE COUNTY, S.C.
REGISTER OF DEEDS

2006 APR 13 P 12:05

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration") is made this 17th day of March, 2006, by CRESCENT COMMUNITIES S.C., LLC, a Delaware limited liability company, and its successors and assigns ("Declarant"). All capitalized terms used herein shall have the meanings set forth in ARTICLE I or elsewhere in this Declaration.

STATEMENT OF PURPOSE

Declarant is the owner of certain Property located in Oconee County, South Carolina, which is more particularly described on those certain Maps recorded in Plat Book B129, Pages 1 ~~and~~ 8, in the Office of the Register of Deeds of Oconee County, South Carolina (the "Registry"). Declarant desires to provide for the creation of a residential community of single-family homes to be named Waterford Ridge (the "Development").

Declarant desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances and to enhance the value and amenities of all properties within the Development. Furthermore, Declarant desires to provide for the maintenance and upkeep of certain Common Areas within the Development for the common use and benefit of all Owners. In addition, Declarant reserves the right to construct an Amenity Area, which shall consist of a Parking Area, access drives, a Boat Storage Area (to be used exclusively by the Owners of Lots in Waterford Pointe, a neighboring subdivision developed by Declarant), up to thirty (30) Waterford Ridge Community Boatslips for the benefit of Boatslip Lot Owners in the Development and up to thirty (30) Waterford Ridge Community Boatslips for the benefit of Boatslip Lot Owners in Waterford Farms, a neighboring subdivision developed by Declarant, over the waters of Lake Keowee (the "Lake"). The Amenity Area will be governed by that certain Amenity Area Easement and Cost Sharing Agreement (the "Amenity Area Agreement"), as more particularly provided in this Declaration.

Declarant desires to provide for a system whereby Owners will pay for the maintenance and upkeep of the Common Areas as described herein. The maintenance and upkeep of portions of the Amenity Area and the Community Boatslips designated for Boatslip Lot Owners in the Development will be paid for only by Boatslip Lot Owners in the Development who are entitled to the use of a Community Boatslip, as more specifically provided in this Declaration. The maintenance and upkeep of the Private Roads will be paid for only by Private Road Lot Owners, as more specifically provided in this Declaration. All Owners in the Development will pay the costs associated with leasing the Street Lights and the cost of maintenance and upkeep of the Entrance Monument, Public Roads (prior to their acceptance for public maintenance) and such other Common Areas as such Owners are entitled to use and enjoy.

To these ends, Declarant desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, each and every one of which is for the benefit of the Property and each Owner.

Declarant further desires to incorporate Waterford Ridge Owners Association, Inc., a South Carolina non-profit corporation to which will be delegated and assigned the powers of: (a) owning, maintaining and administering the Common Areas, except as otherwise provided in the Declaration; (b) administering and enforcing the covenants and restrictions contained herein; and (c) collecting and disbursing the Assessments created by this Declaration to efficiently preserve, protect and enhance the values and amenities in the Development, including the Common Areas, to ensure 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.

NOW, THEREFORE, Declarant declares that all of the Property 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 respective heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1.1. "Additional Declaration" or "Supplemental Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions recorded in the Registry with regard to a certain Phase, section or portion of the Property, as more particularly described in Section 2.2.

Section 1.2. "Additional Property" shall mean and refer to any additional real estate in the vicinity, of or contiguous to the Property, which may be made subject to the terms of this Declaration in accordance with the provisions of Section 2.2.

Section 1.3. "Amenity Area Agreement" shall mean and refer to the Amenity Area Easement and Cost Sharing Agreement among the Association, the Boatslip Association, Waterford Farms Owners Association, Inc., and Waterford Pointe Owners Association, Inc.

Section 1.4. "Amenity Area" shall mean and refer to the parcel or parcels of land labeled "Amenity Area" on the Map which shall be conveyed to the Boatslip Association.

Section 1.5. "Annual Assessment" shall mean and refer to an amount to be levied by the Association against each Lot, for the purposes set forth in Section 5.2.

Section 1.6. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation for the Association attached as Exhibit A and incorporated by reference.

Section 1.7. "Assessment" shall mean and refer to the Annual Assessments, Supplemental Annual Assessments, Special Assessments, Special Individual Assessments, Septic System Assessments, Supplemental Septic System Assessments, Private

Road Assessments, Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments, as more particularly described in the Declaration.

Section 1.8. "Association" shall mean and refer to Waterford Ridge Owners Association, Inc., a South Carolina non-profit corporation, its successors and assigns.

Section 1.9. "Association Sublease" shall mean and refer to the sub-lease agreement by and among the Boatslip Association, Declarant, and the Association pertaining to the Waterford Ridge Community Boatslips and portions of the lake bed of Lake Keowee underlying the Waterford Ridge Community Boatslips.

Section 1.10. "Board" shall mean and refer to the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

Section 1.11. "Boat Storage Area" shall mean and refer to the Boat Storage Area within the Amenity Area which shall be used exclusively by the Owners of Lots in Waterford Pointe who contract with Waterford Pointe Owners Association, Inc. for the lease or use of a Boat Storage Space, pursuant to an easement agreement between Declarant and Waterford Pointe Owners Association, Inc. with respect to the Boat Storage Area (the "Easement Agreement").

Section 1.12. "Boat Storage Space" shall mean and refer to the assigned spaces which are located in the Boat Storage Area.

Section 1.13. "Boatslip Association" shall mean and refer to Waterford Communities Boatslip Association, Inc., a South Carolina non-profit corporation, which shall hold title, among other things, to the Amenity Area, the Community Boatslips and certain easements.

Section 1.14. "Boatslip Lease" shall mean and refer to each sub-lease agreement by and between Declarant and a Boatslip Lot Owner, assigning the right to use one of the Waterford Ridge Community Boatslips, subject to the Duke Lease and the Association Sublease. Once all the Boatslip Leases are executed and certain other conditions in the Association Sublease have been satisfied, all of the Boatslip Leases will be assigned by Declarant to the Association.

Section 1.15. "Boatslip Lots" shall mean and refer to the Lots which have, as an appurtenance to the Lot, the right to use one of Waterford Ridge Community Boatslips as more particularly set forth in Section 4.8 of this Declaration.

Section 1.16. "Bylaws" shall mean and refer to the Bylaws for the Association, attached as Exhibit B and incorporated by reference.

Section 1.17. "Common Area" or "Common Areas" shall mean and refer to the Parking Area, Entrance Monument, Street Lights and the Public Roads (including sidewalks, drainage facilities and other Improvements located therein) prior to their acceptance for maintenance by the Oconee County Public Works Department, and any other real property specifically shown and designated on the Map as "Common Open Area," "Common Open

Space” or “COS.” The Common Areas shall be owned by the Association (except as otherwise provided herein) for the common use, benefit and/or enjoyment of some or all of the Owners as described herein. Declarant reserves the right, but not the obligation, to provide additional Common Areas within the Subdivision or to add Additional Property by Supplemental Declaration, which shall thereafter be designated as additional Common Area(s). The term “Common Area” shall also include easements benefiting the Association, including the Amenity Area Agreement and the Waterford Communities Sign Easement.

Section 1.18. “Community Boatslips” shall collectively mean and refer to the Waterford Ridge Community Boatslips and the Waterford Farms Community Boatslips within the Amenity Area.

Section 1.19. “CPI” shall mean and refer to the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84=100) issued by the US Bureau of Labor Statistics for the most recent 12-month period for which the CPI is available. If the CPI is discontinued, the Board shall use the index which is most similar to the CPI that is publicized by the United States Government indicating changes in the cost of living.

Section 1.20. “Declarant” shall mean and refer to Crescent Communities S.C., LLC, and such of its successors and assigns to whom its rights as Declarant are transferred by written instrument recorded in the Registry.

Section 1.21. “Development” shall mean and refer to Waterford Ridge, a single-family residential development proposed to be developed on the Property by Declarant.

Section 1.22. “Duke” shall mean and refer to Duke Energy Corporation and Duke Power Lake Management.

Section 1.23. “Duke Lease” shall mean and refer to the lease agreement by and among Duke, the Boatslip Association and Declarant pertaining to the the area of the lake bed of Lake Keowee underlying the Community Boatslips.

Section 1.25. “Dwelling” shall mean and refer to a structure for the use and occupancy as a detached single-family residence. Each Lot shall contain no more than one (1) Dwelling.

Section 1.26. “Entrance Monument” shall mean and refer to the easement area(s) designated by Declarant as “Entrance Monument Easement,” “Entrance Monument Area,” or “COS” (or a similar term) located at the entryway to the Subdivision, as shown on the Map, and the monuments and entrance signs located on such parcels, together with any lighting, irrigation system, landscaping and other Improvements which may be constructed within such Entrance Monument Areas, to be used as entrances for the Development.

Section 1.27. “Environmental Control Committee” or “ECC” shall mean and refer to the committee that oversees the development and enforcement of the Guidelines and performs certain other functions described in the Declaration and in the ECC Guidelines.

Section 1.28. "FERC" shall mean and refer to the Federal Energy Regulatory Commission.

Section 1.29. "Guidelines" or "ECC Guidelines" shall have the meaning set forth in ARTICLE X.

Section 1.30. "Improvement" or "Improvements" shall mean and refer to any and all man-made changes or additions to any portion of the Property, including without limitation, the examples set forth in Section 10.11.

Section 1.31. "Lake Buffer Area" shall mean and refer to the area that is fifty (50) feet from the 800' MSL contour or ten (10) feet from the 804' MSL contour, whichever is greater.

Section 1.32. "Lot" or "Lots" shall mean and refer to the separately numbered parcels depicted on the Map, which Lots do not include the Common Areas.

Section 1.33. "Map" shall mean and refer to (i) the map of Waterford Ridge Subdivision recorded in Plat Book _____, Pages ____ and ____ in the Registry, (ii) any map of Additional Property recorded by Declarant, and (iii) any revision of any such Map recorded by Declarant in the Registry.

Section 1.34. "Member" shall mean and refer to every person or entity that holds membership in the Association.

Section 1.35. "Mortgage" shall mean any mortgage constituting a first lien on a Lot.

Section 1.36. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 1.37. "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 any Mortgagee.

Section 1.38. "Parking Area" shall mean and refer to the parking lot which may be constructed over the Amenity Area for the common use, benefit and enjoyment of the Boatslip Lot Owners, their families, guests and invitees, in common with the Waterford Farms Boatslip Lot Owners.

Section 1.39. "Person" shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust, or any other legal entity.

Section 1.40. "Phase" shall mean and refer to any phase, section or portion of the Property for which a separate Map or Maps are recorded in the Registry.

Section 1.41. "Pier Zones" shall mean and refer to the portions of Lake Keowee located adjacent to certain of the Waterfront Lots designated as "Pier Zone" (or a similar term) on the Map, to be used for purposes of constructing a dock or pier, as set forth in Section 8.22.

Section 1.42. "Private Road Lots" shall mean and refer to Lots 17-25 and Lots 30-37; provided, however, Lot 38 may also be a Private Road Lot and a member of the Private Road Lot Group consisting of Lots 30-37, depending on whether the Owner of Lot 38 obtains access to the Dwelling constructed on Lot 38 from the Private Road or a Public Road..

Section 1.43. "Private Roads" shall mean and refer to the Elmwood Court and Ivey Ridge Court.

Section 1.44. "Property" shall mean and refer to all the real property shown on the Map, exclusive of the public rights-of-way as shown on the Map, which Property includes the Lots and the Common Areas as defined herein and as more particularly shown on the Map.

Section 1.45. "Public Roads" shall mean and refer to all roads and cul-de-sacs in the Subdivision and shown on the Map as "Public Road R/W," all to be maintained by the Association as more particularly set forth in Section 3.1 of this Declaration until dedicated to the public and accepted for public maintenance by the Oconee County Public Works Department or other governmental entity.

Section 1.46. "Registry" shall mean and refer to the Office of the Register of Deeds for Oconee County, South Carolina.

Section 1.47. "Septic System" shall mean and refer to an individual ground absorption sewage disposal system (including, septic tanks and all related equipment) on each Lot, individually installed and maintained by each Lot Owner.

Section 1.48. "Septic System Assessments" shall mean and refer to the amount to be levied annually by the Association against each Lot for the purposes set forth in ARTICLE VII.

Section 1.49. "Special Individual Assessment" shall mean and refer to the amount to be levied by the Association for the purposes set forth in Section 5.6.

Section 1.50. "Special Assessment" shall mean and refer to the amount to be levied annually by the Association against each Lot for the purposes set forth in Section 5.5.

Section 1.51. "Special Boatslip Assessment" shall mean and refer to the amount to be levied annually by the Association against each Boatslip Lot for the purposes set forth in Section 6.5.

Section 1.52. "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 and other Common Areas.

Section 1.53. “Subdivision” shall mean and refer to Waterford Ridge Subdivision, as shown on the Map.

Section 1.54. “Supplemental Annual Assessment” shall mean and refer to an amount to be levied by the Board in addition to the Annual Assessment, as set forth in Section 5.4.3.

Section 1.55. “Supplemental Boatslip Assessment” shall mean and refer to an amount to be levied by the Board in addition to the Boatslip Assessment, as set forth in Section 6.4.3.

Section 1.56. “Supplemental Declaration” shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions filed in the Registry to subject Additional Property to this Declaration and the jurisdiction of the Association, as more particularly described in Section 2.2.

Section 1.57. “Supplemental Septic System Assessment” shall mean and refer to an amount to be levied by the Board in addition to the Septic System Assessment, as set forth in Section 7.4.2.

Section 1.58. “Waterford Communities Sign Easement” shall mean and refer to the sign easement reserved over a portion of Lot 1 in the Waterford Farms Subdivision for the common benefit of the Waterford, Waterford Ridge, and Waterford Pointe communities.

Section 1.59. “Waterford Farms” shall mean and refer to Waterford Farms Subdivision.

Section 1.60. “Waterford Farms Association” shall mean and refer to Waterford Farms Owners Association, Inc.

Section 1.61. “Waterford Farms Community Boatslips” shall mean and refer to up to thirty (30) Community Boatslips that are designated for the use of Boatslip Lot Owners in Waterford Farms within the Amenity Area.

Section 1.62. “Waterford Pointe” shall mean and refer to Waterford Pointe Subdivision.

Section 1.63. “Waterford Pointe Association” shall mean and refer to Waterford Pointe Owners Association, Inc.

Section 1.64. “Waterford Pointe Boat Storage Lot Owners” shall mean and refer to the Owners of Lots in Waterford Pointe who have leased or contracted with Waterford Pointe Association for the rental or use of a Boat Storage Space.

Section 1.65. “Waterford Ridge Community Boatslips” shall mean and refer to those Community Boatslips designated for Waterford Ridge Boatslip Lot Owners within the Amenity Area, together with any additional Community Boatslips which Declarant may cause to be constructed in accordance with the terms of Section 2.2.

Section 1.66. "Waterfront Lots" shall mean and refer to Lots 4, 5, 6, 7, 8, 10, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 32, 33, 34, 35, 36 and 52, as shown on the Map. Although Lots 11, 15, 26, and 31 are intended to be Boatslip Lots, each of them shall also be considered a Waterfront Lot for all purposes set forth in this Declaration with the exception of Section 8.21, Section 8.22 and Section 8.23.

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, is located in Oconee County, South Carolina, and is the Property more particularly described and shown on the Map recorded in Plat Book _____, Pages _____ and _____ in the Registry, together with any Additional Property which is hereafter subjected to the terms of this Declaration by the filing of one or more Supplemental Declarations as provided in Section 2.2, from time to time.

Section 2.2. Additions to the Property.

2.2.1. Declarant may cause Additional Property (including Common Areas) to be made subject to the terms and scheme of this Declaration by filing one or more Supplemental Declarations in the Registry, 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 also cause additional Community Boatslips 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 location and number of Community Boatslips to be added and containing a statement by Declarant of its intent to extend the operation and effect of this Declaration to the additional Community Boatslips. 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 Subsection 2.2.2.

2.2.2. Any Supplemental Declaration may contain complementary additions as may be necessary in the judgment of Declarant to reflect the different character of the Additional Property. In no event, however, shall any Supplemental Declaration revoke, modify or add to the covenants and restrictions contained herein with respect to the Property, nor revoke, modify, change or add to the covenants and restrictions established by previously filed Supplemental Declarations, without meeting the requirements for Amendment set forth in this Declaration.

2.2.3. In addition to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth

in this Declaration, Declarant shall have the right, at its election, and without the consent of any Owner or Owners, to subject any Phase, section or portion of the Property owned by Declarant to additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens, by filing an Additional Declaration in the Registry, covering only such Phase, section or portion of the Property. An Additional Declaration may or may not provide for the establishment of a property owners association to govern the ownership and/or maintenance of the portion of the Property affected by the Additional Declaration and the enforcement of the provisions of such Additional Declaration. Whether or not a property owners association is formed pursuant to such Additional Declaration, the Association shall have the right and authority to enforce all controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens imposed by such Additional Declaration and any amendments thereto, whether or not such right and authority is expressly provided for in such Additional Declaration.

2.2.4. Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that so long as Declarant owns any part of the Property, the prior written consent of Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms and provisions of this Declaration, any Supplemental Declaration, and/or any Additional Declaration, or to impose new or additional covenants, conditions, restrictions or easements on any part of the Property.

ARTICLE III

PROPERTY RIGHTS

Section 3.1. Ownership of Common Area. Declarant reserves the right to construct the following within the Common Areas: (i) the Entrance Monument(s) to be located at the entrance of the Development; (ii) the Private Roads; and (iii) the Public Roads (including sidewalks, drainage facilities and other Improvements), as reflected on the Map, for the use and enjoyment of the Owners who are entitled to the use of such Common Areas, as provided in this Declaration. All of the Common Areas owned by Declarant shall be conveyed by Declarant to the Association no later than ten (10) years following the recordation of this Declaration, to be owned and maintained by the Association. 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 enjoyment of the general public (with the exception of the Public Roads, which shall eventually be dedicated to the public and which are intended to be accepted for public maintenance by the Oconee County Public Works Department or other governmental entity).

Section 3.2. Ownership of Amenity Area. Declarant reserves the right to construct the Waterford Ridge Community Boatslips, the Waterford Farms Community Boatslips, Parking Area, access drives, pathways, related Improvements, and the Boat Storage

Area within the Amenity Area, subject to obtaining all required permits and approvals from Duke and FERC. Declarant shall convey title to the land on which the Amenity Area is constructed to the Boatslip Association, subject to the terms of the Duke Lease, the Amenity Area Agreement, and the Easement Agreement.

Section 3.3. 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:

3.3.1. the right of the Association to promulgate and enforce reasonable Rules and Regulations governing the use of the Common Areas;

3.3.2. 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 Assessment against the Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations;

3.3.3. the right of the Declarant or the Association to grant or reserve utility, drainage and other easements across the Common Areas;

3.3.4. the Amenity Area may be used in accordance with the Amenity Area Agreement and only by the Boatslip Lot Owners specifically entitled to lease one of the Waterford Ridge Community Boatslips under this Declaration, together with (a) the non-exclusive right of Waterford Farms Boatslip Lot Owners to use the Waterford Farms Community Boatslips, and (b) the non-exclusive right of Waterford Pointe Boat Storage Lot Owners to use the Boat Storage Area; and

3.3.5. the provisions of ARTICLE VIII of this Declaration.

Section 3.4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Areas and facilities located thereon to the members of his or her family, guests, invitees, or tenants, as the case may be.

ARTICLE IV

THE ASSOCIATION

Section 4.1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership in the Association 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.

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:

4.2.1. Class A Lot. 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. 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 the 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.

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

Section 4.3. Turnover Date. Notwithstanding anything contained herein to the contrary, the Class B membership shall cease and be converted to the Class A membership upon the earliest to occur of the following: (a) when the total number of votes in the Class A Membership exceeds the total number of votes in the Class B Membership, as defined in the Bylaws; (b) the date Declarant shall elect, in its sole discretion, that the Class B membership shall cease and be converted to the Class A membership as evidenced by a written instrument signed by Declarant and recorded in the Registry; or (c) December 31, 2016. The earliest to occur of (a), (b) or (c) above shall be the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A Member.

Section 4.4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws, the Guidelines, and other rules concerning the Development, as well as its own books, records, and financial statements 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 and empowered to engage the services of any person, firm or corporation to act as manager or managing agent of the Association (the "Manager") at a compensation level to be established by the Board and to perform all of the powers and duties of the Association. Provided, however, that the term of any agreement with a Manager 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 Association shall maintain the Public Roads (but not the Private Roads),

provided that the Declarant, in its sole discretion has the right to reimburse the Association for maintenance costs until the Oconee County Public Works Department or other governmental entity accepts the Public Roads for maintenance. Maintenance of the Public Roads shall include repair and reconstruction, when necessary, and 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 Public Roads for maintenance.

The Common Areas, together with all utilities, easements and amenities located within the Common Areas and not otherwise maintained by public entities or utilities, shall be maintained by the Association as more particularly described below:

4.6.1. 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, utility charges for irrigation and lighting of the monuments and signage located thereon.

4.6.2. All Common Areas, including, but not limited to, the Public Roads (prior to governmental acceptance for operation and maintenance), and the Entrance Monument shall be clean and free from debris and maintained in an orderly condition, together with the landscaping and irrigation thereon (if any) in accordance with the highest standards for private parks or common areas in comparable residential developments within the vicinity of the Development, including any removal and replacement of any landscaping, utilities, or Improvements located thereon.

4.6.3. The Association shall not be responsible for the maintenance of any Lot or any Improvements within the boundaries of any Lot, including, without limitation, any dock, pier or boatslip located within the Pier Zone (as defined in Section 8.22) adjacent to any Waterfront Lot, which shall be the sole responsibility of such Waterfront Lot Owner.

4.6.4. The Association shall have the right, but not the obligation, to inspect each Owner's Septic System in order to determine if such Septic System is in compliance with any requirements imposed by the Association or any governmental authority, and to make routine maintenance or repairs that may be covered by the cost of the Septic System Assessment based on the Association's contract with the inspector of the Septic Systems. Each Owner shall be responsible for maintaining the Septic System on its Lot in a proper operating condition and in compliance with any requirements imposed by the Association or any governmental authority.

Section 4.7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for (a) the periodic maintenance, repair and replacement of Improvements located on all Common Areas and the Public Roads (prior to dedication to and acceptance by Oconee County); (b) to fund unanticipated expenses of the Association; and/or (c)

to acquire equipment or services deemed necessary or desirable by the Board., from time to time, in its discretion. The Reserve Fund shall generally be collected and maintained out of the Annual Assessment, unless the Board determines that a Supplemental Annual Assessment or a Special Assessment is necessary to fund the Reserve Fund. The amount of the Reserve Fund shall be determined, from time to time, by the Board, in its sole discretion.

Section 4.8. Community Boatslips. Subject to and contingent upon the approval by FERC, Duke, and any other regulatory body having jurisdiction, Declarant shall have the exclusive right to construct the Community Boatslips, in the approximate locations shown on the Map or as otherwise shown in any Supplemental Declaration, the Amenity Area Agreement, or any other document which may be filed pursuant to the provisions of this Declaration. Declarant may construct less but shall not construct more Community Boatslips than are approved by FERC and Duke pursuant to Declarant's permit request. The Waterford Ridge Community Boatslips, to the extent available, will be assigned to the purchasers of Lots 1, 2, 3, 9, 11, 12, 13, 14, 15, 26, 27, 28, 29, 30, 31, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50 and 51. The Owners of each of the above-listed Lots shall be obligated to enter into a Boatslip Lease to the extent that a Waterford Ridge Community Boatslip becomes available. If less than thirty (30) Waterford Ridge Community Boatslips become available, then such Boatslips shall be assigned to the purchasers of the above-referenced Lots on a first-come, first-served basis.

4.8.1. Following the construction of the Community Boatslips, the Waterford Ridge Community Boatslips shall be leased by Duke to the Boatslip Association and Declarant. Declarant and the Boatslip Association (collectively, "Sub-Lessor" under the Association Sublease) will sublease to Declarant and the Association (collectively, "Sub-Lessee" under the Association Sublease) the Waterford Ridge Community Boatslips. The term Sub-Lessee shall initially refer to Declarant, but once all of the Conditions contained in the Association Sublease are satisfied, and Declarant has assigned its obligations as Sub-Lessor and Sub-Lessee, the Boatslip Association shall be the sole Sub-Lessor and the Association shall be the sole Sub-Lessee under the Association Sublease. Prior to assigning its obligations under the Association Sublease, Declarant shall sub-sublease the Waterford Ridge Community Boatslips to the Boatslip Lots Owners by executing Boatslip Leases, and then Declarant shall assign the Boatslip Leases to the Association pursuant to the Association Sublease.

4.8.1.1. Each Boatslip Lease shall be appurtenant to the ownership of the applicable Boatslip Lot and shall only be assigned as provided below.

4.8.1.2. Once entered into between Association 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 Boatslip Lot Owner in accordance with Subsection 4.8.1.3. In this

regard, provided the applicable Boatslip Lease has not been previously assigned in accordance with Subsection 4.8.1.3, 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 the 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 Registry, sufficient to provide record evidence of such assignment (a filed copy of which instrument shall be provided to Declarant, the Boatslip Association, and the Association following recordation). Any Mortgage of a Boatslip Lot shall also encumber the Boatslip Lease appurtenant thereto, even if not expressly included therein. Provided, however, no Mortgagee, claiming by, through or under any instrument creating any such encumbrance shall by virtue thereof acquire any greater rights in the relevant Community Boatslip than the Boatslip Lot Owner may have under the Boatslip Lease at the time of such encumbrance; and provided further, the Mortgage 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 Duke, the Boatslip Association, the Association and Declarant. 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, power of sale, 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 the Association and shall execute an attornment agreement upon request.

4.8.1.3: Any Boatslip Lease may be assigned by the relevant Boatslip Lot Owner only to another Boatslip 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 Registry (a filed copy of which shall be provided to the Association, as lessor, and the Boatslip Association), sufficient to provide record evidence of such assignment. Following such assignment, the assignor's Boatslip Lot shall automatically cease to be a Boatslip Lot and the assignee's Boatslip Lot shall thereafter be a Boatslip Lot (until further assignment of the Boatslip Lease), in which case the relevant Boatslip Lease shall then run with the title to such Boatslip Lot as set forth in Subsection 4.8.1.2. No Boatslip Lease shall be separated from the ownership of any Boatslip Lot and assigned to anyone or any entity other than another Boatslip Lot Owner in accordance with this Subsection 4.8.1.3.

4.8.2. Declarant (or Association) shall have the right to use Community Boatslips not leased to a Boatslip Lot Owner and shall have the obligation to pay Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments on any Community Boatslips constructed by Declarant and actually used by Declarant (or the Association, as applicable) and not leased to another Boatslip Lot Owner. Declarant (or Association) shall not be required to pay Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments for any Community Boatslips not actually used by Declarant (or Association).

4.8.3. In the event that a Waterford Ridge Community Boatslip has not been leased as an appurtenance to a Boatslip Lot, the Waterford Ridge Community Boatslip may be retained by 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 the Association to, or used by, any other party or the public. No boat or watercraft shall be permitted to remain overnight in any unleased Waterford Ridge Community Boatslip.

4.8.4. The use of the Waterford Ridge Community Boatslips is and shall be subject to each of the following:

4.8.4.1. rules and regulations for use promulgated by Declarant, the Association, and/or the Boatslip Association;

4.8.4.2. all laws, statutes, ordinances and regulations of all federal, state and local governmental bodies having jurisdiction thereon;

4.8.4.3. rules and regulations for use established by Duke and/or FERC;

4.8.4.4. the terms and provisions of the Duke Lease, the Association Sublease and the Boatslip Lease; and

4.8.4.5. the terms and provisions of the Amenity Area Agreement.

4.8.5. The Board, pursuant to the Bylaws attached as Exhibit B, may adopt rules and regulations governing the use of the Waterford Ridge Community Boatslips and the personal conduct of the Members owning Boatslip Lots and their families, guests and invitees. If the Members owning Boatslip Lots desire to amend the 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 the rules and regulations. If such a meeting is duly called

and held, the Boatslip Lot Owners may direct the Board to make such amendments to the rules and regulations governing the use of the Waterford Ridge Community Boatslips, including additions to and deletions of portions of such 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 the Association Sublease and as are consented to by Declarant so long as Declarant is the Owner of any Lot or maintains the right to construct additional Waterford Ridge Community Boatslips. Waterford Ridge Community Boatslips may only be installed by Declarant.

4.8.6. Each Waterford Ridge Community Boatslip may only be used by the Owner(s) of the Boatslip Lot to which such Boatslip is appurtenant, their families, guests and invitees.

Section 4.9. Liability Limitations. Declarant, the Boatslip Association, Association, Members, the Board, nor any officers, directors, agents or employees of any of them shall not be personally liable for debts contracted for or otherwise incurred by the Boatslip Association or the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Boatslip Association, the Association or otherwise. Neither Declarant, nor the Boatslip Association, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Improvements or property within the Development or the Amenity Area or for failure to repair or maintain the same. Declarant, the Boatslip Association, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, Improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify, defend and hold harmless all Directors on the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the willful misconduct or negligent acts or omissions of the person(s) to be indemnified.

Section 4.10. Maintenance of Private Roads. Maintenance and repair of the Private Roads shall be the sole responsibility of each group of Private Road Lot Owners ("Private Road Lot Group"). There shall be one Private Road Lot Group for the Private Road Lots that front on Ivey Ridge Court and another Private Road Lot Group for the Private Road Lots that front on Elmwood Court. Each Owner of a Private Road Lot shall have the ability to enforce decisions concerning maintenance, repair, cleaning, reconstruction and replacement (if destroyed) made concerning the Private Road the serves their Private Road Lot Group, as more particularly set forth in Section 8.26.

ARTICLE V

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 agrees to pay to the Association Annual Assessments, Supplemental Annual Assessments, Special Assessments and Special Individual Assessments, as hereinafter defined, established and collected as hereinafter provided. Any such Assessment, 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, and the personal obligation of the Owner of the Lot at the time the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which such Assessments are made.

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

5.2.1. to repair, maintain, reconstruct (when necessary) and keep clean and free from debris the Common Areas and any Improvements located thereon, and to maintain the landscaping thereon in accordance with standards of similar amenities in comparable developments within the vicinity of the Development;

5.2.2. to maintain and repair the Public Roads (but not the Private 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 Roadway for maintenance;

5.2.3. to pay all costs associated with the lease of the Street Lights, including, but not limited to, monthly lease payments and utility costs;

5.2.4. to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association;

5.2.5. to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

5.2.6. 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;

5.2.7. to maintain contingency reserves for the purposes set forth in Section 4.7 in amounts as determined by the Board; and

5.2.8. to pay all costs incurred by the Association under the Waterford Communities Sign Easement.

Section 5.3. Payment of Annual Assessments; Due Date. Annual Assessments provided for shall commence as to each Lot in June, 2006. The Annual Assessment for the 2006 calendar year shall be Six Hundred Twenty-Five Dollars (\$625.00) per Lot. The Annual Assessment for each year thereafter shall be in an amount as set by the Board, in accordance with Section 5.4, and shall be due and payable in one annual payment, such payment being due and payable no later than January 31 of each such year. The Board shall fix the amount of the Annual Assessment as to each Lot for any calendar year at least thirty (30) days prior to January 1 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 payment due, to each Owner on or before January 5 of such calendar year. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments. Notwithstanding the forgoing, the Board may alter the dates of the fiscal year for setting the Annual Assessments, and may increase or decrease the frequency of the collection of the Annual Assessments (or installments thereof) in any reasonable manner.

Section 5.4. Maximum Annual Assessment.

5.4.1. For years following the first year of Annual Assessments and thereafter, the Board may increase the Annual Assessment each year (without a vote of the Members), 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 CPI. If the Annual 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 Annual 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, without a vote of the Members.

5.4.2. From and after the first year of Annual Assessments, the maximum Annual Assessment may be increased above the maximum amount set forth in Section 5.4.1, 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).

5.4.3. The Board may fix the Annual Assessment at an amount not in excess of the maximum set forth in Subsection 5.4.1 (the "Maximum Annual Assessment"). If the Board 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 may, by vote 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 herein.

Section 5.5. Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment 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), or the Entrance Monument(s) and all Improvements located thereon, including fixtures and personal property related thereto. Provided, however, any such Special 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 Lots which are then subject to this Declaration.

Section 5.6. Special Individual Assessment. In addition to the Annual Assessments and Special Assessments authorized above, the Board 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, whether caused by any act or omission of such Lot Owner(s), members of such Lot Owner's family, or such Lot Owner's agents, guests, 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 Lot Owner relative to such Lot Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, the Guidelines or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, 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 Director's 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.

5.7.1. Subject to the exception set forth in Subsection 5.7.2, Annual Assessments, Supplemental Annual Assessments, and Special Assessments must be fixed at a uniform rate for all Lots.

5.7.2. Annual Assessments, Supplemental Annual Assessments, and Special Assessments for each Lot owned by Declarant shall be one-third (1/3) of the amount of the Annual Assessments, Supplemental Annual

Assessments, and Special Assessments for each other Lot in the Subdivision not owned by Declarant.

ARTICLE VI

BOATSLIP ASSESSMENTS

Section 6.1. Creation of the Lien and Personal Obligation for Boatslip, Supplemental Boatslip and Special Boatslip Assessments. Declarant, for each Boatslip Lot owned within the Property, hereby covenants, and each Owner of any Boatslip Lot by acceptance of a deed therefor, whether or not expressed in such deed, or by entering into a Boatslip Lease (or an assignment thereof) is deemed to covenant and agrees to pay to the Association, Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments for maintenance and repair costs of the Waterford Ridge Community Boatslips, for rent under the Association Sublease, and for the Association's prorata share of other amounts set forth in the Amenity Area Agreement. Any such Boatslip Assessment, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Boatslip Lot against which each such Boatslip Assessment is made and upon the right to use the Waterford Ridge Community Boatslip appurtenant to such Boatslip Lot. Each such Boatslip Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Boatslip Lot effective at the time when the Boatslip Assessment falls due. The personal obligation for delinquent Boatslip Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Boatslip Assessments, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Boatslip Lot against which such Boatslip Assessments are made.

Section 6.2. Purpose of Boatslip Assessments. The assessments to be levied annually by the Association against each Boatslip Lot (the "Boatslip Assessments") shall be used as follows:

6.2.1. to pay the Association's obligations under the Association Sublease and the Amenity Area Agreement or as otherwise required by the bylaws of the Boatslip Association, which obligations shall include, without limitation, its prorata share of the costs of (a) lighting of and water service to the Waterford Ridge Community Boatslips (if any); (b) ad valorem taxes levied against the Community Boatslips and other property owned by the Boatslip Association as more particularly set forth in the Amenity Area Agreement; (c) insurance carried by the Association or the Boatslip Association in connection with the Community Boatslips (including all Improvements located thereon); (d) cleaning, maintaining, repairing and reconstructing when necessary, the Community Boatslips, including all lighting and other fixtures, wires, railings and other facilities located thereon; and (e) cleaning, maintaining, repairing, and repaving the Parking Area and the access drive into the Amenity Area, according to the formulas established in the Amenity Area Agreement;

6.2.2. 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 Waterford Ridge Community Boatslips, or as a member of the Boatslip Association; and

6.2.3. to maintain reserves for the purposes set forth in Section 4.7 in amounts as determined by the Board.

Section 6.3. Payment of Boatslip Assessments; Due Dates. The Boatslip Assessments shall be payable, annually, in advance, and shall commence as to each Boatslip Lot (to which a completed Waterford Ridge Community Boatslip is appurtenant), and shall be due and payable thirty (30) days following the lease of a completed Waterford Ridge Community Boatslip to a Boatslip Lot as set forth in Section 4.8 of this Declaration (such Boatslip Assessment shall be established by the Board and shall be prorated from the date of such lease through the remainder of the calendar year for which such Boatslip Assessment is due). Boatslip Assessments for each year thereafter shall be payable no later than January 31 of such year and shall be set by the Board in accordance with Section 6.5, and shall be due and payable no later than January 31 of each such year. The Board shall set the amount of the Boatslip Assessment as to each Boatslip Lot for each 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 6.4 shall not relieve the Owners of their liability for Boatslip Assessments. Notwithstanding the forgoing, the Board 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 6.4. Maximum Boatslip Assessment.

6.4.1. For years following the first year of Boatslip Assessments and thereafter, the Board may increase the Boatslip Assessment each year (without a vote by the Members who are Owners of Boatslip Lots) 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. 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, and without a vote of the Members who are Owners of Boatslip Lots.

6.4.2. 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.

6.4.3. The Board may fix the Boatslip Assessments at an amount not in excess of the maximum set forth in Subsection 6.5.1 (the "Maximum Boatslip Assessment"). If the Board 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 Waterford Ridge Community Boatslips cannot be funded by such lesser amount, the Board may, by a vote in accordance with the Bylaws, levy a Supplemental Boatslip Assessment. In no event shall the sum of the Boatslip Assessment and the Supplemental Boatslip Assessment for any year exceed the applicable Maximum Boatslip Assessment for such year, other than as set forth herein.

Section 6.5. 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 Waterford Ridge Community Boatslips, 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, as more particularly provided in the Amenity Area Agreement. Provided, however, (i) any such Special Boatslip 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 Boatslip Lots, and (ii) any such Special Boatslip Assessment may be levied only against the Owners of Boatslip Lots.

Section 6.6. Assessment Rate.

6.6.1. Except as set forth in Subsection 6.7.2, Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments must be fixed at a uniform rate for all Boatslip Lots.

6.6.2. Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments for each Boatslip Lot owned by Declarant shall be one-third (1/3) of the Boatslip Assessments, Supplemental Boatslip Assessments and Special Boatslip Assessments for each other Boatslip Lot in the Subdivision not owned by Declarant.

ARTICLE VII

SEPTIC SYSTEM ASSESSMENTS

Section 7.1. 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, Septic

System Assessments for the inspection of each Lot Owner's Septic System. Any such Septic System Assessment, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such Septic System Assessment is made. Each such Septic System Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner effective at the time when the Septic System Assessment falls due. The personal obligation for delinquent Septic System Assessments shall not pass to an Owner's successors in title unless expressly assumed by them, provided such Septic System Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which such Septic System Assessments are made.

Section 7.2. Purpose of Septic System Assessments. The Septic System Assessments to be levied annually by the Association against each Lot upon which a Septic System has been constructed shall be used to inspect each Lot's Septic System to ensure such Septic Systems are in compliance with any requirements imposed by the Association or any governmental authority, and to make any minor repairs or maintenance that are covered by the Association's contract with a contractor who performs the Septic System inspections.

Section 7.3. 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 for 2006 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. Septic System Assessments for each year thereafter shall be payable no later than January 31 of such year, and is currently Seventy-Seven and 50/100 Dollars (\$77.50) for a bi-annual inspection, subject to annual increases made in accordance with Section 7.4.

The Board shall fix the amount of the Septic System Assessment for each 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 7.3 shall not relieve the Owners of their liability for Septic System Assessments. Notwithstanding the forgoing, the Board 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 7.4. Maximum Septic System Assessment.

7.4.1. For years following the first year of Septic System Assessments and thereafter, the Board may increase the Septic System Assessment each year (without a vote of the Members) by a maximum amount equal to the previous year's Septic System Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the CPI. 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, without a vote of the Members.

7.4.2. The Board may fix the Septic System Assessment at an amount not in excess of the maximum set forth in Subsection 7.4.1 (the "Maximum Septic System Assessment"). If the Board 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 amount, the Board may, by vote in accordance with the Bylaws, levy a Supplemental Septic System Assessment. In no event shall the sum of the Septic System Assessment 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 7.5. Assessment Rate. Septic System Assessments and Supplemental Septic System Assessments shall be fixed at a uniform rate for all Lots.

ARTICLE VIII

RESTRICTIONS

Section 8.1. Residential Restrictions. Each Lot shall be used exclusively for single-family, non-transient residential purposes; provided, however, Declarant shall have the right to use the Lots designated, from time to time, by Declarant for the purpose of construction and operation of construction offices and sales/marketing offices (and for related uses) for the Development. No trade, business or business activity of any kind shall be conducted upon a Lot or any part thereof except by Declarant or except with the written approval of the Board. Provided, however, the Board may permit a home office or business activity to be conducted on a Lot so long as such office or business, in the sole discretion of the Board, does not otherwise violate the provisions of this Declaration, does not create a disturbance and does not unduly increase traffic flow or parking congestion on the Property or in the Development. The Board may issue rules regarding permitted business activities. Leasing of a residence on a Lot shall not be considered a business or business activity.

Except for Declarant's construction and sales/marketing offices, no structure shall be erected, placed, altered, used or permitted to remain on any Lot other than one detached single-family private Dwelling and one private garage (either attached or detached from the Dwelling) for not less than two (2) vehicles and only such other accessory structures as are approved in advance in writing by the Environmental Control Committee pursuant to the Guidelines. No Lot and no Improvements may be used for hotel or other transient residential purposes. Each lease relating to any Lot or Dwelling must be for a term of at least six (6) months, must be in writing, and must provide that the tenant is obligated to observe and perform all of the terms and provisions hereof applicable to such Lot or Dwelling.

Subject to the requirements set forth herein and in the Guidelines, fixed piers and floating boat dock facilities incidental to the residential use of Waterfront Lots are expressly permitted only within the Pier Zone of Waterfront Lots upon the condition that they are not rented, leased or otherwise used for remuneration. Furthermore, no boat (including a houseboat), whether existing on a Lot, docked at a pier or floating boat dock appurtenant to any Waterfront Lot in the Development, may be used as a residence.

Section 8.2. Dwelling Size. The square footage requirements set forth below are for enclosed heated floor area and are exclusive of the areas in heated or unheated basements, vaulted ceiling areas and attics, unheated porches of any type, attached or detached garages, any type of porte-cochere and unheated storage areas, terraces, balconies, courtyards, decks and patios.

Any Dwelling erected upon any Lot shall contain not less than the following heated floor areas:

	<u>Minimum Total Heated Area</u>	<u>Minimum Ground Floor Heated Area</u>
1 story Dwelling	1,800	1,800
Any multi-story Dwelling	2,000	1,600 main floor

No Dwelling erected upon a Lot shall contain more than two and one-half (2½) stories above ground level.

Section 8.3. Building Construction and Quality. No Dwelling costing less than \$250,000.00 (in terms of 2006 dollar value), exclusive of the cost of the Lot, will be permitted on any Lot.

Section 8.4. Temporary Structures; Structure Materials. No residence or building of a temporary nature shall be erected or allowed to remain on any Lot; provided, however, a construction office trailer may be located on that particular Lot until completion of the Dwelling or Improvement on that Lot. No metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on any Lot or attached to any Dwelling. Provided, however, Declarant may erect temporary buildings or structures on Lots owned by Declarant to be used for storage, or for construction or sales offices.

Section 8.5. Building Envelope. No building or other Improvement on any Lot (including without limitation any stoops or porches, patios, decks, or terraces) shall be erected or permitted to remain outside of the building envelope for that particular Lot as established by the Environmental Control Committee (as to each Lot, the "Building Envelope"). The minimum setbacks are reflected on the Map of the Subdivision and the Building Envelope approved for any Lot will be established by the Environmental Control Committee. Provided, however, the following are permitted outside the Building Envelope if they are approved by the Environmental Control Committee, in accordance with the applicable provisions of the Guidelines, (i) docks, piers (or waterfront Improvements, (ii) exterior steps at the front and rear

of a Dwelling may project into the setback area established by the Building Envelope up to a distance of five (5) feet, and (iii) fireplace chimney structures projecting from the side of a Dwelling may encroach no more than eighteen (18) inches into the side yard setback established by the Building Envelope. The Environmental Control Committee shall have the right in its sole discretion to make exceptions to any Building Envelope to recognize any special topography, vegetation, Lot shape or dimension, or other site-related conditions. In the event any zoning or subdivision ordinance, floodway regulation or other ordinance, law or regulation applicable to a Lot shall prescribe greater setbacks, then those greater setbacks shall govern.

Section 8.6. HVAC Equipment. No air conditioning or heating equipment or apparatus shall be installed on the ground in front of a Lot, or attached to any front wall of any Dwelling. Additionally, air conditioning and heating equipment and apparatus shall be screened from view from streets by landscape Improvements, as more particularly provided in the Guidelines.

Section 8.7. 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 one Lot with contiguous Lot(s) so long as the parcel(s) which result from such combination do not violate any applicable zoning ordinance, subdivision 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 Lot for the purposes of this ARTICLE VIII, but shall continue to be considered as two or more 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 8.8. Dimensions of Utility Easements. Declarant reserves easements for the installation and maintenance of utilities (electricity, septic system, water, gas, telephone, cable television, etc.) and drainage facilities over the front and rear ten (10) feet of each Lot (with the exception of the Waterfront Lots, which will not have a ten (10) foot easement over the rear of each such Waterfront Lot (i.e., waterside)) and seven and one-half (7.5) feet in width along each side 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 Dwellings. 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 8.9. Entrance Monument Easement. Declarant hereby reserves a non-exclusive perpetual easement for the purpose of landscaping and maintaining the entryway and erecting and maintaining the Entrance Monument for the Subdivision. An easement is hereby reserved by Declarant for itself, its successors in interest and assigns, and granted to the Association over portions of the Subdivision identified as "Entrance Monument Easement," "Entrance Monument Area," "COS," or other similar term on the Map.

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

Section 8.10. Exterior Lighting. Exterior lighting on Lots shall be subject to the applicable requirements and limitations in the Guidelines. Night lighting of recreational facilities on Lots is not permitted.

Section 8.11. Fences and Walls. No fence or wall (regardless of the materials) shall be erected on a Lot without the prior written approval of the Environmental Control Committee. No fence may be erected nearer the front lot line of the 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 face of the Dwelling located on such Lot. 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. 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 ("Openness Test"). A wall constructed of brick or stone and used in lieu of a fence is exempt from the Openness Test. All fences and walls shall be erected in accordance with the provisions of the Guidelines. These restrictions shall not apply to any Improvements originally installed by Declarant on any Common Area.

Section 8.12. Signs. No sign of any kind shall 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 per Lot advertising the property for sale; (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. No signs of any kind may be displayed to the public view on any Common Area other than the Entrance Monument. Notwithstanding the immediately preceding sentence, Declarant shall not be prohibited from erecting and maintaining signs and billboards, permanent or temporary, advertising the Property, the Development or portions of either thereof, or for any other purpose, on any portion of the Property owned by Declarant or in the Common Areas.

Section 8.13. Radio or Television Transmission or Reception Equipment. No radio or television transmission or reception towers, antenna, satellite dishes or discs shall be erected or maintained on any Lot, except one 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 any one 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 Dwelling; 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 Dwelling. Any dish, disc, or antenna (with associated mast) shall be reasonably camouflaged and screened from view from the roads within the Subdivision, 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.

Section 8.14. Utilities. All utilities and utility connections shall be located underground, including electrical, telephone and cable television lines. Transformers, electric, gas or other meters of any type, or other apparatus shall be located at the rear of the Dwellings or Improvements constructed on Lots or, if approved by the Environmental Control Committee in writing, located elsewhere on the Lot; provided, however, that they are adequately screened as required by the Environmental Control Committee in accordance with the provisions of this Declaration.

Section 8.15. Garages, Driveways, and Parking. Each Lot Owner shall provide a concrete or asphalt driveway that provides space for parking two (2) automobiles prior to the occupancy of any Dwelling constructed on the Lot. No truck or commercial vehicle in excess of one-ton load capacity, or any vehicle under repair, or any wrecked or junked motor vehicle shall be parked upon or permitted to remain on any Lot, Common Area or other portion of the Property. No boat or boat trailer may be parked, left or stored on any Lot, Common Area or other portion of the Property. No trailer, motor home, recreational vehicle, camper or boat shall be used as a dwelling, either temporarily or permanently. No trailer, motor 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 street and not within the front or side yard of the Lot. All trucks, automobiles, trailers, campers, motor homes and recreational vehicles must have a current license plate affixed. All automobiles must be parked in a carport, enclosed garage, or on a concrete or asphalt driveway. Parking is not permitted on any Public Roads or Private Roads within the Development.

Section 8.16. Sewage Disposal. Every Lot shall be served by a private Septic System for the disposal of sewage. Declarant makes no representations regarding the future availability of municipal sewer service. All Septic Systems shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of the South Carolina Department of Health and Environmental Control and other governmental authorities and regulatory agencies having jurisdiction. All Owners, by purchasing Property subject to this Declaration, acknowledge that any governmental permit or approval allowing for the construction and operation of a Septic System may be limited in duration in accordance with the terms thereof, and neither Declarant, nor the Association, nor the Environmental Control Committee, nor the officers, directors, members, employees, agents or affiliates or any of them, shall have any liability, directly or indirectly, arising from or connected with the inability of an Owner to obtain any such permit or approval (including an extension or continuation) following the initial expiration thereof.

The Owner of the Lot for which a Septic System is being installed shall be responsible for obtaining all necessary environmental permits and other permits for the use of the Septic System and shall hold harmless the Association, its successors and assigns, from any loss, damage or liability relating thereto, except to the extent that such loss, damage or liability results from the negligent act or omission or willful misconduct of the Association, its successors and assigns, or its officers, directors, agents, employees, members, invitees or licensees. Prior to the installation of a Septic System, the Owner of the Lot for which the Septic System is being installed shall have the proposed location of such Septic System staked and approved by the appropriate governmental authorities, and such Septic System shall be approved by, and constructed and maintained in accordance with all regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction thereof. The Owner of the Lot shall be responsible for operating and maintaining the Septic System at the Owner's sole cost and expense.

Section 8.17. Public Water System; No Wells. Declarant shall cause to be constructed a water system in order to provide water supplies necessary to serve the Subdivision (the "Water System"). All water mains, pipes and other equipment necessary for the operation and maintenance of the Water System shall be located within the utility easements described in this Declaration, or within the Roadway rights-of-way. Upon its completion of the Water System including all mains, pipes and equipment and other personal property which is part thereof, Declarant or the Association shall use reasonable good faith efforts to dedicate the Water System to Seneca Light and Water or other governmental authority. All Owners are required to connect into the Water System for domestic water service. The Water System shall be the sole provider of water supply to the Subdivision, and no well may be dug or constructed on any Lot for the purpose of providing domestic water supply.

Section 8.18. Erosion and Sediment Controls. Prior to any earth disturbing activity, erosion and sediment control measures shall be implemented and undertaken by the Owner or Owner's builder in accordance with the applicable provisions of the Guidelines.

Section 8.19. 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 Dwelling or other Improvements shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. All construction must be completed within one (1) year after the date upon which it commenced, unless a longer time is approved by the Environmental Control Committee. Any damage to the Public Roads, Private Roads, curbs or sidewalks or any part of any Common Area or any utility system caused by an Owner or Owner's builder or such builder's contractors or subcontractors shall be repaired by such responsible Owner. Any builder of Improvements (and such builder's contractors and subcontractors) on any portion of the Property shall keep such portion of the Property free of unsightly construction debris, in accordance with the construction rules established by the Environmental Control Committee, and shall similarly keep contiguous public and private areas free from any dirt, mud, garbage, trash, or other debris which is occasioned by construction of Improvements. The Board may levy a Special Individual Assessment against an Owner's Lot to pay for the cost of repairing any damage to Public Roads, Private Roads, curbs or sidewalks or any part of any Roadway, Private Road, Common Area or utility system, to pay for the cost of cleaning public and private areas, including the Public Roads, and to pay for the cost

of the removal of garbage, trash or other debris, which are caused by the activities of an Owner or Owner's builder or such builder's contractors or subcontractors during the construction of Improvements. Declarant, 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 and incorporated by reference.

Section 8.20. Lake Buffer Area. All trees, shrubs and ground over which are within the Lake Buffer Area are considered to be "protected" vegetation in that cutting and clearing generally is not permitted therein without the prior written consent of the Developer or the ECC. We have reserved the right of entry and an easement for ingress and egress for the benefit of the Developer and the Association, on behalf of the ECC, to replant or to replace, or to order the replanting or replacement of, any trees, shrubs or other vegetation removed within the Subdivision in violation of the Restrictions.

Section 8.21. Marine Toilets. No watercraft 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's docks or piers, unless otherwise approved by the Declarant or ECC. No watercraft equipped with a marine toilet having a fixed or portable holding tank, or a through hull or overboard discharge toilet, shall be permitted at a Waterfront Lots dock or pier or at the Waterford Ridge Community Boatlips.

Section 8.22. Docks and Piers. Only the Owner of a Waterfront Lot may construct one (1) dock or pier within the area designated as "Pier Zone" on the Map or in any Supplemental Declaration or other document which may be filed pursuant to the provisions of this Declaration adjacent to the Waterfront Lot (in accordance with the applicable provisions of the Guidelines), 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 and/or any governmental entity having jurisdiction at the time such Improvements are to be constructed.

The placement, construction, or use of any pier, dock, or other Improvement within or upon the waters of the Lake is and shall be subject to each of the following:

8.22.1. easements, restrictions, rules and regulations for construction and use promulgated by the Association, including, but not limited to, limits on the dimensions and levels of any such Improvement;

8.22.2. all laws, statutes, ordinances and regulations of all Federal, State and local governmental bodies having jurisdiction thereon, including without limitation, the Federal Energy Regulatory Commission; and

8.22.3. rules and regulations, privileges and easements affecting the Property and the waters and submerged land of the Lake established by Duke, its successors and assigns. Duke Energy Corporation controls access to, and the use and level of, the waters of the Lake. All Owners, the Association and the Declarant must receive a permit from Duke (or a

successor manager of the Lake, under authority from the Federal Energy Regulatory Commission) prior to any alterations therein.

No pier, dock, or other similar waterfront Improvements shall be constructed by Owners of Waterfront Lots outside of the Pier Zone. Additionally, no boat (including a houseboat) docked at a fixed pier or a floating boat dock (appurtenant to any Waterfront Lot) shall be located outside the Pier Zone. Generally, any waterfront Improvement should have a low profile and open design to minimize obstruction of neighbors' views. Two level boat houses or docks will not be allowed.

Section 8.23. 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 the Lake from any Lot; provided, however, small watercraft such as canoes, dinghies, jet skis and personal watercraft may be launched from any Lot if launched without a ramp. All other watercraft shall be launched, refueled and maintained at public boat ramps located outside the Subdivision.

Section 8.24. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. During construction of Improvements on a Lot, all rubbish and debris shall be stored and disposed of in accordance with the rules and regulations set forth in the Guidelines.

Section 8.25. Restricted Activities in Common Areas. No cutting of vegetation, dumping, digging, filling, destruction or other waste shall be committed on the Common Areas. There shall be no obstruction of the Common Areas, nor shall anything be kept or stored in the Common Areas, nor shall anything be altered, or constructed or planted in, or removed from the Common Areas, without the prior written consent of the Declarant and the Association. Each Owner shall be liable to the Association and/or Declarant for any damage to any Common Area caused by the negligent acts or omissions or willful misconduct of the Owner or his family, tenants, guests, agents, employees, or invitees. Provided, however, the provisions of this Section 8.25 shall not apply to Declarant in connection with Declarant's construction activities on the Property.

Section 8.26. Maintenance and Repair of the Private Roads. All maintenance and repair of the Private Roads is the sole responsibility of the Owners of Lots 17-26 and Lots 30-37 benefiting from the use of the Private Roads to gain access to their respective Lots; provided, however, Lot 38 may be a Private Road Lot and a member of the Private Road Lot Group consisting of Lots 30-37, depending on whether the Owner of Lot 38 obtains access to the Dwelling constructed on Lot 38 from the Private Road or a Public Road. Any maintenance or repair must be approved by a majority of the Private Road Lot Owners in each Private Road Lot Group and each Private Road Lot Owner is obligated for their respective share of the cost of all approved maintenance ("Private Road Assessment"). Each Group of Private Road Lot Owners shall meet, from time to time, to agree upon service work to be performed on the Private Road. Any Private Road Lot Owner may call a meeting by mailing written notice to the Dwelling of every other Private Road Lot Owner in the Private Road Group at least thirty (30) days prior to the meeting at which the notice indicates that a vote will be taken regarding maintenance and repair of the Private Road. Failure to notify every Private Road Lot Owner of the meeting in the manner prescribed above shall invalidate any vote taken at such meeting

unless all Private Road Lot Owners attended the meeting in person or by proxy. A validly called meeting may be conducted by telephone or other convenient method. There shall be one (1) vote appurtenant to each Private Road Lot owned and any repair or maintenance of the Private Road which is approved by a majority of the votes cast, in person or by proxy, at a validly called meeting of the Private Road Lot Owners shall be considered "Approved Maintenance." The cost of all Approved Maintenance shall be divided equally among the Private Road Lot Owners in the Private Road Group. Each Private Road Lot Owner shall be obligated for its respective share of the cost of all Approved Maintenance, the payment of which is enforceable by any other Private Road Lot Owner in the Private Road Group. A lien is hereby established on the Private Road Lots for the purpose of enforcing the obligations of any Private Road Lot Owner who fails to pay his or her share of the cost of the Approved Maintenance of the Private Road. If a Private Road Lot Owner fails to pay his or her share of the costs of the Approved Maintenance, the defaulting Private Road Lot Owner shall pay interest accruing thereon at the lower of: (i) eighteen percent (18%) per annum or; (ii) the maximum rate allowed by law. In addition, if any Private Road Lot Owner employs an attorney to collect the obligation to pay for Approved Maintenance from a defaulting Private Road Lot Owner or enforce the lien hereunder against a defaulting Private Road Lot Owner, such Private Road Lot Owner shall be reimbursed by the defaulting Private Road Lot Owner for all reasonable attorneys' fees and court costs incurred with respect thereto. Except as otherwise expressly set forth herein, only the Private Road Lot Owners, their families, tenants, guests or invitees may use the Private Road for access, ingress, egress and regress to and from the Private Road Lots.

All Private Road Lot Owners are required to maintain the portion of their Private Road Lot which abuts a Private Road and which falls within the Private Road right-of-way. All Private Road Lot Owners shall mow the grass and maintain the portion of their Lot which is subject to the Private Road right-of-way, and keep it free from trash and debris.

The Association reserves the right and easement to go upon the Private Roads to conduct necessary repairs in the event that the Private Road Lot Owners in a Private Road Lot Group fail to maintain its respective Private Road. The Association will assess each Private Lot Owner for the costs incurred if it needs to conduct necessary repairs or maintenance of the Private Roads.

Section 8.27. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot, other than in enclosed garages.

Section 8.28. Rules and Regulations. All Owners of any Lot shall abide by all rules and regulations adopted by the Board, from time to time. The Board shall have the power to enforce compliance with the rules and regulations by all appropriate legal and equitable remedies. An Owner determined by judicial action to have violated the rules and regulations, shall be liable to the Association and/or Declarant for all damages, costs, and expenses including reasonable attorneys' fees.

Section 8.29. Removal of Trees and Other Vegetation. All trees, shrubs and ground cover within the Lake Buffer Area 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 ECC. The practical exceptions to this rule are that dead or diseased trees and 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 Lake Buffer Area may not be cut down or otherwise removed without the specific written approval of the Declarant or the ECC. 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 cannot be planted inside the Lake Buffer Area.

Declarant hereby reserves the right and easement benefiting Declarant, the Association, and/or the ECC 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 8.29. If Declarant, the Association, and/or the ECC exercises its easement rights pursuant to the terms of this Section 8.29, the Owner of the nonconforming Lot shall reimburse Declarant, the Association, and/or the ECC (as applicable) within five (5) business days following the submission of an invoice for any costs or expenses incurred. The exercise or nonexercise of the easement rights contained in this Section 8.29, shall be subject to the discretion of the Declarant, the Association, and/or the ECC, provided that Declarant, the Association, and/or the ECC shall not have the obligation to exercise such rights.

Declarant, the Association and/or the ECC shall have the authority, 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 in violation of the above provisions or the Guidelines. The Tree Valuation Schedule relating to damaged or destroyed trees set forth in the Guidelines, as well as all related expenses to be reimbursed, shall be considered a Special Individual Assessment against the respective Owner's Lot, entitling Declarant, the Association and/or the ECC to the Assessment collection remedies specified in ARTICLE IX.

Section 8.30. Nuisances. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot. No Lot shall be used, in whole or in part, for the deposit, storage or burial of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within any Lot, nor shall anything be done which would cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Development. There shall not be maintained on any Lot any plants or animals or device or thing of any sort whose activity or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the

Development. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law.

Section 8.31. Mail and Newspaper Boxes. All mail boxes and newspaper boxes shall be constructed or installed on any Lot in accordance with the applicable provisions of the Guidelines.

Section 8.32. Animals. No animals, livestock or poultry shall be raised, bred or kept on any Lot or any other portion of the Property, except that dogs, cats, or other generally recognized household pets may be kept, provided that (a) they are not kept for any commercial purposes; and (b) that they do not create a nuisance (in the judgment of the Board) such as, but without limitation, by noise, odor, damage or destruction of property or refuse. The number of household pets kept or maintained outside the Dwelling on a Lot shall not exceed three (3) in number, except for newborn offspring of such household pets which are all under (9) months in age. Whenever they are outside of a Dwelling, dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board. Animal control authorities shall be permitted to enter the Development and the Property to patrol and remove pets which violate this Section 8.32 and wild animals. All pets shall be registered, licensed and inoculated as required by law. No fenced dog enclosure or other structure for pets may be constructed or maintained on any Lot unless approved in writing by the ECC.

Section 8.33. Governmental Requirements; Lake Buffer Guidelines. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of Improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Each Owner shall comply with all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to the Lot(s) or other portion of the Property owned by such Owner. Furthermore, each Owner shall comply with the conditions, limitations and restrictions set forth in the Lake Buffer Guidelines.

ARTICLE IX

GENERAL ASSESSMENT PROVISIONS

Section 9.1. 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 9.2. Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment 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

late charges as established by the Board 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 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, such Owner's Boatslip, if applicable, or by abandoning such Owner's Lot or Boatslip.

Section 9.3. Subordination of the Lien to Mortgages. The lien of the Assessments provided for in Articles V, VI and VII of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot. Sale or transfer of any Lot shall not affect the Assessment lien. The sale or transfer of any Lot pursuant to a mortgage foreclosure under any first Mortgage on a Lot, 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 may in its sole discretion determine such unpaid Assessments to be collectable pro rata from all Owners (or from Boatslip Lot Owners, if Boatslip Assessments, Special Boatslip Assessments or Supplemental Boatslip Assessments). 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 first Mortgage on a Lot.

ARTICLE X

ENVIRONMENTAL GUIDELINES

Section 10.1. General. Notwithstanding anything contained in this Declaration to the contrary, no construction activity of any type, including, without limitation, grading or site preparation on any Lot, erection of Improvements or exterior additions or alterations to any Improvements situated upon the Property, or any landscaping or cutting of trees on any Lot, shall be commenced, erected or maintained, until all the following conditions have been satisfied: (a) an application for approval has been submitted to the ECC; (b) the ECC has given written approval for the plans and specifications for the Improvements, the location of such Improvements, and the commencement of construction, all in accordance with the terms and requirements in the Guidelines; and (c) the fees set forth in or contemplated by this ARTICLE X have been paid in full by the Owner. The provisions of this ARTICLE X shall not apply to the construction of any Improvements commenced, erected or maintained by Declarant on any Lot or upon any of the Common Areas. Declarant, the Association and/or the ECC may delegate to the ECC any powers or authority reserved or granted to it under this ARTICLE X.

Section 10.2. Composition of ECC. So long as Declarant owns any Lot or other portion of the Property, Declarant shall appoint the members of the ECC. When Declarant no longer owns any Lot or other portion of the Property or at such earlier date as Declarant releases its right to appoint the members of the ECC, the Board shall thereafter appoint the members of the ECC. The three (3) members of the ECC shall be appointed annually. The members of the ECC need not be Lot Owners. In the event of the death or resignation of any member of the ECC, the party or entity then having the authority to appoint members to the ECC shall have full authority to designate and appoint a successor. Members of the ECC may be

removed and replaced at any time, with or without cause, and without prior notice, by the party or entity then having the authority to appoint such members. The ECC shall have the right, power and authority to employ and/or use the services of any architects, engineers or other professionals as it deems necessary or advisable, in its sole discretion, to carry out its duties and obligations as described in this ARTICLE X.

Section 10.3. Environmental Guidelines.

10.3.1. The ECC shall, from time to time, publish, promulgate and amend the Guidelines. The Guidelines shall be explanatory and illustrative of the general intent of the development of the Property and are intended as a guide to assist the ECC in reviewing plans and specifications for Improvements. Guidelines shall also set out, among other things, the procedures for submission, review and approval of plans and specifications for the construction of Improvements to the ECC and the fees to be imposed by the ECC, as more specifically described in Section 10.7. In any event, the Guidelines shall not be binding upon the ECC, may be revised and amended at any time by the ECC, in its sole discretion, and shall not constitute, in every event, the basis for approval or disapproval of plans, specifications and other materials (for the construction of Improvements) submitted to the ECC for approval.

10.3.2. The Guidelines shall also be explanatory and illustrative of the general intent of the landscape development of the Property and are intended as a guide to assist the ECC in reviewing plans and specifications for landscape Improvements. In addition, the Guidelines shall establish approved standards, methods and procedures for the removal of "mature" trees (as defined in the Guidelines). Such authorized standards, methods and procedures shall be utilized by Owners and their contractors and subcontractors, and the approval by the ECC of any landscaping plan or other landscaping Improvement in connection with landscaping on a Lot or other portion of the Property shall be based upon the conformity of such plan or Improvement with the Guidelines.

10.3.3. The ECC is also hereby authorized to publish and promulgate, from time to time, and revise and amend at any time in its sole discretion, construction rules, as part of the Guidelines, to be followed by all Owners and builders performing work or constructing or installing Improvements on the Property.

10.3.4. The ECC may issue and amend the Guidelines, from time to time, and may publish and promulgate different Guidelines for different Phases, sections or portions of the Property.

Section 10.4. Enforcement.

10.4.1. It is Declarant's intent that the environmental control provisions of this Declaration and any Supplemental Declarations are intended to minimize the adverse impact on the environment of the Subdivision. All Owners, by purchasing property subject to this Declaration, acknowledge that a violation of any such provisions could result in irreparable harm and damage to other Lot Owners in the

Subdivision and to Declarant, and to the values of their respective properties in the Subdivision, a monetary measure of which harm and damage would be difficult to establish. Accordingly, the Association shall have the specific right (but not the obligation) to enforce and/or to prevent any violation of the provisions contained in this ARTICLE X by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions. Declarant hereby specifically reserves and grants to the ECC, the Board and any agent or member thereof, the right of entry and inspection upon any portion of the Property for the purpose of determining whether any construction of any Improvement violates any approval by the ECC, the Guidelines, this Declaration or any Supplemental Declaration, as amended.

10.4.2. As to nonconforming or unapproved Improvements, the Association may require any Owner to restore such Owner's Improvements to the condition existing prior to the construction thereof (including, without limitation, the demolition and removal of any nonconforming unapproved Improvements) if such Improvements were commenced or constructed in violation of this ARTICLE X. In addition, the Association may, but has no obligation to, cause such restoration, demolition and removal to be performed and to levy the cost as a Special Individual Assessment against the Lot or portion of the Property upon which such Improvements were commenced or constructed. In the event that it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement to remove any unapproved Improvement or otherwise to remedy a violation of the Guidelines, the Association shall be entitled to recover court costs, reasonable attorneys' fees and expenses incurred by the Association and/or the ECC in connection therewith, which costs, fees and expenses may be levied as a Special Individual Assessment against the Lot upon which such Improvement was commenced or constructed.

Section 10.5. Failure of the ECC to Act. If the ECC fails to approve or disapprove any plans and specifications and other submittals which conform (and which relate to Improvements which will conform) with the requirements of the Guidelines and this Declaration or to reject them as being inadequate or unacceptable within thirty (30) business days after receipt thereof, and provided such submittal was a full and complete submittal, in accordance with the Guidelines, of all items that were to have been submitted to the ECC, the Lot Owner shall give written notice to the ECC asking it to act on the submittal. If the ECC shall again fail to approve or disapprove of such plans, specifications and other submittals within ten (10) days after receipt of the Lot Owner's written request the ECC shall be deemed to have approved such conforming plans and specifications and other submittals; provided that the ECC has no right or power, either by action or failure to act, to waive or grant any variances relating to any mandatory requirements specified in this Declaration or any Supplemental Declaration. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the ECC may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject or approve the balance.

Section 10.6. Variances. Upon submission of a written request for same, the ECC may, from time to time, in its sole discretion, permit Owners to construct, erect or install Improvements which are at variance with restrictions, requirements or provisions of this Declaration or any Supplemental Declaration from which a variance is permitted, pursuant to the

terms hereof or thereof. In any case, however, such variances shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community and shall not materially change the scheme of restrictions herein set forth. Written requests for variances shall be deemed to be disapproved in the event the ECC has not expressly and in writing approved such request within thirty (30) business days of the submission of such request. No member of the ECC shall be liable to any Owner for any claims, causes of action, or damages arising out of the grant or denial of any variance to any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the ECC's right to strictly enforce the covenants, restrictions and architectural standards provided hereunder or under any Supplemental Declaration against any other Owner.

Section 10.7. Fees and Construction Escrow Deposit Required by the ECC. The ECC, in its sole discretion, may require that each Owner submitting plans and specifications for Improvements to the ECC pay one or more fees to the ECC or to Declarant as a condition to commencement of construction of such Improvements. Such fees and deposits, as set forth in the Guidelines shall be established by, and may be increased, from time to time, by the ECC. The ECC, in its sole discretion, may require that each Lot Owner submitting plans and specifications for construction to pay a construction escrow deposit to the Association to be held for the purposes set forth in the Guidelines.

Section 10.8. No Construction Permitted Without Payment of Fees. Plans and specifications for Improvements to be constructed on a Lot or other portion of the Property shall not be deemed to have been properly submitted unless and until any and all fees required by the ECC to be paid in connection with such Improvements, as provided in Section 10.7, shall have been paid to the ECC, as required by the Guidelines.

Section 10.9. Notices and Submittals. Notices and submittals to the ECC shall be in accordance with the notice provisions set forth, from time to time, in the Guidelines.

Section 10.10. Limitation of Liability. No member of the ECC shall be liable for claims, causes of action or damages (except where occasioned by willful misconduct of such member) arising out of services performed pursuant to this ARTICLE X. Neither the ECC, the Association, Declarant, nor any officers, directors, members, employees, agents or affiliates of any of them, shall be liable for damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of, or the failure to approve or disapprove of, any plans and specifications. The approval of plans and specifications by the ECC shall not be deemed or construed as a representation or warranty of the ECC, Declarant, or any officer, director, member, employee, agent or affiliate of any of them, (i) that Improvements constructed in accordance with such plans and specifications will comply with applicable zoning ordinances, building codes, or other governmental or quasi-governmental laws, ordinances, rules and regulations; (ii) as to the structural soundness, quality, durability, suitability, fitness or proper functioning of Improvements constructed in accordance with such plans and specifications; and/or (iii) any responsibility or liability therefor is expressly hereby disclaimed. Every person who submits plans and specifications, and every Owner, agrees that such Owner will not bring any action or

suit against Declarant, the Association, the ECC, the Board, or the officers, directors, members, employees, agents or affiliates of any of them, to recover any such damages and hereby releases, demises, and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given. Declarant shall be the sole party responsible for the performance of Declarant's obligations under this Declaration, and no other person, firm or entity, including, without limitation, any entity affiliated with Declarant, shall have any obligation or liability for Declarant's obligations under this Declaration.

Section 10.11. Definition of Improvements. The term "Improvement" or "Improvements" shall mean and include any and all man-made changes or additions to a Lot, including, but not limited to, the location, materials, size and design of all Dwellings and buildings (including any exterior devices attached to or separate from Dwellings or buildings, such as heating and air conditioning equipment, solar heating devices, antennae, satellite dishes); storage sheds or areas; piers, docks, boatlips; roofed structures; parking areas; fences; statuary and fountains; pet "runs," lines and similar tethers or enclosures; landscaping (including cutting trees); hedges; mass plantings; irrigation equipment, apparatus and systems; driveways; signs; site preparation; changes in grade or slope; exterior illumination; and changes in any exterior color or shape. The definition of Improvements includes both original Improvements and all later changes to Improvements. The definition of Improvements, however, does not include the replacement or repair of Improvements previously approved by the ECC, provided such replacement or repair does not change exterior designs from that which was previously approved by the ECC.

Section 10.12. Miscellaneous. Members of the ECC, in the sole discretion of the party or body appointing such members (i.e., either Declarant or the Board, as the case may be) may be compensated for their services. The Association shall reimburse members of the ECC for reasonable out-of-pocket expenses associated with their activities hereunder. All costs, expenses and attorneys' fees of the ECC, including those incurred in connection with the exercise of their enforcement or other powers as provided herein, shall be borne by the Association; provided, however, nothing herein shall be deemed to negate the Association's right to an award of court costs, attorneys' fees and expenses in accordance with Section 10.4.

ARTICLE XI

INSURANCE

Section 11.1. Board. The Board shall obtain and maintain at all times insurance of the type and kind and in no less than the amounts set forth below:

11.1.1. Fire. All Improvements and all fixtures included in the Common Area and all personal property and supplies belonging to the Association, shall be insured in an amount equal to 100% of the then 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 with the assistance of the

insurance company providing coverage or an insurance broker or agent selected by the Board. The Board shall, at least annually, review the insurance coverage required herein and determine 100% of the then current replacement cost of such Improvements, fixtures, 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 adjustments of any and all covered losses shall be approved by the Board and the insurance company. In addition to the provisions and endorsements set forth in this ARTICLE XI, the fire and casualty insurance coverage shall contain the following provisions:

11.1.1.1. 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

11.1.1.2. a provision that the coverage will not be prejudiced by act or neglect of one or more Owners when the 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.

The property and public liability insurance policy shall not contain provisions whereby: (a) contributions or assessments may be made against Declarant, the Association, the Owners or the Mortgagees; (b) loss payments are contingent upon action by the carriers, directors, policy holders or members; and (c) there are limiting clauses (other than insurance conditions) which could prevent Owners or Mortgagees from collecting the proceeds.

11.1.2. Public Liability. The Board shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board may, from time to time, determine to be customary for projects similar in construction, location and use to the Development, covering each member of the Board, 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; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$2,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof occurring upon, in or 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 shall review such limits annually. Until the first meeting of the Board following the initial meeting of the Owners, such public liability insurance shall be in amounts of not less than \$2,000,000 per occurrence for claims for bodily injury and property damage.

11.1.3. Fidelity Coverage. The Board may 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 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. In the alternative, the Board may require that the Association Manager obtain such fidelity coverage.

11.1.4. Other. Such other insurance coverages, including flood insurance and workers' compensation, as the Board shall determine, from time to time, to be desirable.

Section 11.2. Premium Expense. Premiums upon insurance policies purchased by the Board shall be paid by the Board and charged as a common expense to be collected from the Owners pursuant to Articles V and VI hereof.

Section 11.3. Special Endorsements. The Board shall use diligent efforts to secure insurance policies that will provide for the following:

11.3.1. recognition of any insurance trust agreement entered into by the Association;

11.3.2. coverage that may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the named insured, any insurance trustee and all Mortgagees; and

11.3.3. coverage that cannot be cancelled, non-renewed, invalidated or suspended on account of the conduct of any officer or employee of the Board without prior demand in writing that the Board 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 11.4. General Guidelines. All insurance policies purchased by the Board shall be with a company or companies licensed to do business in the State of South Carolina and holding a rating of "A-VIII" or better by the current issue of 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 representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

Section 11.5. Owner's Personal Property. The Association or the 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 Waterford Ridge Community Boatlips, Amenity Area or other Common Areas. Further, the Association or the 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 Waterford Ridge Community Boatlips, Amenity Area or other Common Areas. 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 or other insurance for damage to or loss of such property. By virtue of taking title to a Lot within the Development, each Owner acknowledges that neither the Association nor Declarant has any obligation to provide any insurance for any portion of such Owner's Lot or any Dwelling or other property located thereon.

ARTICLE XII

RIGHTS OF MORTGAGEES

Section 12.1. Approval of Mortgagees. Unless at least seventy-five percent (75%) of the Mortgagees holding Mortgages on Lots located within the Subdivision have given their prior written approval, the Association shall not:

12.1.1. 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, directly or indirectly, by the Association; provided, however, the granting of easements for utilities or other purposes and the transfer of Boatlips pursuant to the terms of the Declaration shall not be deemed a transfer within the meaning of this provision;

12.1.2. 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;

12.1.3. 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 XI; or

12.1.4. use the proceeds of any hazard insurance policy covering losses to any part of any Common Area for a purpose other than the repair, replacement or reconstruction of the damaged Common Areas.

Section 12.2. Additional Rights. Provided that a Mortgagee has given written notice to the Association as hereafter provided, a Mortgagee shall have the following rights:

12.2.2. to be furnished at least one copy of the annual financial statement and report of the Association within ninety (90) days following the end of each fiscal year;

12.2.3. to be given notice by the Association of any meeting of the Association's membership, and to designate a representative to attend all such meetings;

12.2.4. 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 designates in writing;

12.2.5. to be given prompt written notice of any casualty loss to the Common Areas, or loss by eminent domain, condemnation or other taking of (i) the Common Areas or (ii) any Lot encumbered by a Mortgage held by the Mortgagee;

12.2.6. to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

12.2.7. to be given prompt written notice of any action which requires the consent of any or all of the Mortgagees as specified herein.

Whenever any Mortgagee desires the provisions of this Section 12.2 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. In the event a Mortgagee fails to give written notice as provided in the immediately preceding sentence, the Mortgagee shall not be entitled to the benefits of this Section 12.2.

Section 12.3. Books and Records. Any Mortgagee will have the right to examine the books and records of the Association during any reasonable business hours.

Section 12.4. 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 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 prompt reimbursement from the Association.

ARTICLE XIII

EASEMENTS AND OTHER RIGHTS

Section 13.1. Easements Reserved by Declarant. Declarant, in addition to any other easements granted or reserved herein, hereby reserves unto itself, its successors and assigns, and grants to the Association and any other persons or entities hereinafter set forth, the following non-exclusive easements on, upon, over, across, through and under the Property. In addition, Declarant hereby reserves unto itself, its successors and assigns, the right, on behalf of itself and the Association, to grant additional easements on, upon, over, across, through and under the Common Areas and any portion of the Property owned by Declarant as deemed to be in the best interests of and proper for the Development including but not limited to, easements in favor of Declarant, the Association and any designees of the foregoing, the Owners, and all their family members, guests, invitees and lessees and to various governmental and quasi-governmental authorities and agencies and private concerns for the purposes and uses hereinafter specified.

Section 13.2. Easements and Cross-Easements on Common Areas. Declarant, for itself, its designees and the Association, reserves the right to impose upon the Common Areas from time to time such easements and cross-easements for ingress and egress, installation, maintenance, construction and repair of utilities and facilities including, but not limited to, electric power, telephone, cable television, master antenna transmission, governmental and quasi-governmental purposes, sewer, Septic Systems, water, gas, drainage, irrigation, lake access and maintenance, storm water management, lighting, television transmission, garbage and waste removal, emergency services, and the like as it deems to be in the best interests of, and necessary and proper for, the Development or any portion thereof.

Section 13.3. Use of Common Areas. Subject to any limitation or restriction set forth in this Declaration, Declarant declares that the Common Areas are subject to a perpetual nonexclusive easement in favor of Declarant, the Association and their respective designees, the Owners and all their family members, guests, invitees and lessees, and appropriate governmental and quasi-governmental agencies to use the Common Areas for all proper and normal purposes including, but not limited to, ingress, egress and access for the furnishing of services and utilities and for such use of the facilities as the same are reasonably intended in accordance with the terms of this Declaration. If ingress or egress to any Lot or other portion of the Property is through any Common Area, any conveyance or encumbrance of such area is subject to this easement.

Section 13.4. Right-of-Way Over Public Roads. Declarant hereby reserves, for the benefit of itself, its agents, employees, lessees, invitees, designees, successors and assigns, and grants to the Association, its agents, employees, lessees, invitees, designees, successors and assigns, and to each Owner of a Lot, their family members, guests, invitees, successors and assigns, and to all governmental and quasi-governmental agencies and service entities having jurisdiction over the Property while engaged in their respective functions, a perpetual non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular, over and across the Public Roads for the purpose of providing access, ingress and egress to and from through and between the Property. All Lot Owners are required

to maintain the portion of their Lot which abuts any Public Road and which falls within the Public Road right-of-way. All Lot Owners shall mow the grass and maintain the portion of their Lot which is subject to the Public Road right-of-way, and keep it free from trash and debris.

Section 13.5. Right of the Association and Declarant to Enter Upon the Common Area. Declarant hereby reserves for the benefit of itself, its successors in interest and assigns, and grants to the Association and all agents, employees or other designees of Declarant or the Association an easement for ingress, egress and access to enter upon or over the Common Areas for the purposes of inspecting any construction, proposed construction or Improvements or fulfilling the rights, duties and responsibilities of ownership, administration maintenance and repair of Declarant or the Association, as appropriate. Such easement includes an easement in favor of the Association and Declarant to enter upon the Common Areas now or hereafter created to use, repair, maintain and replace the same for the purposes for which they are initially designated or for such purposes as they are hereafter redesignated or as Declarant otherwise determines them to be reasonably suited. Notwithstanding the foregoing, nothing contained herein shall be interpreted as imposing any obligation upon the Association or Declarant to maintain, repair, or construct Improvements which an Owner is required to maintain, repair or construct.

Section 13.6. Easement for Encroachment. Declarant hereby reserves, for the benefit of itself, its successors in interest and assigns, and grants to the Association, the Owners, their successors and assigns, easements for encroachments, to the extent necessary, in the event any portion of the Improvements located on any portion of the Property now or hereafter encroaches upon any of the remaining portions of the Property as a result of minor inaccuracies in survey, construction or reconstruction, or due to settlement or movement. Any easement(s) for encroachment shall include an easement(s) for the maintenance and use of the encroaching Improvements in favor of Declarant, the Association, the Owners and all their designees.

Section 13.7. Utility and Drainage Easements. The Property shall be subject to all easements and rights-of-way for utilities and drainage shown on the Maps, including, but not limited to, those certain easements shown and designated on the Maps as:

13.7.1. "Utility and Drainage Easement;" and

13.7.2. "Public Storm Drainage Easement."

Such easements are hereby reserved for the use of Declarant, its successors and assigns, and are hereby established for the use of the Association, its successors and assigns.

Additionally, Declarant hereby reserves, for the benefit of itself, its successors and assigns, and grants to the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along the front and rear ten (10) feet of each Lot (with the exception of the Lots adjoining the shoreline of Lake Keowee, which will not have a ten (10) foot easement over the rear), as well as over, under and along seven and one half (7.5) feet in width along each side Lot line for the installation and maintenance of lines, conduits, pipes and

other equipment necessary for furnishing electric power, gas, telephone service, cable service, water, irrigation, septic sewer and drainage facilities, storm drainage and/or other utilities.

Within the above-described easements no Improvements, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities or which may change the direction or flow of drainage channels in the easements. This reservation of easements shall not prohibit the construction of driveways, at locations approved by the Environmental Control Committee, over such easements.

Section 13.8. Declarant's Right to Assign Easements and Maintenance of Easement Areas. Declarant shall have the right to assign and convey, in whole or in part, the easements reserved by it hereunder. The areas burdened by the easements and rights-of-way reserved by Declarant on each Lot or other portion of the Property pursuant hereto, including any Improvements in such areas, which are not to be maintained by the Association or a public authority or utility, shall be maintained continuously by each Owner of such Lot or other portion of the Property, but no structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Declarant and/or the Association may exercise the rights reserved in this ARTICLE for the purpose of enforcing the provisions of this Section 13.7. Notwithstanding the above, the Association and/or Declarant shall have the right, but not the obligation, to maintain the landscaping in the easement areas on any Lot.

Section 13.9. Easement Reserved for the Association and Declarant. Full rights of access, ingress and egress are hereby reserved by Declarant for itself and the Association at all times over and upon any Lot or other portion of the Property for the exercise of the easement rights described in this ARTICLE as well as the maintenance and repair rights described below and for the carrying out by Declarant or the Association of the rights, functions, duties and obligations of each hereunder; provided, that any such entry by Declarant or the Association upon any Lot or portion of the Property shall be made with the minimum inconvenience to the Owner of such property as is reasonably practical, and any damage caused as a result of the gross negligence of Declarant, the Association or their employees or agents shall be repaired by Declarant or the Association, as the case may be, at the expense of Declarant or the Association, as the case may be.

Section 13.10. Easement Reserved to Maintain Transmission Line. Declarant hereby reserves an easement in favor of Duke Energy Corporation for access to and the maintenance and repair of certain transmission lines and towers as shown on the Map or which are within the Amenity Area. Without limiting the generality of the foregoing, this easement is specifically reserved for access to and maintenance of the transmission tower(s) that lie within the lakebed of Lake Keowee, along with the transmission lines within the two hundred (200) feet easement as shown on the Map; provided, however, that the existing easement for the transmission lines and towers in favor of Crescent Land & Timber Corp., recorded in Book 11-11, Page 54 of the Registry, shall still permit maintenance of the transmission lines to occur within any portion of the Property shown on the Map which lies within the two hundred (200) feet easement.

Section 13.11. Duke Easements. Duke has reserved easements and right with respect to the Subdivision for the following purposes:

13.11.1. the right to clear and flood property up to the elevation of 810 feet above mean sea level, USGS Datum, in connection with the operation of its hydroelectric power facility. This affects all of the Lots in the Subdivision that adjoin the shoreline of Lake Keowee, as shown on the Map, and includes the right of ingress and egress over the Subdivision or roads or streets within the Subdivision for the purpose of exercising the clearing and flooding rights; and

13.11.2. the right to erect and maintain electric transmission and communication lines within the Subdivision, including the right to clear obstructions or hazards within the areas in which such transmission or communication lines are located (as well as rights of ingress and egress for those purposes).

Section 13.12. Easement Over Private Roads. Each group of Lots that is accessed by a Private Road shall be considered a separate Private Road Lot Group. The Private Road Lots that are accessed by Elmwood Court are Lots 17-26 and the Private Road Lots that are accessed by Ivey Ridge Court are Lots 30-37. Developer has granted a non-exclusive easement over the respective Private Roads to the Private Road Lot Owners, their family members, tenants, guests and invitees to use the Private Road Easement to access the Private Road Lots.

Section 13.13. Other Easements. Declarant has granted a non-exclusive easement over portions of the Amenity Area to the Boatslip Lot Owners, their family members, tenants, guests and invitees to access the Waterford Ridge Community Boatslips.

Section 13.14. Right to Grant Additional Easements. Declarant shall have the right to grant over, under, across and upon any portion of the Property owned by Declarant, and the Board shall have the authority, in its sole discretion, to grant over, under, across and upon the Common Areas, such easements, rights-of-way, licenses and other rights in accordance with or to supplement the provisions of this Declaration or as may otherwise be necessary or desirable for the development of the Development, by the execution, without further authorization, of such grants of easement or other instruments as may, from time to time, be necessary or desirable, in its sole discretion. Such easements may be for the use and benefit of persons who are not Association Members or Owners.

Section 13.15. No Merger of Easements. The easements hereby established shall not be terminated by merger or otherwise, except upon execution and recordation of an instrument specifically terminating any such easement.

ARTICLE XIV

CONDEMNATION

Section 14.1. 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 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, 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, 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 damages 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 in its sole discretion.

Section 14.2. 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 14.1 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 any one 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.

Section 14.3. 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 ARTICLE XII hereof.

ARTICLE XV

GENERAL PROVISIONS

Section 15.1. Enforcement. Declarant, being the developer of other subdivisions in the area of the Development, wishes to maintain a high standard in the appearance and quality of the Development. Though damages would be difficult to measure, the failure of the Owners and 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 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 restrictions, conditions, covenants, reservation, liens or charges, 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 hereby covenants and agrees that it shall exercise its power of enforcement hereunder in order to maintain a first class development in appearance and quality, and that it shall, upon the request of Declarant, enforce any restriction, condition, covenant, reservation, lien or charge contained in this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to the Association at law or in equity. 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. If Declarant goes upon the Common Areas to perform maintenance and repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and repairs, upon receipt of a statement for such cost from Declarant. Failure by Declarant, the Association or by any Owner to enforce any restrictions, conditions, covenants, reservations, liens or charges herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 15.2. Severability. Invalidation of any of the provisions contained in this Declaration, or any restriction, condition, covenant, reservation, lien or charge contained herein by judgment or court order shall not affect any other provisions, which shall remain in full force and effect.

Section 15.3. Amendment. This Declaration may be amended or modified 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, any amendment to this Declaration must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development. It is further provided that any amendment affecting the Waterford Ridge Community Boatslips must be approved by a vote of a majority of the votes appurtenant to the Boatslip Lots and must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record.

Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if (a) 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; or (b) the amendments or modifications are correctional in nature only and do not involve a change which has a material adverse affect on the rights, duties or obligations specified herein.

Section 15.4. Term. The covenants and restrictions of this Declaration are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of thirty (30) years from the date this Declaration is recorded; after which time the 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 for so long as Declarant is the Owner of any Lot in the Development, has been recorded, agreeing to terminate the covenants and restrictions in whole or in part. Provided, however, that the residential use restrictions set forth in ARTICLE VIII of this Declaration shall run with the land and be binding upon all parties and all persons claiming under them in perpetuity.

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

Signed, Sealed and Delivered
in the Presence of:

CRESCENT COMMUNITIES S.C., LLC,
a South Carolina limited liability company

Sandra S. Lewis

By: Scott Mundy
Its: Vice - President

Kay H. Arnette

STATE OF NORTH CAROLINA

PROBATE

COUNTY OF MECKLENBURG

PERSONALLY appeared before me SANDRA S. LEWIS and made oath that she/he saw the within named Crescent Communities S.C., LLC by J. SCOTT MUNDAY, its Vice - President, sign and as the act and deed of the limited liability company, deliver the within written instrument, and that she/he, with the second witness, witnessed the execution thereof.

Sandra S. Lewis
Signature of First Witness

SWORN to before me this 17th
day of March, 2006

Kay H. Arnette
Notary Public of Mecklenburg Co., NC
My Commission Expires June 28, 2009



EXHIBIT A

**ARTICLES OF INCORPORATION FOR
WATERFORD RIDGE OWNERS ASSOCIATION, INC.**

[SEE ATTACHED]



ARTICLES OF INCORPORATION
OF
WATERFORD RIDGE 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 Waterford Ridge Owners Association, Inc.
2. The initial registered office of the nonprofit corporation is 75 Beattie Place
Street Address
Greenville Greenville SC 29601
City County State Zip Code

The name of the registered agent of the nonprofit corporation at that office is

CT Corporation System
Print Name

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

Agent's Signature Charles E. McDonald, Jr.

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 1300, Charlotte, Mecklenburg, North Carolina
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.

Waterford Ridge 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 (Only if named in articles) Signature of Director

Name (Only if named in articles) Signature of Director

Name (Only if named in articles) Signature of Director

11. Each incorporator must sign the articles.

Nancy Olah
Signature of incorporator

Signature of incorporator

Signature of incorporator

EXHIBIT B

**BYLAWS FOR
WATERFORD RIDGE OWNERS ASSOCIATION, INC.**

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2006 APR 13 P 12:06

ARTICLE 1

Section 1.1 Name. The name of the non-profit corporation is WATERFORD RIDGE OWNERS ASSOCIATION, INC. (the "Association").

Section 1.2 Location. The principal office of the Association shall initially be located in Mecklenburg County, North Carolina at 400 S. Tryon Street, Suite 1300, Charlotte, North Carolina 28201-1003. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE 2

DEFINITIONS

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 Waterford Ridge executed by Crescent Communities S.C., Inc., and duly recorded in the Office of the Register of Deeds of Oconee County, South Carolina (as 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, 2006, as determined by a vote of the Board, and each subsequent regular annual meeting of the Members shall be held on or about the anniversary date of the first annual meeting thereafter, at a reasonable time to be determined by the Board. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held 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 of the Association, by the Board, or upon the written request of the Members who are entitled to vote at least ten percent (10%) of all of the votes appurtenant to the Lots.

Section 3.3 Meetings of Groups of Certain Lot Owners. From time to time, meetings of (i) the Members owning Boatslip Lots, and (ii) the Members who are Private Road Lot Owners, served by a single Private Road, (each, a "Member Group") may be called at any time (a) by the President of the Association, (b) by the Board, or (c) upon the written request of the Members who are entitled to vote at least ten percent (10%) of all of the votes appurtenant to the relevant Member Group, for the purpose of discussing and voting on matters affecting the

Member Group. Such meetings may be held at the annual meeting of the Members or at a special meeting of the Member Group.

Section 3.4 Place of Meetings. All meetings of the Members and all meetings of any of the Member Group shall be held at such place within Mecklenburg County, North Carolina or Oconee County, South Carolina, as shall be determined by the Board, from time to time.

Section 3.5 Notice of Meeting. Written notice of each meeting of the Members and each meeting of the Member Group shall be given by, or at the direction of, the Secretary of the Association or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote there at, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for notice purposes. The 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 Members shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

Section 3.7 Class A Lots. All Lots shall be Class A Lots, except Class B Lots as defined below. Each Class A Lot shall entitle its Owner(s) to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any Class A Lot, all such persons shall be Members and the appurtenant voting rights 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.

3.7.1 Class B Lots. Class B Lots shall be all Lots owned by Declarant that have not been conveyed to purchasers who are not affiliated with the Declarant. Each Class B Lot owned by Declarant shall be entitled to four (4) votes.

Section 3.8 Declarant Control Period. The Class B Membership shall cease and be converted to Class A Membership on the first to occur of the following events:

3.8.1 when the total number of votes in the Class A Membership exceeds the total number of votes in the Class B Membership;

3.8.2 December 31, 2016; or

3.8.3 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.

The earliest to occur of Section 3.8.1, Section 3.8.2 or Section 3.8.3 shall be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A member.

Section 3.9 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes appurtenant to the Lots (or to the Lots of any Member Group) 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 3.10 Proxies. At all meetings of Members or any Member Group, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance of the applicable Member's Lot.

Section 3.11 Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a majority vote of all votes entitled to be cast by all classes of Members, present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present, shall be regarded as the act of the Members. Notwithstanding any term or provision herein, the affirmative vote of no less than two-thirds (2/3) of all votes entitled to be cast by all classes of Members shall be required in order for the Association to (a) file a complaint, on account of an act or omission of Declarant, with any governmental agency which has regulatory or judicial authority over the Subdivision or any part thereof, or (b) assert a claim against or sue Declarant.

Section 3.12 Action by Members of a Member Group. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a majority vote of all votes entitled to be cast by the Members of any Member Group, present or represented by legitimate proxy at a legally constituted meeting at which a quorum of the Members of the Member Group is present, shall be regarded as the act of such Member Group.

Section 3.13 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members, (or any meeting of any Member Group) in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any such meeting shall constitute a waiver of notice by such Member of the time and place thereof, except where such 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 of the Members are present at any meeting of the Members (or a Member Group), no notice shall be required and any business may be transacted at such meeting.

Section 3.14 Informal Action by Members. Any action which may be taken at a meeting of the Members (or a Member Group), 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.

Section 3.15 Class Voting Prohibited. Class voting is expressly prohibited under these Bylaws.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1 Number. Prior to the Turnover Date, a Board of three (3) Directors shall be appointed by Declarant. The Directors appointed by Declarant do not need to be Members of the Association. The Board shall manage the business and affairs of the Association. At the first annual meeting of the Members following the Turnover Date, a Board of three (3) Directors shall be elected in accordance with Section 4.4 and Section 4.5.

Section 4.2 Initial Directors.

4.2.1 The initial Board shall be appointed by Declarant. The initial Board 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 of Oconee County, South Carolina, until such time as their successors are duly appointed in accordance with Section 4.1, or duly elected and qualified as described in Section 4.4 and Section 4.5.

4.2.2 The names of the persons who shall serve on the initial Board are as follows:

<u>Name</u>	<u>Address</u>
J. Scott Munday	400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28201-1003
Amy Yu	400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28201-1003
_____	400 South Tryon Street, Suite 1300 Charlotte, North Carolina 28201-1003

Section 4.3 Nomination. Subject to Section 4.1, nominations for the first election of the Board after the Turnover Date shall be made from the floor at a meeting of the Members. After such first election of Directors, a Nominating Committee shall make nominations for election to the Board, but 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, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to the annual meeting following the first election of Directors and each annual meeting of the Members thereafter, 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 such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4.4 Election. After the Turnover Date, the Board 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 Articles of Incorporation, these Bylaws and the Declaration. Subject to the terms of this ARTICLE 4, 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 such Director was elected, or until his death, resignation, retirement, removal disqualification or until his successor is elected and qualified. Subject to Section 4.1, at the first election of Directors following the Turnover Date, the Members shall elect three (3) Directors. The Member who receives the most votes shall serve for a three (3) year term. The Member who gets the next highest number of votes shall serve for a two (2) year term. The Member receiving the next highest number of votes shall serve for a one (1) year term. Votes shall be tallied at the meeting at which they are cast and, in the event of a tie vote, a run-off election shall be conducted at the same meeting. After the initial election of Directors, each Director shall thereafter serve for a three (3) year term. Any Director may be elected for an unlimited number of successive terms.

Section 4.6 Removal. Subject to Section 4.1, 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, such Director's successor shall be selected by the remaining members of the Board and shall save for the unexpired term of his predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the remaining members of the Board.

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 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. If the meeting falls upon a legal holiday, then that meeting shall be held at the same time on the next day that is not a legal holiday.

Section 5.2 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) 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 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 and serve until a new President is elected.

Section 5.6 Liability of the Board. The members of the Board shall not be liable to the Members for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Members shall indemnify, defend and hold harmless each of the Directors 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 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 also Members.

ARTICLE 6

POWERS AND DUTIES OF THE BOARD

Section 6.1 Powers. The Board, for the benefit of the Members, shall have the following specific powers and rights (without limitation, however, with respect to any other powers and rights which the Board may possess under South Carolina law or under the Declaration):

6.1.1 To adopt and publish rules and regulations governing the use of the Common Areas and facilities and the personal conduct of the Members and their families, guests and invitees thereon, and to establish penalties for the infraction or violation thereof;

6.1.2 To suspend any Member's voting rights and right to use the Common Areas during any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended (after notice and hearing) for a period not to exceed sixty (60) days for infraction or violation of published rules and regulations;

6.1.3 To exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

6.1.4 To declare the office of a Director to be vacant in the event such Director is absent from three (3) consecutive regular meetings of the Board;

6.1.5 To employ a manager, an independent contractor, or such other employee(s) as the Board deems necessary, and prescribe their duties;

6.1.6 To grant all necessary easements and rights-of-way upon, over, under and across the Common Areas when it deems such action to be necessary and appropriate, including, but not limited to, easements for the installation and maintenance of electrical, telephone, cablevision, water, sanitary sewer and other utilities or drainage facilities, provided, however, until such time as Declarant no longer owns any portion of the Property, the Board may not grant such an easement or right-of-way without the prior written approval of Declarant;

6.1.7 To appoint and remove all officers, agents and employees of the Association, prescribe their duties, set their compensation and require of them such security or fidelity bonds as it may deem expedient;

6.1.8 To enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Areas and/or the Association;

6.1.9 To enter into agreements or contracts with builders regarding the construction of Improvements on Lots located in the Subdivision;

6.1.10 To retain the services of legal, accounting and other professional firms;

6.1.11 To employ or retain the services of architects, engineers, landscape designers, or other qualified persons to serve on or advise the ECC;

6.1.12 To maintain contingency reserves for the purposes set forth in the Declaration;

6.1.13 To enforce the provisions of the Declaration and any Additional or Supplemental Declaration and any rules or regulations made hereunder or thereunder;

6.1.14 To levy Assessments as more particularly set forth in the Declaration; and

6.1.15 To take any and all other actions, and to enter into any and all other agreements, as may be necessary for the fulfillment of its obligations under the Declaration or these Bylaws.

Section 6.2 Duties. The Board, for the benefit of the Members, shall have the following specific duties (without limitation of other duties the Board may have):

6.2.1 To maintain current copies of the Declaration, these Bylaws and other rules concerning the Subdivision, as well as Association books, records and financial statements, available for inspection upon reasonable notice and during normal business hours by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots;

6.2.2 To supervise all officers, agents and employees of the Association to ensure that their duties are properly performed;

6.2.3 As more fully provided in the Declaration:

6.2.3.1 To set the amount of the Assessments;

6.2.3.2 To send written notice of each Assessment to every Owner subject thereto before its due date; and

6.2.3.3 To foreclose the lien against any Lot for which Assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same;

6.2.4 To 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, which certificate shall be conclusive evidence of such payment;

6.2.5 To 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, all in accordance with the Declaration;

6.2.6 To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, in accordance with the Declaration;

6.2.7 To maintain or cause to be maintained the Common Areas (including the upkeep and maintenance of associated Improvements) in accordance with the Declaration;

6.2.8 Until accepted for maintenance by the Oconee County Public Works Department or other governmental authority, to own and maintain or cause to be maintained the Public Roads (including any swales and medians) to the standard of maintenance which would be required by the Oconee County Public Works Department or other governmental authority, as the case may be, before it would accept the Public Roads for maintenance;

6.2.9 To maintain or cause to be maintained any sidewalks in the Subdivision to the extent not maintained by a governmental authority;

6.2.10 To serve as one of the members of Waterford Communities Boatslip Association, Inc. (the "Boatslip Association") and to represent the interests of the Waterford Ridge Boatslip Lot Owners within the Boatslip Association; and

6.2.11 Once Declarant's right to appoint the ECC has terminated, to appoint the ECC, all as more particularly provided in the Declaration.

ARTICLE 7

OFFICERS AND THEIR DUTIES

Section 7.1 Officers. The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer, and such other officers as the Board may, 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 following each annual meeting of the Members.

Section 7.3 Term. The Board shall elect each officer of the Association 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 Appointment. 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. The Board may remove any officer from office with or without cause. 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 same person may hold the offices of Secretary and Treasurer. 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.

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

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

7.9.1 President - The President shall be the chief 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 perform the following duties: (a) preside at all meetings of the Board, (b) see that orders and resolutions of the Board are carried out; (c) sign all leases, mortgages, deeds and other written instruments; and (d) co-sign all checks and promissory notes.

7.9.2 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.

7.9.3 Secretary - The Secretary shall perform the following duties: (a) record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, (b) keep the corporate seal of the Association and affix it on all papers requiring the corporate seal; (c) serve notice of meetings of the Board and of the Members; (d) keep appropriate current records showing the Members of the Association, together with their addresses; and (e) perform such other duties as required by the Board.

7.9.4 Treasurer - The Treasurer shall perform the following duties: (a) receive and deposit in appropriate bank accounts all monies of the Association; (b) disburse such funds as directed by resolution of the Board; (c) sign all checks and promissory notes of the Association; (d) keep proper books of account; and (e) prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting.

ARTICLE 8

COMMITTEES

Subject to Section 4.3, the Board shall appoint a Nominating Committee. In addition, the Board shall appoint other committees as it deems appropriate, from time to time, in carrying out its purposes.

ARTICLE 9

BOOKS AND RECORDS

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

ARTICLE 10

ASSESSMENTS

As more particularly described in the Declaration, each Member is obligated to pay Assessments to the Association. 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 as provided therein. Any late charges, costs of collection and reasonable attorneys' fees related to any such delinquent Assessment may be added to the amount of such Assessment. No Member may waive or otherwise escape liability for the Assessments provided for herein by non-use or abandonment of its Lot.

ARTICLE 11

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words WATERFORD RIDGE OWNERS ASSOCIATION, INC. - 2006 - S.C.

ARTICLE 12

AMENDMENTS

Section 12.1 Procedure for Amendment. Subject to the limitations hereinafter contained, the Articles of Incorporation and these Bylaws may be amended or modified at any time by a vote of no less than a majority of all votes entitled to be cast by the Members, which vote is taken at a duly held meeting of the Members at which a quorum is present, all in accordance with these Bylaws. Provided, however, if a majority of all votes entitled to be cast by the Members cannot be obtained at such a meeting, then the Articles of Incorporation and these Bylaws may be amended by obtaining the vote of a majority of all votes present at a duly held meeting of the Members at which a quorum is present and by, within ninety (90) days of such vote, obtaining written consent to such amendment by Members holding a sufficient number of votes to comprise, along with such voting Members, a majority of all votes entitled to be cast by the Members. Further provided, that any amendment or modification to the Articles of Incorporation and these Bylaws must be consented to by Declarant so long as Declarant is the Owner of any Lot or other portion of the Property, which consent Declarant may grant or withhold in its sole discretion. In addition, Declarant, as Class B Member, without obtaining the approval of any other Member or any other Owner or Owners, may make amendments or modifications to the Articles of Incorporation and these Bylaws which either: (a) are correctional in nature and do not involve a change which materially adversely affects the rights, duties or obligations specified herein or therein; or (b) apply only to the portions of the Property then owned by Declarant. Any amendment or modification effected pursuant to this Section 12.1 shall become effective with respect to these Bylaws when an instrument is filed of record in the Office of the Register of Deeds for Oconee County, South Carolina, provided, however, such an amendment or modification in lieu of being executed by the Members voting for such amendment or modification, may contain a certification of the Secretary of the Association stating that the amendment or modification has been voted on and approved by the requisite number of votes of the Members, as provided in this Section 12.1, and when with respect to the Articles of Incorporation any amendment or modification is filed of record in the Office of the South Carolina Secretary of State.

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

Section 12.2 Resolution of Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. 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 be the calendar year and shall begin on the first day of January and end on the 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

Neither Declarant, nor any Member, nor the Board, nor the Association, nor any officers, Directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their Directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, Improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or entity making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, Improvements or portions thereof.

The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

The Association shall indemnify (a) any Director or officer of the Association, (b) any former Director or officer of the Association, or (c) 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 reasonable 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 indemnifications 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 any disinterested Directors or otherwise and shall continue as to any 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 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 Association's request 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, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent 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.

EXHIBIT C

EROSION CONTROL PRACTICES

[SEE ATTACHED]

EXHIBIT C
TO DECLARATION FOR WATERFORD RIDGE
EROSION CONTROL
(PAGE 1 OF 4)

Each Owner and builder or other contractor performing construction on a Lot shall be responsible for causing the following minimum erosion control practices to be implemented and maintained throughout the course of all earth disturbing operations until the time of final seeding:

a. Roadway and Homesite Construction Entrance

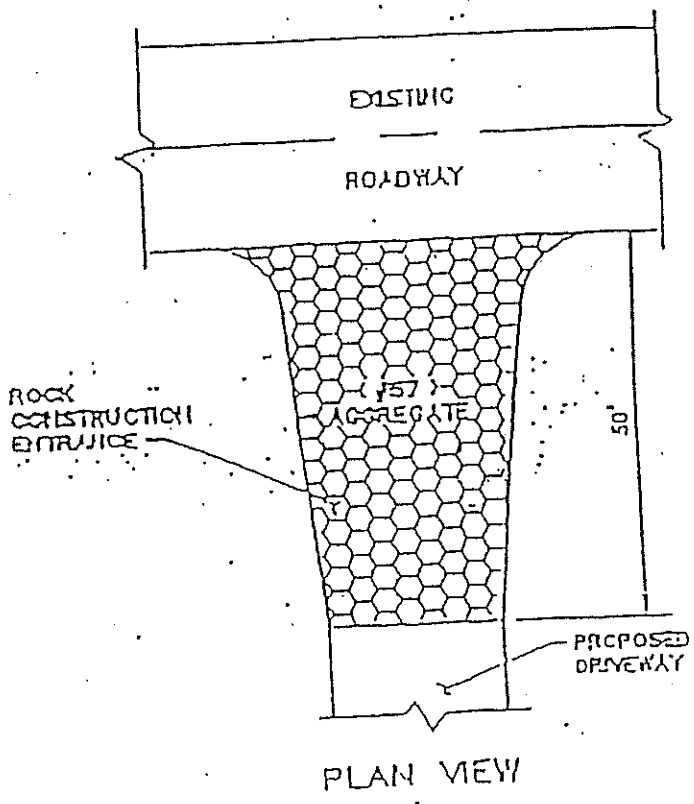
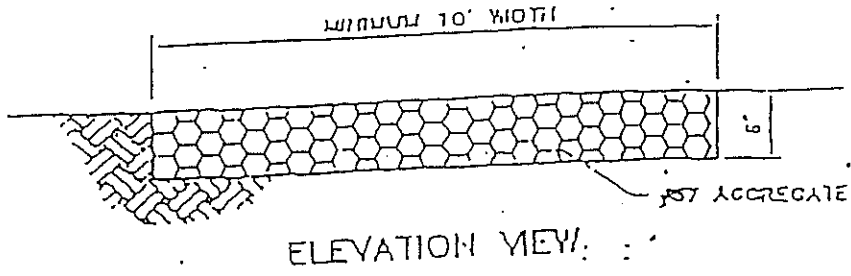
Prior to the commencement of any earth-disturbing operation, a stone construction entrance shall be installed on the building site (the "Construction Entrance"). The Construction Entrance shall, (i) if possible, be installed in the same location as the proposed driveway so as to minimize the amount of disturbed area; (ii) extend a minimum of 50 feet from an existing roadway; and (iii) be installed, preserved and replaced, if necessary, in accordance with the standards more particularly set forth on page 2 of this Exhibit C.

b. Silt Control Devices

Prior to the commencement of any earth-disturbing operation, a diversion ditch and rock check (or stone filter) dam shall be constructed and maintained on the building site (collectively "Silt Control Devices"). The Silt Control Devices shall be located at the boundary of the estimated disturbed area as set forth more particularly on page 3 of the Exhibit C and shall be constructed, preserved and replaced, if necessary, in accordance with the standards set forth on page 4 of this Exhibit C.

EXHIBIT C
TO DECLARATION FOR WATERFORD RIDGE
EROSION CONTROL
(PAGE 2 OF 4)

THE
BLAKE COMPANY
LAKE KEOWEE, SC



ROADWAY AND HOMESITE
CONSTRUCTION ENTRANCE DETAIL

H. T. S.

CRESCENT RESOURCES
INC

P.O. BOX 1009
CHARLOTTE, NC 28201

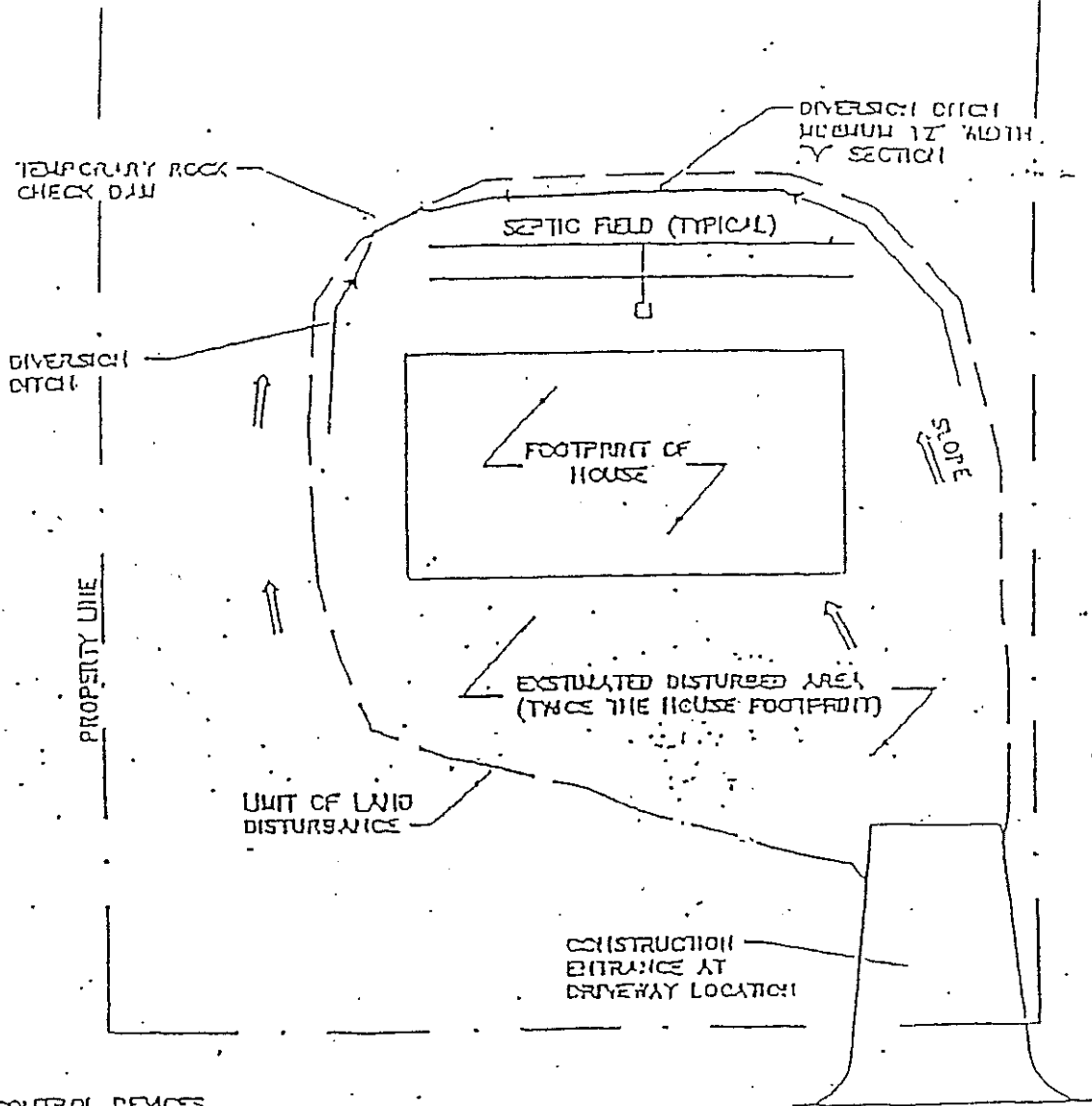
PROJECT

TO DECLARATION FOR WATERFORD RIDGE

EROSION CONTROL

(PAGE 3 OF 4)

THE
LAKE COMPANY
LAKE KEOWEE, SC



NOTES:

1. SILT CONTROL DEVICES TO REMAIN IN PLACE UP TO TIME OF FINAL SEEDING.
2. ON WATERFRONT LOTS, ALL SEDIMENT CONTROL DEVICES ARE NOT TO ENCROACH ON 50 FT WATERFRONT SETBACK.

TYPICAL EROSION CONTROL MEASURES
FOR INDIVIDUAL HOMESITES

H. T. S.

CRESCENT RESOURCES

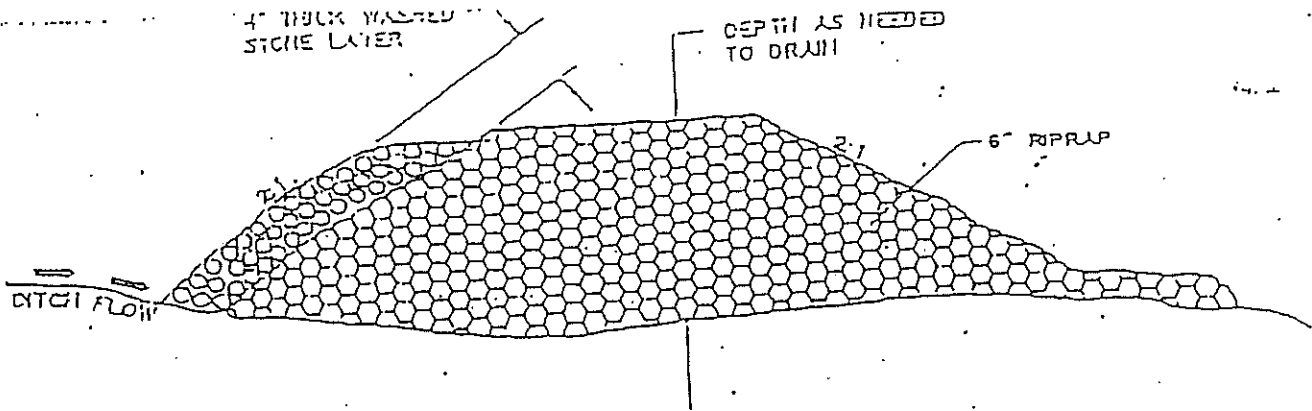
INC

P.O. BOX 1003
CHARLOTTE, NC 28201

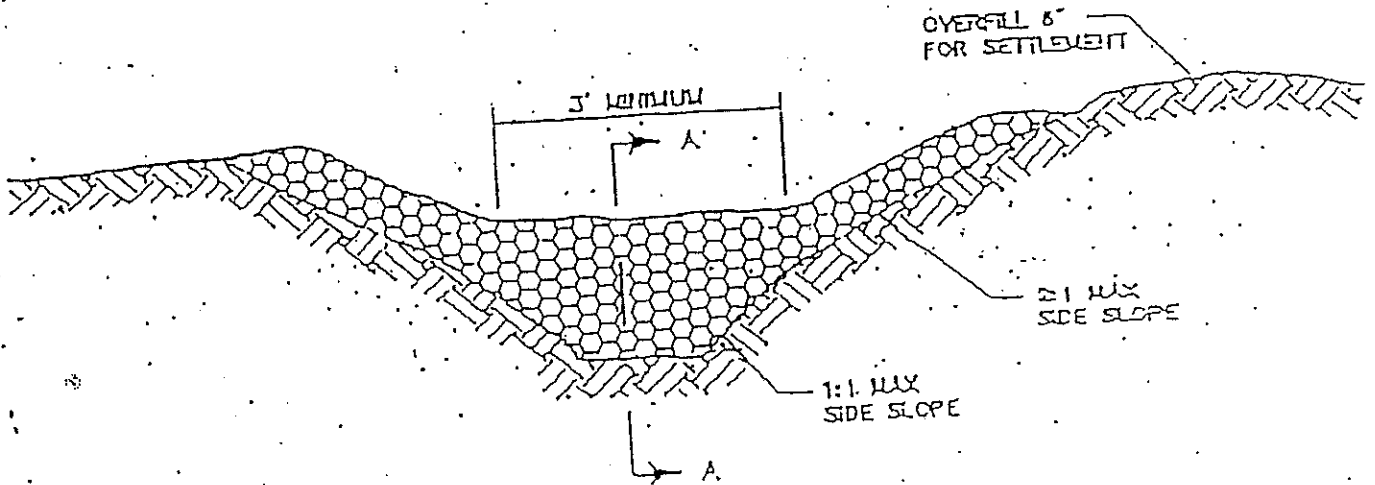
PROJECT

EXHIBIT C
TO DECLARATION FOR WATERFORD RIDGE
EROSION CONTROL
(PAGE 4 OF 4)

THE
LAKE COMPANY
LAKE KEOWEE, SC



SECTION A-A
H. T. S.



DITCH SECTION
H. T. S.

ROCK CHECK DAM

CRESCENT RESOURCES
INC

P.O. BOX 1003
CEAPOLE NC 28201

PROJECT