

✓ THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT
TO THE SOUTH CAROLINA UNIFORM ARBITRATION ACT
(S.C. CODE ANN. § 15-48-10 ET SEQ., AS AMENDED)

STATE OF SOUTH CAROLINA) DECLARATION OF COVENANTS,
COUNTY OF LEXINGTON) CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES, AND
LIENS FOR SALUDA MILL

THIS Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for the SALUDA MILL Community is made this 6TH day of AUGUST, 2002, by MUNGO HOMES, INC. a corporation organized and existing under the laws of the State of South Carolina (the "Developer"). Any defined terms used herein shall have the meaning set out in Article I hereafter:

RECITALS

1. The Developer, is the owner of the real property described in Exhibit A of this Declaration, and desires to develop thereon a Community made up of Neighborhoods together which may include common lands and facilities, for the sole use and benefit of the Owner of each Lot to be located in such Community.
2. The Developer has or may from time to time acquire additional real property which it may desire to develop as additional phases of such Community which the Developer may incorporate as additional phases of this Community and bring same under this Declaration.
3. The Developer is desirous of maintaining control of design criteria, Structure location, Plans and construction specifications, and other controls to assure the integrity of the Community or each Neighborhood within the Community. Each purchaser of a Lot or Dwelling in the Community will be required to maintain, modify, change, and construct the Dwelling and any Structure in accordance with the design criteria contained herein and established by the Developer or Architectural Control Authority, When Empowered, as hereinafter provided.
4. The Developer desires to provide for the preservation of the value and amenities in such Community and for the maintenance of such common lands and facilities.
5. The Developer desires to subject the real property described in Exhibit A to the covenants, conditions, restrictions, easements, charges, and liens, hereinafter set forth and to the guidelines, policies, procedures, rules and regulations adopted by the Developer or the Association, When Empowered, for each Neighborhood of the Community as a whole. Each and all of which is and are binding upon and for the benefit of the Developer, the Community and each Owner and shall run with the title to the land.
6. The Developer has deemed it desirable, for the efficient preservation of the values

and the amenities in the Community, to create the Association to which will be delegated and assigned as further described herein, the powers of maintaining and administering any Common Area, of administering and enforcing the Declaration; of establishing and amending the reasonable rules, regulations and policies for the proper management of the Association and for the promotion of the health, safety and welfare of the residents of the Community; and of levying, collecting and disbursing the Assessments and charges hereinafter created.

7. The Developer has caused or will cause the Association to be incorporated under the laws of the State of South Carolina, as a nonprofit corporation, for the purpose of exercising the aforesaid functions, among others.

NOW, THEREFORE, The Developer declares that the real property described in Exhibit A, annexed hereto and forming a part hereof, and any additions thereto which the Developer may incorporate from time to time in the Community is and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, restrictions, easements, charges, and liens hereinafter set forth which shall run with the title to The Property and all Lots therein and which shall be binding on all Owners.

ARTICLE I DEFINITIONS

Section 1. DEFINITIONS. The following capitalized words when used in this Declaration, any Supplement, or any Supplemental Declaration (unless the context shall prohibit) shall have the following meaning:

(A) "ADDITIONAL ASSOCIATIONS" when and if created, shall mean and refer to any other separate association owning land within The Property, or being given authority to control, manage or maintain portions of The Property owned or maintained by the Association.

(B) "ARCHITECTURAL CONTROL AUTHORITY(IES)" shall mean and refer to any appointees of the Developer, or boards appointed by the Developer, while the Developer retains all or part of the rights and authority for architectural control in the Community, and the Board of Directors of the Association, When Empowered or architectural control boards appointed by the Board of Directors of the Association, When Empowered.

"ARCHITECTURAL GUIDELINES" shall mean and refer to the set of policies, rules and procedures promulgated and/or amended by the Developer or the Architectural Control Authority, When Empowered, which shall act as a guide for the architectural control and review process and for the maintenance, construction or renovation of Structures in each Neighborhood and within the Community.

(D) "AREA OF COMMON RESPONSIBILITY" - shall have the meaning and

refer to the Common Area, together with those areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, any Cost Sharing Agreement, or other applicable covenant, contract, or agreement.

(E) "ASSESSMENTS" shall have the meaning specified in Article VI.

(F) "ASSOCIATION" shall mean and refer to the SALUDA MILL HOMEOWNERS' ASSOCIATION, INC. its successors and assigns.

(G) "BOARD OF DIRECTORS" shall mean and refer to the Neighborhood and At-Large members of the board of directors of the Association whether elected or appointed.

(H) "BY-LAWS" shall mean and refer to the by-laws of the Association.

(I) "COMMON AREA" shall mean and refer to those areas of land, the location and dimensions of which may be adjusted by the Developer as long as they own a lot in the community, shown as "Common Area", on any recorded subdivision map of The Property or so designated in any conveyance to the Association by the Developer including, but not limited to, any and all entrance signs, lights, sprinklers, shrubs, landscaping, parking places, drainage or other easements used, owned or maintained by the Association or the Developer for the benefit of the Community, whether or not located within the street right-of-ways which have been dedicated to a governmental agency or a Lot. Such areas are intended to be devoted to the common use and enjoyment of Members of the Association, subject to the Regulations established and amended from time to time by the Developer or the Board of Directors of the Association, When Empowered, and are not dedicated for use by the general public. NO REPRESENTATION FROM ANY PARTY OR SALES AGENT, INCLUDING THOSE OF THE DEVELOPER, OR OTHER ENTITY AS TO THE EXISTENCE OF A COMMON AREA, SIZE, SHAPE, OR COMPOSITION OF THE COMMON AREA, OTHER THAN THOSE PROVIDED HEREIN OR PROVIDED IN WRITING BY THE DEVELOPER, SHALL BE RELIED UPON, NOR SHALL IT IN ANY WAY REQUIRE THE DEVELOPER TO COMPLY WITH THAT REPRESENTATION. The Community may not contain Common Area, and the fact that there are provisions in this Declaration referencing Common Area does not mean there is or will be Common Area in the Community.

(J) "COMMUNITY" shall mean and refer to the subdivision of The Property.

(K) "DECLARATION" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions, Easements, Charges, and Liens, any amendment or modification thereof, and supplements that annex additional land.

(L) "DIRECTOR" shall mean and refer to an appointed or elected Neighborhood or At-Large member of the Board of Directors.

(M) "DEVELOPER" shall mean and refer to Mungo Homes, Inc., a corporation organized and existing under and pursuant to the laws of the State of South Carolina, its successors and assigns.

(N) "DWELLING" shall mean and refer to a dwelling unit including, but not limited to, a single family home, a patio home, a townhouse, or an apartment, if constructed in the Community.

(O) "LOT" shall mean and refer to any plot of land with such improvements, Structures and Dwellings as may be erected thereon, shown on any recorded subdivision map of The Property, but shall not include the Common Area or the streets in the Community.

(P) "MASTER ASSOCIATION" when and if created, shall mean and refer to any incorporated or unincorporated association to which or from which is delegated specific authority, the Members of which are common to the Association, Additional Associations or Sub-Associations to which or from which the authority is granted. The establishment of Neighborhoods or Neighborhood committees, including, but not limited to, Neighborhood Architectural Control Authorities, shall not be construed as creating a Master Association or Sub-Associations, unless expressly created and recognized as such by the Developer or the Association, When Empowered.

"MASTER PLAN" shall mean and refer to the drawing, sketch or map that represents the conceptual land plan for the future development of the Community. Since the concept of the future development of the undeveloped portions of the Community, including, but not limited to the Lots, streets and the Common Area are subject to continuing revision and change at the discretion of the Developer, present and future references to the "Master Plan" shall be references to the latest revision thereof. In addition, no implied reciprocal covenants or obligation to develop shall arise with respect to lands that have been retained by the Developer for future development. THE DEVELOPER SHALL NOT BE BOUND BY ANY MASTER PLAN, USE OR RESTRICTION OF USE SHOWN ON ANY MASTER PLAN, AND MAY IN ITS SOLE DISCRETION AT ANY TIME CHANGE OR REVISE SAID MASTER PLAN, DEVELOP OR NOT DEVELOP THE REMAINING UNDEVELOPED PROPERTY OR COMMON AREA OR AMENITIES SHOWN ON ANY MASTER PLAN.

(R) "MEMBER" shall mean and refer to any Owner, as provided in Article III hereof.

(S) "NEIGHBORHOODS" when and if created, shall mean and refer to any specific group of Lots and/or Common Area and/or streets located within The Property identified as a distinct neighborhood by the Developer or the Association, When Empowered. The Members of any and all Neighborhoods are Members of the Association or the Master Association, if created, and the Neighborhood exists under authority granted by the Developer or the Association.

(T) "NEIGHBORHOOD COMMITTEE" – shall have the meaning and refer

to a committee appointed by the Board of Directors, or at the option of the Board of Directors, elected by the Members subject to a Neighborhood Assessment, for any purpose determined by the Board of Directors, including but not limited to the creation for approval by the Board of Directors of a proposed budget and Neighborhood Assessment.

(U) "OWNER" shall mean and refer to the record owner or owners, whether one (1) or more persons or entities, of the fee simple title of any of the Lots, but shall not mean or refer to any mortgagee or subsequent holder of a mortgage unless and until such mortgagee or holder has acquired title to the Lot pursuant to foreclosure or any proceedings in lieu of the foreclosure. Said term "Owner" shall also refer to the heirs, successors, and assigns of any Owner.

(V) "PLANS" shall mean and refer to and encompass the plans, specifications, elevations and exterior designs of any Structure built or to be built on any Lot, or Common Area, as well as a site plan showing building set backs and locations of all Structures within the Lot or Common Area.

(W) "REGULATIONS" shall mean and refer to the guidelines, rules, policies, and procedures, including, but not limited to, the Architectural Guidelines, adopted by the Developer, the Board of Directors, When Empowered, or the Architectural Control Authority, When Empowered, for the Community or for each Neighborhood.

(X) "STRUCTURE" shall mean and refer to any thing, object, tree or landscaping, the placement, size, shape, color, height and quality of which upon any Lot or Common Area may affect such Lot or Common Area, including by way of illustration and not limitation, any home, building or part thereof, garage, porch, shed, greenhouse, or bathhouse, coop or cage, covered or uncovered patio, playgrounds, playground equipment, tree houses and yard art, statuary, basketball goals (permanent or temporary), or other temporary or permanent sports equipment, swimming pool, fence, curbing, paving, driveways, wall or hedge, radio, television, wireless cable, or video antenna, satellite dishes, landscaping, well, septic system, sign, appurtenance, or signboard, whether temporary or permanent; any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of waters from, through, under or across any Lot or Common Area, or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot or Common Area; and any change in the grade of any Lot or Common Area of more than six (6) inches.

(Y) "SUB-ASSOCIATIONS" when and if created, shall mean and refer to any other Additional Associations within The Property, all of the members of which are Members of the Association or the Master Association and which operates under authority granted by the Developer or the Association. The establishment of Neighborhoods or Neighborhood committees, including, but not limited to, Neighborhood Architectural Control Authorities, shall not be construed as creating Sub-Associations or a Master Association, unless expressly created and recognized as such by the Developer or the Association, When Empowered.

(Z) "THE PROPERTY" shall mean and refer to all property, including but not limited to, the Lots, streets and Common Area, subjected to this Declaration, which are described in Exhibit A, together with any additional land that may be developed pursuant hereto and annexed or incorporated in The Property by amendments or supplemental Declarations.

(AA) "WHEN EMPOWERED" shall mean when the Developer has transferred the right of performing some function to the Association's Board of Directors or another entity by the recordation of a document in the office of The Register of Deeds for the county in which The Property is located, or by giving written notice to the Association at the Association's address of record, or to all Owners attending a duly called meeting for that purpose. The transfer of all functions to the Association and the rights and authority of the Developer for architectural control in the Community shall automatically occur when one hundred (100%) percent of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale or when the Class B Membership terminates, whichever occurs first.

ARTICLE II USES OF PROPERTY AND EASEMENTS

Section 1. RESIDENTIAL USE OF PROPERTY. Unless otherwise designated in a supplemental Declaration filed by the Developer for additional land annexed to the Community, all Lots shall be used for single-family residential purposes only, and no commercial, business or business activity shall be carried on or upon any Lot at any time, except with the written approval of the Developer, its designee(s), or the Association, When Empowered; provided, however, that nothing herein shall prevent the Developer, its agents, representatives, employees, or any builder of homes in the Community, approved by the Developer, from using any Lot owned by the Developer or such builder of homes for the purpose of carrying on business related to the Community or related to the improvement and sale of Lots or Dwellings in the Community; operating a construction office, business office, or model home, and displaying sign, and from using any Lot for such other facilities as in the sole opinion of the Developer may be required, convenient, or incidental to the completion, improvement, and sale of the Lots, Dwellings, or the Community; and provided, further that, to the extent allowed by applicable zoning laws, "home occupation", as defined in the Architectural Guidelines or in the zoning ordinances of the governmental authority having jurisdiction over the Lot, may be maintained in a Dwelling located on any of the Lots as approved in writing by the Developer or the Architectural Control Authority, When Empowered and the governmental authority having jurisdiction over the Lot, so long as the "home occupation" complies with any and all conditions of such approvals.

Section 2. CONSTRUCTION IN ACCORDANCE WITH PLANS. EXCEPT AS PROHIBITED BY LAW, INCLUDING 47 U.S.C. § 303 NT, AND RELATED FCC RULES, 47 CFR § 1.4000 (WHICH LIMITS, BUT DOES NOT ENTIRELY

PROHIBIT, CONTROL BY THE ASSOCIATION OF THE SIZE AND LOCATION OF ANTENNAS AND SATELLITE DISHES), NO STRUCTURE SHALL BE CONSTRUCTED, ERECTED, MAINTAINED, STORED, PLACED, REPLACED, CHANGED, MODIFIED, ALTERED OR IMPROVED ON ANY LOT UNLESS APPROVED BY THE DEVELOPER OR ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED AND OTHER APPROPRIATE OR APPLICABLE GOVERNMENTAL ENTITY AND USE OF APPROVED STRUCTURES SHALL COMPLY WITH THE REGULATIONS ISSUED BY THE DEVELOPER OR ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED, FROM TIME TO TIME. NO CONSTRUCTION, RECONSTRUCTION, ERECTION, REPAIR, CHANGE, MODIFICATION SHALL VARY FROM THE APPROVED PLANS. The Developer and the Architectural Control Authority, When Empowered, shall have complete discretion to approve or disapprove any Structure. The Developer and the Architectural Control Authority, When Empowered, may issue from time to time Architectural Guidelines and Regulations to assist it in the approving of Structures and may change such Architectural Guidelines and Regulations at any time and from time to time without notice to the Owners. (For definition of Structure, see Article I, Section 1(V).) Notwithstanding anything herein to the contrary, until one hundred (100%) percent of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, the Developer may, at its sole option, approve or disapprove any Plans approved or rejected by the Architectural Control Authority appointed by the Developer or overturn any other action of such Architectural Control Authority. Such action by the Developer shall supersede and nullify the action taken by such Architectural Control Authority.

Section 3. SUBDIVISION OF LOTS OR COMBINATION OF LOTS. One or more Lots or parts thereof may be subdivided or combined only if approved by the Developer, and the Architectural Control Authority, When Empowered.

Section 4. LIVESTOCK AND PETS. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other small household pets may be kept, subject to applicable leash laws or Regulations established and amended by the Developer or by the Board of Directors of the Association, When Empowered, from time to time, provided that they are not kept, bred or maintained for any commercial purpose. Such household pets must not constitute a nuisance as determined by the Board of Directors in its sole discretion within the Community or cause unsanitary conditions within the Community, and no animal kept outside the Dwelling shall be kept in a manner which disturbs the quiet enjoyment of the Community or any other Owner. While not in a fully confined area, all pets shall be restrained by leashes and no pet shall enter upon any Lot without the express permission of that Owner or on the Common Area without express permission of the Developer, or the Association, When Empowered. The pet owner will be responsible for clean up and removal of fecal matter deposited by such pet and shall be liable for, indemnify and hold harmless any other Owner, the Developer and the Association from any loss, cost, damage or expense incurred by such Owner, the Developer, the Association as a result of any violation of

this provision. (See Article IX for the Association's Remedies for Violation.)

Section 5. OFFENSIVE ACTIVITIES. No noxious, offensive or illegal activities as determined by the Developer or the Board of Directors, When Empowered, shall be carried on upon any Lot, Common Area, street nor shall anything be done thereon which is or may become an annoyance or nuisance to any Owner in the Community. (See Article IX for the Association's Remedies for Violation.)

Section 6. TRAILERS, TRUCKS, BUSES, BOATS, PARKING, ETC. No buses, trailers or mobile homes, motorcycles, boats, boat trailers, all terrain vehicles, go-carts, campers, vans or vehicles on blocks, unlicensed vehicles, or like vehicles shall be kept, stored, used, or parked overnight either on any street within the Community, in the Common Area or on any Lot, without the approval of the Developer or the Association, When Empowered. No unsafe parking shall be allowed on any streets in the Community. The Developer or the Association, When Empowered, may in its sole discretion determine what is unsafe and issue regulations to control on and off street parking. (See Article IX for the Association's Remedies for Violation.)

Section 7. EXCAVATIONS OR CHANGING ELEVATIONS. No Owner shall excavate or extract earth for any business or commercial purpose.

Section 8. SEWAGE SYSTEM. Sewage disposal shall be through the public or private system or by septic tank approved by appropriate State and local agencies. If there is a public or private system serving the Community, the Owner shall be obligated to use the system unless authorized otherwise by the Developer.

Section 9. WATER SYSTEM. Water shall be supplied through a public or private system or any other system or well approved by appropriate State and local agencies. If there is a public or private system serving the Community, the Owner shall be obligated to use the system unless authorized otherwise by the Developer.

Section 10. UTILITY FACILITIES. The Developer reserves the right to approve the necessary construction, installation and maintenance of utility facilities, including but not limited to telephone, cable T.V., electricity, gas, water and sewage systems, which may be in variance with these restrictions.

Section 11. WAIVER OF SETBACKS, BUILDING LINES AND BUILDING REQUIREMENTS. The Developer, and Architectural Control Authority, When Empowered may waive violations of the setbacks and building lines shown on any plat of the Community or setout in Article II, Section 20 of this Declaration. Such waiver shall be in writing and recorded by the Owner in the County Register of Deeds. A document executed by the Developer or the Architectural Control Authority, When Empowered shall be, when recorded, conclusive evidence that the requirements hereof have been complied with. The Developer and Architectural Control Authority, When Empowered may also, from time to time as they see fit, eliminate violations of setbacks and boundary lines by amending the Plat. Nothing contained herein shall be deemed to allow the

Developer or the Architectural Control Authority, When Empowered, to waive violations which must be waived by an appropriate governmental authority without the Owner obtaining a waiver from such authority.

Section 12. EASEMENT FOR UTILITIES AND COMMON FACILITIES. The Developer reserves unto itself, its permittees, its successors and assigns, a perpetual, alienable, easement and right of ingress and egress, over, upon, across and under each Lot and all Common Area, if any, as are necessary or convenient for the erection, maintenance, installation, and use of electrical systems, irrigation systems, landscaping, telephone wires, cables, conduits, sewers, water mains, drainage pipes and catch basins, and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage or other public convenience or utilities including easements for privately owned televisions and other communications cable and equipment, and the Developer may further cut drainageways for surface water when such action may appear by the Developer to be necessary in order to maintain reasonable standards of health, safety, and appearance, or to correct deviations from approved development drainage Plans provided such easement shall not encroach on or cross under existing buildings or Dwellings on the Lot or Common Area. The Developer further reserves an easement on behalf of itself, its permittees, its successors and assigns, over six (6') feet along each side Lot line of each Lot for the purpose of construction or maintenance of utilities, as well as drainage installation or maintenance, and over the rear fifteen feet (15') of each Lot line of each Lot for the purpose of construction or maintenance of utilities, as well as drainage installation or maintenance, and over the front ten feet (10') of each Lot and over such other area of each Lot as is shown on THE PLAT of the Community for utility installations, utility rights of way and maintenance thereof, as well as drainage installations, drainage rights of ways, minor drainage and maintenance thereof. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any grading of soil, or to take any other similar action reasonably necessary to provide economical and safe utility or other installation and to maintain reasonable standards of health, safety and appearance. DEVELOPER further reserves unto itself, its permittees, its successors and assigns, a perpetual, alienable, easement and right of ingress and egress, over, upon, across and under each Lot and all Common Area, if any to locate signs, entrances, landscaping, sprinklers, drainage, utilities and other improvements related to the Common Area or common facilities of the Community including, but not limited to, entrances, wells, pumping stations, and tanks, within residential areas on any walkway or any residential Lot in the area designated for such use on any applicable plat of the residential subdivision, or locate same on the adjacent Lot with the permission of the Owner of such adjacent Lot. Such rights may be exercised by the licensee of the Developer, but this reservation shall not be considered an obligation of the Developer to provide or maintain any such utility service or minor drainage. No drainage Structures, including, but not limited to, walls, fences, paving or planting shall be erected upon any part of The Property which will interfere with the rights of ingress and egress provided for in this paragraph and no Owner shall take any action to prevent the Association, the Developer, or any public or private utility, or any of their agents, contractors or employees from utilizing the easements reserved herein. THE DEVELOPER, THE ASSOCIATION, THE ARCHITECTURAL CONTROL

AUTHORITY, THEIR AGENTS, EMPLOYEES AND OFFICERS SHALL NOT BEAR RESPONSIBILITY FOR THE REPAIR OR REPLACEMENT OF ANY LANDSCAPING PLANTED, SPECIAL GRADING ESTABLISHED, OR STRUCTURE CONSTRUCTED WITHIN AN EASEMENT, WHETHER PLANTED ESTABLISHED OR CONSTRUCTED INTENTIONALLY OR INADVERTENTLY AND WHETHER APPROVED OR NOT BY THE DEVELOPER OR THE ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED. All such easements and rights shall be shown and designated on the recorded plats of the Community. The Developer, its successors and assigns, expressly reserves the right to alter any easement described in this paragraph. Such right to alter shall be limited to such extent as will allow the Owner of the Lot and Structure to convey marketable title. The rights and easements conferred and reserved herein shall be appurtenant to any property whether or not subject to this Declaration and shall be an easement in gross of a commercial nature for the benefit of the Developer, its permittees, successors and assigns to serve any property whether or not subject to this Declaration.

Section 13. YARD AND LANDSCAPING MAINTENANCE.

(a) In the event that the Owner of any residential Lot fails to maintain their yard and overall landscaping in a manner in keeping with the Declaration, as determined by the Developer or an Architectural Control Authority, When Empowered, from time to time as they see fit, the Developer or the Architectural Control Authority, When Empowered, may issue a compliance demand requiring the Owner of the residential Lot to bring the Lot into keeping with the Declaration, as determined by the Developer or the Architectural Control Authority, When Empowered, if the Owner of the residential Lot fails to comply within the time required by the notice, the Developer or the Association may enter upon the Lot, bring the Lot into keeping with the Community, as provided above, and levy against the Owner of the Lot an Assessment for Non-Compliance and such Assessment shall be a lien upon the Lot.

(b) The responsibility of an Owner of a residential Lot to properly maintain their yard and overall landscaping includes, but is not limited to, the following:

- prevent any underbrush, weeds, or other unsightly plants to grow upon the Lot;
- provide permanent vegetation, including but not limited to grass, fully and uniformly distributed over the Lot;
- provide proper grading and drainage on the Lot, in accordance with Article X, Section 15 of this Declaration;
- prevent and repair any erosion on the Owner's Lot, any other Lot, or any street in the Community caused by surface run-off from the Owner's Lot, in accordance with Article X, Section 15 of this Declaration; and
- providing at their own expense general maintenance, including but not limited to proper watering, insect and weed control, fertilization, pruning, regular replacement of straws and mulch, proper drainage control, etc. and other types of normal maintenance not provided by the Association, of the overall landscaping and grass in compliance with the regulations and guidelines established by the Developer, the Board of Directors or the

Architectural Control Authority, When Empowered.

(c) Any entry by the Association or the Developer or their agents, employees, officers or contractors under the terms of this Section shall not be deemed a trespass, and an easement in gross of a commercial nature is reserved to the Developer and to the Association for the purpose of entry onto any residential Lot for the purpose of enforcing this paragraph. This provision shall not be construed as an obligation on the part of the Developer, the Association or their assigns to provide garbage or trash removal services. As provided herein, these rights may be assigned by the Developer to the Association, or other appropriate entities. The Owner shall hold harmless the Developer, its agents and employees, officers and contractors and the Board of Directors or the Architectural Control Authority, When Empowered, from any liability incurred arising out of correcting the Owner's breach of this Section.

Section 14. ACCESS BY DEVELOPER OR ASSOCIATION, WHEN EMPOWERED. For the purpose of performing its function under this or any other Article of the Declaration, to correct any violation of this Declaration, the Architectural Guidelines or the Regulations, and to make necessary surveys in connection therewith, the Association, its duly authorized agent and employees, or the Developer shall have the right to enter upon any Lot.

Section 15 EMERGENCY ACCESS. There is hereby reserved and granted to the Developer, the Association, When Empowered, their directors, officers, agents, employees, and managers and to all policemen, firemen, ambulance personnel and all similar emergency personnel an easement to enter upon The Property, any part thereof or Lot in the proper performance of their respective duties. Except in the event of emergencies, the rights under this Section shall be exercised only during reasonable daylight hours, and then, whenever practicable, only after advance notice to the Owner affected thereby. The rights granted herein to the Association includes reasonable right of entry upon any Lot or Dwelling to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Community.

Section 16 CONSTRUCTION EASEMENT FOR THE DEVELOPER During the period that Developer owns any Lot primarily for the purpose of sale or owns any interest in any portion of The Property, Developer and its duly authorized representative, agents, and employees shall have a transferable right and easement on, over, through, under and across The Property for the purpose of constructing Dwellings on the Lots and making such other improvements to The Property as are contemplated by this Declaration and to The Property as Developer, in its sole discretion, desires, and for the purposes of installing, replacing, and maintaining all Dwellings and other improvements within the Community, as well as utilities servicing The Property or any portion thereof, and for the purpose of doing all things reasonably necessary and proper in connection therewith, provided in no event shall Developer have the obligation to do any of the foregoing.

Section 17 LEASES OF LOTS. Any lease agreement between an Owner and a tenant for the lease of such Owner's Dwelling on the Lot shall provide that the terms of the

lease shall be subject in all respects to the provisions of the Declaration, the Articles of Incorporation and By-Laws of the Association, and any Regulations promulgated by the Association. The Owner shall incorporate in any lease of any Lot or Dwelling a provision stating that failure to comply with the terms of such documents shall be default under the terms of the lease. All leases of Lots shall be in writing and a copy of the executed lease upon, written demand, must be provided to the Developer or the Board of Directors, When Empowered.

Section 18. STREET LIGHTING CHARGE. Each Owner shall pay a proportional share of the monthly charge for street lighting service as prescribed by the South Carolina Public Service Commission. The electric utility company shall bill the Owner for this charge as part of the monthly electric utility bill.

Section 19. MINIMUM SQUARE FOOTAGE REQUIREMENT. Unless otherwise stated in a document recorded in the County Register of Deeds Office, the Developer shall establish minimum square footage requirements within its ARCHITECTURAL GUIDELINES, which may differ for each Neighborhood and for additional phases of the Community.

Section 20. BUILDING SETBACK REQUIREMENTS. Unless the Developer or the Architectural Control Authority, When Empowered, waives the requirement or unless a setback is shown otherwise on any plat of the Community or unless otherwise stated in a document recorded in the County Register of Deeds Office, the exterior finished face, steps, eaves and overhangs of all Structures, including but not limited to, buildings, homes, garages, porches, sheds, greenhouses, bathhouses, terraces, patios, decks, stoops, wing-walls, swimming pools (whether above or below the ground) and storage buildings for related equipment (including but not limited to filters and water pumps) shall be placed on the Lot in accordance with the ARCHITECTURAL GUIDELINES, which may differ for each Neighborhood and for additional phases of the Community.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. MEMBERSHIP. It is mandatory that every person or entity who is an Owner of any Lot shall be a Member of the Association. Membership shall be mandatory to and may not be separated from ownership of any Lot.

Section 2. VOTING RIGHTS. The Association shall have two (2) classes of voting Membership.

(a) CLASS "A". Class "A" Members shall be all Owners excepting the Developer. Class "A" Members shall be entitled to one (1) vote for each Lot they own. When more than one (1) person holds such interest or interests in any Lot, the entire vote attributable to such Lot shall be exercised by one (1) individual who is duly authorized in writing by all of the Owners of that Lot. In no event shall more than one (1) vote or a partial vote be

cast with respect to any such Lot. When more than one person holds such an interest or interests in a Lot, it shall be the responsibility of those Owners to provide the Developer or the Association with written notification, with the signatures of all of those persons owning an interest in the Lot affixed, of the name and mailing address of that person authorized to receive notification from the Association and to cast said vote.

(b) CLASS "B". The sole Class "B" Member shall be the Developer. The Class "B" Member shall be entitled to cast the greater of four (4) votes for each Lot for which it holds title or one more vote than the total votes of the Class "A" Members. Class "B" Membership shall end when one hundred (100%) percent of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, or at such times as the Developer voluntarily relinquishes these voting rights, provided, however, that the one hundred (100%) percent may be reduced at the option of the Developer.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON AREA

Section 1. MEMBER'S EASEMENTS OF ENJOYMENT. Subject to the provisions of Section 3 of this Article IV, the right of the Association to suspend the use of the Common Area as set out in Article IX, and the Regulations established and amended from time to time, every Member shall have a right and easement of enjoyment in and to the Common Area, and such easement shall be appurtenant to and shall pass with the title to every Lot. (See Article IX for the Association's Remedies for Violations.)

Section 2. TITLE TO COMMON AREA. On or before the conveyance of the last Lot owned by the Developer, the Developer or its successors and assigns will convey to the Association, by limited warranty deed, fee simple title to the Common Area, as adjusted by the Developer, or the Board of Directors, under the authority granted to the Developer herein, free and clear of all encumbrances and liens, except those created by or pursuant to this Declaration, and further except for easements and restrictions existing of record prior to the purchase of The Property by the Developer, none of which will make the title unmarketable.

This section shall not be amended, as provided for in Article X, Section 5, to eliminate or substantially impair the obligation for the maintenance and repair of the Common Area.

Section 3. EXTENT OF MEMBER'S EASEMENTS. The rights and easements created hereby shall be subject to the following rights which are hereby reserved to the Developer or the Association's Board of Directors, When Empowered:

(a) The right of the Developer, and of the Association, When Empowered, to dedicate, transfer, or convey all or any part of the Common Area, with or without consideration, to any governmental body, district, agency, or authority, or to any utility company, and the right of the Developer and of the Association, When Empowered, to convey with consideration all or any part of the Common Area upon affirmative vote of more than

fifty (50%) percent of the total votes of the Members, cast at a duly called meeting of the Members or a recorded resolution signed by the Members holding more than fifty (50%) percent of the vote of the Members.

(b) The right of the Developer, and of the Association, When Empowered, to grant and reserve easements and rights of way through, under, over, and across Common Area, for the installation, maintenance, and inspection of lines and appurtenances for public and private water, sewer, drainage, and other utility services, including a cable or community antenna television system and irrigation or lawn sprinkler systems, and the right of the Developer to grant and reserve easements and rights of way through, over and upon and across the Common Area for the operation and maintenance of the Common Area.

(c) The right of visitors, invitees, and guests to ingress and egress in and over those portions of Common Area that lie within any private roadways, parking lots and/or driveways, (and over any other necessary portion of the Common Area in the case of landlocked adjacent Owners) to the nearest public highway.

The right of the Association, in accordance with the law, its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area and, in pursuance thereof, to mortgage or encumber the Common Area.

Until one hundred (100%) percent of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, by the filing of an Amendment or Addendum to this Declaration which describes The Property, the Developer shall have the sole authority to sell portions of the Common Area on behalf of the Association, to increase or decrease the size of the Common Area, to add or remove Common Area or to change the location of Common Areas, whether these tracts have been deeded to the Association or are projected to be or have been designated by the Developer as a Common Area. There after this authority shall be transferred to the Association and any adjustment to the detentions or the location of the common area and any sale of common area by the Association shall be approved by 51% of the members of the Association entitled to vote.

Section 4. DELEGATION OF RIGHTS OF ENJOYMENT. Any Owner may delegate, in accordance with the By-Laws of the Association, his right of enjoyment to the Common Area and facilities to his employees, tenants, invitees, or licensee, subject to the Regulations established and amended from time to time. Any Owner shall at all times be responsible for and liable for the actions of that Owner's family, tenants, invitees, guests or licensees, employees, pets, and animals, and shall further be responsible for the paying of any Assessments for non-compliance levied for their non-compliance with this Declaration, the By-Laws of the Association or the Regulations established and amended from time to time, which Assessment shall become a continuing lien on the Lot of such Owner.

Section 5. ADDITIONAL STRUCTURES. Neither the Association nor any Owner

shall, without the prior written approval of the Developer, so long as the Developer owns one (1) Lot permitted by the Master Plan of the Community, or without written approval of the Board of Directors, When Empowered, erect, construct, or otherwise locate any Structure or other improvement in the Common Area. The Developer, so long as the Developer owns one (1) Lot permitted by the Master Plan of the Community, reserves the right to erect, construct, or otherwise locate any additional Structure or other improvement in the Common Area.

ARTICLE V

COMPLETION, MAINTENANCE, AND OPERATION OF COMMON AREA AND FACILITIES

Section 1. COMPLETION OF COMMON AREA BY THE DEVELOPER. The Developer will complete the construction of the Common Area, as adjusted, and the streets and roadways for the Community as shown on the recorded plats of the Community.

Section 2. MAINTENANCE AND OPERATION OF COMMON AREA. The Association at its sole cost and expense, shall operate and maintain the Area of Common Responsibility and provide the requisite services in connection therewith. It shall further be the responsibility of the Association to maintain all entrances including entrance signs, roads and parking areas within the community that are not maintained by some other entity or that are defined on an attached exhibit to this Declaration, or shown on a recorded plat, lights, sprinklers, shrubs, and to pay the cost of utility bills and other such requisite services in connection with the maintenance of the above. Until one hundred (100%) percent of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, if the Association fails to operate, maintain or repair the Common Area to the satisfaction of the Developer or fails to employ contractors which the Developer, in its sole discretion, determines to be able to properly operate or maintain the Common Area, the Developer may, but is not required to, notify the Association to correct the maintenance problem or remove the contractor. If the Association fails to do so within the time set forth in the notice, the Developer may, but is not required to, correct said maintenance problem or remove and replace such contractor. The Association shall reimburse the Developer for any and all costs incurred by the Developer and the cost including collection costs incurred by the Developer shall be a lien on the Common Area. This Section shall not be amended or removed without the written consent of the Developer. Any entry by the Developer under the terms of this Section shall not be deemed a trespass, and an easement in gross of a commercial nature is reserved to the Developer for the purpose of entry onto the Common Area for the purpose of enforcing this paragraph. This provision shall not be construed as an obligation on the part of the Developer or its assigns to provide garbage or trash removal services. As provided herein, these rights may be assigned by the Developer. The Association shall hold harmless the Developer, its agents, officers, directors, and employees from any liability arising out of correcting the Association's breach of this Section. The maintenance, operation, and repair of the Common Area shall include, but

not be limited to, repair of damage to pavements, roadways, walkways, outdoor lighting, buildings, if any, recreational equipment, if any, fences, storm drains, and sewer and water lines, connections, and appurtenances, except when such responsibilities are accepted by responsible parties, including public bodies, governmental bodies, districts, agencies or authorities and only for so long as they properly perform.

ARTICLE VI ASSESSMENTS

Section 1. ASSESSMENTS

(a) Each and every Owner of any Lot or Lots within The Property, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, shall be personally obligated to pay to the Association, the Assessments, and the Association's collection fees, attorneys fees and court cost incurred in collecting the Assessments, or in enforcing or attempting to enforce the Declaration, By-Laws and the Architectural Guidelines and Regulations established or amended by the Developer or the Board of Directors, When Empowered.

(b) Assessments, together with such interest thereon, and other costs of collection; including the Association collection fees, attorney fees and court costs shall be a charge on the land and shall be a continuing lien upon the Lot or Lots against which such Assessments are levied. Owners of any Lot shall share in the obligation of any other Owner of that Lot and shall be jointly and severally liable for any Assessments, the cost of collection, attorney fees and court costs that are attributable to that Lot.

(c) The Association shall, upon demand at any time, furnish to any Owner or attorney representing the prospective purchaser of a Lot, a certificate in writing signed by an officer of the Association, setting forth whether said Assessments have been paid. Such certificate shall be conclusive evidence of payment of any Assessments therein stated to have been paid. At all times the Association's records with respect to payments made or due shall be deemed correct unless proper documentation to the contrary can be produced.

(d) This Article shall not be amended as provided in Article X, Section 5, to eliminate or substantially impair the obligation to fix the Assessments at an amount sufficient to properly operate the Association, maintain and operate the Common Area and perform the maintenance required to be performed by the Association under this Declaration without the written consent of the Developer.

(e) The Assessment shall be six (6) types: (1) Regular Assessments; (2) Assessments for non-compliance with this Declaration, the By-Laws of the Association, and the Regulations established and amended from time to time; (3) Assessments for Capital Improvements as described in Section 4 below; (4) Assessments for Working Capital Fund as described in Section 5 below; (5) Assessments for Budgetary Shortfall as described in Section 6 below; and (6) Neighborhood Assessments as described in Section

7 below. Such Assessments to be fixed, established, and collected from time to time as herein after provided. (See Section IX for Remedies of the Association for Violation.)

Section 2. REGULAR ASSESSMENTS.

(a) The Regular Assessments levied by the Association shall be used exclusively for the purposes of the general operation of the Association, reserves and the promotion of the health, safety, and welfare of the residents of the Community, and in particular for the improvement and maintenance of the Common Area, including but not limited to, the payment of mortgages, taxes and insurance thereon, and repair, replacement, and additions thereof, the cost of labor, equipment, materials, management, Treasurer fees, and supervision thereof, and the cost of lawn and landscaping maintenance, and refuse collection; reserves for the replacement of the Association property and improvements to the Common Area; and all other obligations or debts incurred by the Association.

(b) The Developer or the Board of Directors of the Association, When Empowered, shall at all times fix the Regular Assessment based on the Association's budget for the period of the Regular Assessment. The amount of the Regular Assessment shall be uniform for each Lot except as set forth herein and shall be assessed against all Lots at the time of the Assessment. The Developer or Board of Directors, When Empowered, shall once each year create a budget and fix the date of commencement, the size and number of installments, the method of determining the amount of all Regular Assessments against each Owner of a Lot, and shall, at that time, prepare a roster of the Owners and the Assessments applicable thereto. The roster shall be kept in the office of the Association and shall be opened to inspection by any Owner. If the Developer or the Board of Directors, When Empowered, fails to set a Regular Assessment, then the previous Assessment or the previous installment schedule shall continue until the Regular Assessment is set. A copy of the budget or any amended budget and written notice of the Regular Assessment and adjustment thereof, shall be sent to every Owner subject thereto, identifying the amount(s), due date(s), and the address to which payments are to be sent, at least thirty (30) days in advance of the due date of the first (or only) installment of each Regular Assessment. Until one hundred (100%) percent of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, the Developer shall have the option of approval of any portion of the budget.

(c) The Developer or the Board of Directors, When Empowered, shall have the right to adjust the amount and installment schedule of the Regular Assessment without Membership approval for the purpose of meeting the budgetary obligations of the Association and in times of an unexpected cashflow shortfall. The Developer or the Board of Directors, When Empowered, may, at its sole discretion, set estimated Regular Assessments until the Regular Assessment is set and the budget completed, or may delay the billing of Regular Assessments until the budget is complete and then bill the Owners for the Regular Assessment for the entire budget period.

(d) Until one hundred (100%) percent of the Dwellings permitted by the Master Plan

have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, the Developer may also choose the option of either (1) paying the Regular Assessments attributable to the Lots owned by the Developer at the time that the Regular Assessments are due and paying a prorated Regular Assessment for the incorporation of additional Lots in the Community during the budget period or (2) paying the deficits in the expenses and capital reserves (but not contingencies) of the Association not paid by the Regular Assessments, so long as the responsibilities of the Association within the approved budget are properly met. Any expenses of the Association paid by and any advances paid to the Association by the Developer which are in excess of the amount due from the Developer for Regular Assessments for Lots owned by the Developer, or if the Developer chooses to pay deficit expense, the amount paid by the Developer to or for the Association which exceeds the actual deficit, at the option of the Developer, shall be considered a loan to the Association, repayable under terms established by the Developer, and which are reasonably acceptable to the Board of Directors of the Association.

(e) Any Regular Assessment against Lots owned by the Developer (including those Lots added to the Community after the date of the Assessment) shall not be due until the end of the period for which the Regular Assessment is established, provided, however, if the Developer has elected not to pay Regular Assessments and instead to pay the deficits in the expenses and capital reserves of the Association and fails to pay such deficits within thirty (30) days after the end of the budget period, the Regular Assessment for Lots owned by the Developer shall be due in thirty (30) days after the Association notifies the Developer of its failure to pay the deficits at the end of the budget period.

(f) At the time of the closing of a Lot owned by the Developer, if the Regular Assessment for that period has been paid by the Developer, that portion of the Regular Assessment that is attributable to the balance of the period shall be collected and paid to the Developer by the purchaser of the Lot. Any sums not reimbursed to the Developer, shall also be a lien on the Lot. All other Assessments, when levied, shall be the responsibility of the Owner of record on the date that the Assessment is authorized by the Developer or by the Board of Directors of the Association, When Empowered.

Section 3. ASSESSMENTS FOR NON-COMPLIANCE. In the event that any Owner, their guests or invitees fail to comply with any of the provisions of the Declaration, the By-Laws of the Association, the Architectural Guidelines and Regulations established and amended by the Developer or the Board of Directors, When Empowered, from time to time, the Developer, or the Board of Directors, When Empowered, may issue Assessments in amounts as it determines in its sole discretion, which shall be an Assessment for Non-Compliance and which are a lien on the Lot or Lots of that Owner. (See Section IX for Remedies of the Association.)

Section 4. ASSESSMENTS FOR CAPITAL REPAIR OR IMPROVEMENTS. In addition to the Regular Assessments, the Association may levy, in any period, an Assessment (which must be fixed at a uniform rate for all Lots) for the purpose of defraying, in whole or in part, the cost of any construction or any reconstruction,

unexpected repair or replacement of a capital improvement upon the Common Area, including the necessary fixtures, equipment and personal property relating thereto, provided that such Assessment shall have the assent of more than fifty (50%) percent of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days and no more than sixty (60) days in advance of the meeting provided, however, these periods for notice may be shorter as necessary to obtain funds for emergency repairs to the Structures on the Common Area. Subject to the provisions of Section 2, the due date or due dates of any installment of any such Assessment shall be fixed in the resolution authorizing such Assessment.

Section 5. ASSESSMENT FOR WORKING CAPITAL FUND. At the time of acquiring title to a Lot from the Developer or from a contractor who purchased the Lot from the Developer and completed the Dwelling and Structures on the Lot, the Owner acquiring title to the Lot shall, at the option of the Developer or the Board of Directors, When Empowered, deposit with the Association a reserve fund payment in a sum to be determined from time to time by the Developer or Board of Directors, When Empowered, to provide for a working capital fund for the obligations of the Association. Such working capital fund payment shall in no way be considered a prepayment of the Regular Assessment. Such working capital fund payments shall be used for the purposes as determined from time to time by the Developer or the Board of Directors of the Association, When Empowered.

Section 6. ASSESSMENTS FOR BUDGETARY SHORTFALL. In addition to the Regular Assessment, the Developer or the Board of Directors, When Empowered, may, at its option, draw from the appropriate reserve funding or working capital funds or may levy, in any period, an Assessment (which must be fixed at a uniform rate for all Lots), subject to the provisions of Section 2, applicable to that period only, to cover any unexpected shortfall in the cashflow of the Association. Said Assessment shall not require the approval of the Membership.

Section 7. NEIGHBORHOOD ASSESSMENTS.

(a) In addition to the Regular Assessment charged each Owner of a Lot, should additional services be provided by the Association for Owners of specific Lots in a designated Neighborhood within the Community, the Developer or the Board of Directors of the Association, When Empowered, shall have the authority to levy an Assessment applicable only to such Lots in the Neighborhood ("Neighborhood Assessment"), based upon a budget approved by the Board of Directors, to fund these special services and the Association's cost of implementing and administering these services, as well as to fund reserves and contingencies needed to assure that these services can be provided. Provided, however, until one hundred percent (100%) of the Dwellings shown on the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, the Developer shall have the authority to initially determine and to approve or disapprove any increase or decrease to the services to be provided to any

Neighborhood and the appropriate increase or decrease to the Neighborhood Assessment for those services. Subject to the Developer's rights, the Board of Directors, when empowered, may increase or decrease the services to be provided to a Neighborhood and increase or decrease the Neighborhood Assessment for these services, provided, however, the Members of the Neighborhood may repeal such action of the Board of Directors by vote of 51% of the Members subjected to the Neighborhood Assessment.

Notwithstanding their responsibility when asked by the Board of Directors to create a budget for approval by the Board of Directors to include the cost of existing services being provided to a Neighborhood and subject to the Developer's rights of approval, the Neighborhood Committee, with the affirmative vote of 2/3 of the Members subject to the Neighborhood Assessment, may increase or decrease the services to be provided to a Neighborhood and increase or decrease the Neighborhood Assessment as it deems appropriate.

(b) The Developer or the Board of Directors of the Association, When Empowered, shall at all times fix the Neighborhood Assessment based on the budget prepared by the Board or its designee in accordance with the By-Laws for the period of the Neighborhood Assessment. The Board of Directors, When Empowered, may at its sole option, appoint or cause to be elected by the Members subject to the Neighborhood Assessment, a Neighborhood Committee created for the purpose of being its designee with respect to the creation of Neighborhood budget and for other purposes that the Board may determine, including the management and administration of the services to be provided for the Members subject to the Neighborhood Assessment. Should the Neighborhood Committee, after being directed to manage and administer these services by the Board, refuse to accept any portion of the responsibility required of them by the Board or fail to perform the duties set out by the Board, the Board shall at its option, continue or discontinue these services, and adjust the Neighborhood Assessment as the Board deems appropriate. The amount of the Neighborhood Assessment that is approved by the Board of Directors shall be uniform for each Lot in the Neighborhood, except as set forth herein, and shall be assessed against all Lots in the Neighborhood at the time of Assessment. The Board or its designee shall, in accordance with the By-Laws, once each year create a budget, fix the date of commencement, the size and number of installments, the method of determining the amount of all Neighborhood Assessments against each Owner of a Lot, and shall, at that time, prepare a roster of the Owners and the Neighborhood Assessments applicable thereto, all of which shall be submitted to the Board of Directors for approval as required by the By-Laws. The roster shall be kept in the office of the Association and shall be opened to inspection by any Owner. A copy of the budget, or any amended budget and written notice of the Neighborhood Assessment and adjustment thereof, shall be sent to every Owner subject thereto, identifying the amount(s), due date(s), and the address to which payments are to be sent, at least thirty (30) days in advance of the due date of the first (or only) installment of each Neighborhood Assessment. Until one hundred percent (100%) of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, the Developer shall have the option of approval of any portion of a budget or the

amount of a Neighborhood Assessment.

(c) The Developer or four-fifths (4/5) of the Board of Directors, When Empowered, shall have the right to adjust the amount and installment schedule of the Neighborhood Assessment without Membership approval for the purpose of meeting the budgetary obligations of the Neighborhood and in times of an unexpected cash flow shortfall. The Developer or four-fifths (4/5) of the Board of Directors, When Empowered, may, at its sole discretion, set estimated Neighborhood Assessments until the Neighborhood Assessment is set and the budget completed, or may delay the billing of Neighborhood Assessments until the budget is complete and then bill the Owners for the Neighborhood Assessment for the entire budget period.

(d) Until one hundred percent (100%) of the Dwellings permitted by the Master Plan have certificates of occupancy issued thereon and have been conveyed to Owners other than builders holding title for purposes of development and sale, the Developer may also choose the option of either: (1) paying the Neighborhood Assessments attributable to the Lots owned by the Developer at the time that the Neighborhood Assessments are due and paying a prorated Neighborhood Assessment for the incorporation of additional Lots during the budget period; or (2) paying the deficits in the expenses and capital reserves (but not contingencies) of the Association not paid by the Neighborhood Assessments, so long as the responsibilities of the Association within the approved budget are properly met. Any expenses of the Association paid by and any advances paid to the Association by the Developer which are in excess of the amount due from the Developer for Neighborhood Assessments for Lots owned by the Developer, or if the Developer chooses to pay deficit expenses, the amount paid by the Developer to or for the Association which exceeds the actual deficit, at the option of the Developer shall be considered a loan to the Association, repayable under terms established by the Developer and which are reasonably acceptable to the Board of Directors of the Association.

(e) Any Neighborhood Assessment against Lots owned by the Developer (including those added to the Community after the date of the Assessment) shall not be due until the end of the period for which the Neighborhood Assessment is established, provided, however, if the Developer has elected not to pay the Neighborhood Assessments and instead pay the deficits in the expenses and capital reserves of the Association, and fails to pay such deficits within thirty (30) days after the end of the budget period, the Neighborhood Assessment for such Lots owned by the Developer shall be due in thirty (30) days after the Association notifies the Developer of its failure to pay the deficits at the end of the budget period.

(f) At the time of the closing of a Lot owned by the Developer, if the Neighborhood Assessment for that period has been paid by the Developer, that portion of the Neighborhood Assessment that is attributable to the balance of the period shall be collected and paid to the Developer by the purchaser of the Lot. Any sums not reimbursed to the Developer shall also be a lien on the Lot. All other Assessments, when levied, shall be the responsibility of the Owner of record on the date that the Assessment

is authorized by the Developer or by the Board of Directors of the Association, When Empowered.

Section 8. SUBORDINATION OF THE LIEN TO MORTGAGES. The liens provided for herein shall be subordinate to the lien of any first lien, mortgage or deed of trust recorded prior to the recording of the Notice of Lien by the Association or the Developer in the Office of the Register of Deeds for the County in which the Lot is located. Sale or transfer of any Lot shall not affect the liens provided for in the preceding section. However, the sale or transfer of any Lot which is subject to any such first lien, mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of Assessments under the Notice of Lien when recorded prior to such mortgage as to the payment thereof which becomes due prior to such sale or transfer but shall not relieve any Owner in possession of a Lot prior to such foreclosure sale or deed of trust from any personal obligation defined herein for the payment of Assessments. No such sale or transfer shall relieve such Owner from liability for any Assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any subsequent first lien, mortgage or deed of trust, except for liens for Assessment due from subsequent Owners of the Lot if the Notice of Lien is recorded prior to the subsequent first lien mortgage.

Section 9. EXEMPT PROPERTY. The following properties subject to this Declaration shall be exempt from the dues, Assessments, charges, and liens created herein: (a) All Common Area, as defined in Article I, Section 1 hereof and (b) Streets. Notwithstanding any provision herein, no Lots shall be exempt from said liens.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. ARCHITECTURAL CONTROL AUTHORITIES. The Architectural Control Authorities when established by the Developer or the Board of Directors of the Association, When Empowered, shall be composed of at least three (3) representatives. Each Neighborhood may have its own Architectural Control Authority established by the Developer or the Board of Directors of the Association, When Empowered. The representatives of each Neighborhood Architectural Control Authority need not own Lots in the same Neighborhood as the Neighborhood Architectural Control Authority they are serving on.

Section 2. PROCEDURES.

(a) Any person desiring to construct, maintain, place, replace, reconstruct any Structure on any Lot or Common Area or to make any improvements, alteration or changes to any Structure shall submit Plans and any other required documentation required by the Architectural Guidelines to the Developer or the appropriate Neighborhood Architectural Control Authority, When Empowered, which shall evaluate, approve or disapprove in writing such Plans in light of the purpose of the Declaration. Any person using any

Structure shall comply with the Regulations established and amended from time to time. An aggrieved Owner may appeal the final decision of the Architectural Control Authority to the Developer or the Board of Directors, When Empowered, through the processes set forth in the Architectural Guidelines or the Regulations.

(b) The Developer, or the Architectural Control Authority, When Empowered, may charge a reasonable review fee for its initial review, the amount of which shall be established by the Developer or the Architectural Control Authority in the Architectural Guidelines, from time to time. The Developer or the Architectural Control Authority, When Empowered, may at its option, employ outside professional services for initial review and may pay them accordingly for this service. The charging of fees and the hiring of professionals for this purpose by the Architectural Control Authority must be approved by the Developer or the Board of Directors of the Association, When Empowered. Subsequent reviews may require additional fees.

(c) APPROVAL BY THE DEVELOPER, BOARD OF DIRECTORS OR THE ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED, OF ANY PLANS AND SPECIFICATIONS OR THE GRANTING OF A VARIANCE WITH RESPECT TO ANY OF THE ARCHITECTURAL GUIDELINES AND REGULATIONS, WHEN ESTABLISHED, SHALL NOT IN ANY WAY BE CONSTRUED TO SET A PRECEDENT FOR APPROVAL, ALTER IN ANY WAY THE PUBLISHED ARCHITECTURAL GUIDELINES, WHEN ESTABLISHED, OR BE DEEMED A WAIVER OF THE DEVELOPER'S OR OF THE ARCHITECTURAL CONTROL AUTHORITY'S, WHEN EMPOWERED, RIGHT IN ITS DISCRETION, TO DISAPPROVE SIMILAR PLANS AND SPECIFICATIONS, USE OF ANY STRUCTURE OR ANY OF THE FEATURES OR ELEMENTS WHICH ARE SUBSEQUENTLY SUBMITTED FOR USE IN CONNECTION WITH ANY OTHER LOT. Except for the right of the Developer or Board Of Directors to approve or disapprove the Plans on appeal, approval of the Plans relating to any Lot shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter by the Architectural Control Authority, provided that there has been adherence to, and compliance with the Plans as approved in writing, and any conditions attached to any such approval and the Regulations.

(d) The Developer or Architectural Control Authority, When Empowered, may, at it's option, require the Owner to make a deposit to insure compliance with the approval or the Regulations in an amount and upon conditions to be determined by the Developer or Architectural Control Authority, When Empowered. The setting of an amount as a compliance deposit or of conditions for compliance for any one Lot, shall not in any way act to set a precedent or effect in any way the setting of an amount or conditions of compliance for any other Lot or for any other set of Plans which are to be or have been approved within the Architectural Control Authority. The terms for waiver of any deposit and for the determination of the deposit amount, conditions of payment and the release to an Owner of any remaining portion of said compliance deposit, shall be defined in the Architectural Guidelines and Regulations. Nothing herein shall be deemed to waive or limit in any way any other remedies of the Developer, including those to insure

compliance with the Architectural Guidelines and Regulations, or any Owner under this Declaration or at law.

(e) NEITHER THE DEVELOPER, ITS AGENTS, EMPLOYEES, DIRECTORS, OFFICERS NOR ANY OTHER MEMBER OF AN ARCHITECTURAL CONTROL AUTHORITY, SHALL BE RESPONSIBLE OR LIABLE IN ANY WAY FOR THE DEFECTS, STRUCTURAL OR OTHERWISE, IN ANY PLANS OR SPECIFICATIONS APPROVED BY THE DEVELOPER OR THE ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED, NOR FOR ANY DEFECTS IN ANY WORK DONE ACCORDING TO THE PLANS AND SPECIFICATIONS APPROVED BY THE DEVELOPER, THE BOARD OF DIRECTORS OR ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED. FURTHER, NEITHER THE DEVELOPER, THE ASSOCIATION, ARCHITECTURAL CONTROL AUTHORITY, OR THEIR RESPECTIVE SHAREHOLDERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, OR ATTORNEYS SHALL BE LIABLE TO ANYONE BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, MISFEASANCE, MALFEASANCE OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS OR THE EXERCISE OF ANY OTHER POWER OR RIGHT OF THE DEVELOPER OR THE ARCHITECTURAL CONTROL AUTHORITY PROVIDED FOR IN THIS DECLARATION. EVERY PERSON WHO SUBMITS PLANS AND SPECIFICATIONS TO THE DEVELOPER OR THE ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED, FOR APPROVAL AGREES, BY SUBMISSION OF SUCH PLAN AND SPECIFICATIONS, AND EVERY OWNER OF ANY LOT AGREES, THAT HE WILL NOT BRING ANY ACTION OR SUIT AGAINST THE DEVELOPER, THE ASSOCIATION, THE MEMBERS OF ITS BOARD OF DIRECTORS OR THEIR AGENTS, EMPLOYEES AND OFFICERS, OR ANY MEMBER OR AGENTS OF THE ARCHITECTURAL CONTROL AUTHORITY, TO RECOVER ANY DAMAGES ARISING OUT OF SUCH APPROVAL OR DISAPPROVAL, AND, EACH OWNER BY ACCEPTANCE OF THE DEED TO THE LOT, RELEASES, REMISES, QUIT CLAIMS, AND COVENANTS NOT TO SUE FOR, ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH SUCH APPROVAL OR DISAPPROVAL, NOTWITHSTANDING, 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.

ARTICLE VIII

OWNER'S MAINTENANCE RESPONSIBILITIES

Section 1. OWNER'S MAINTENANCE RESPONSIBILITIES. Unless specifically identified herein or specifically elected by the Developer or the Board of Directors, When Empowered, as being the responsibility of the Association, all maintenance and repair of a Lot, together with all portions of the Dwelling, and other Structures or the Lot shall be the responsibility of the Owner of Such Lot. The responsibility of each Owner shall

include, but not limited to, the painting, maintenance, repair, and replacement of walls or fences, and all siding, exterior doors, fixtures, equipment, and appliances (including, without limitation, the heating and air-conditioning system for the Dwelling) and all chutes, flues, ducts, conduits, wires, pipes, plumbing or other apparatus which are deemed to be a part of the Dwelling or Lot, and the lawns, trees, shrubs, fences, grass, driveways, walkways and any other landscaping component, on the Lot. The responsibility of the Owner shall also include, but not limited to, the maintenance, repair, and replacement of all glass, lights and light fixtures (exterior and interior), awnings, window boxes, window screens, and all screens or glass-enclosed porches, balconies, or decks which are a part of the Dwelling. Each owner shall also maintain roof, gutters and downspouts in a good state of repair. THE ASSOCIATION SHALL BE RESPONSIBLE FOR THE NORMAL MAINTENANCE OF THE MINOR DRAINAGE, WHETHER LOCATED ON A LOT, ON COMMON AREA OR ON PROPERTY DEEDED TO ANOTHER ENTITY WHO IS NOT RESPONSIBLE FOR SUCH MAINTENANCE SUCH AS A ROAD RIGHT OF WAY. EACH OWNER SHALL KEEP THE MINOR DRAINAGE STRUCTURES LOCATED ON THE LOT FREE AND CLEAR FROM OBSTRUCTION OR BLOCKAGE AND SHALL NOT DAMAGE OR DESTROY SUCH MINOR DRAINAGE STRUCTURES.

Section 2. OWNER MUST PROVIDE INSURANCE OF DWELLING. Each Owner shall, at its own expense, insure the Dwelling and all other insurable improvements on the Lot in an amount not less than the then current maximum insurable replacement value thereof. Such coverage shall afford protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsements and such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm and water damage.

Section 3. RECONSTRUCTION OR REPAIR OF DAMAGED DWELLING. If any Dwelling shall be damaged by casualty, the Owner of such Dwelling shall promptly reconstruct or repair it so as to restore such Dwelling nearly as possible to its condition prior to suffering the damage. All such reconstruction and repair work shall be done in accordance with plans and specifications therefor, approved by the Developer, or Board of Directors, When Empowered. Encroachments upon or in favor of Dwelling or Lots, which may be necessary for or created as a result of such reconstruction or repair, shall not constitute a claim or basis of a proceeding or action by the Owner on whose Dwelling or Lot such encroachment exists, provided that such reconstruction or repair is done substantially in accordance with the plans and specifications approved by the Developer, or Architectural Control Authority, When Empowered, or as the building was originally constructed.

ARTICLE IX REMEDIES

Section 1. REMEDIES FOR NONPAYMENT OF ASSESSMENTS. Any Assessments not paid within thirty (30) days after the due date shall bear interest from the due date at

the rate of sixteen percent (16%) per annum or the highest rate allowed by law, whichever is higher. Said interest shall be charged at the discretion of the Developer or the Association's Board of Directors, When Empowered. In addition, the Developer or the Board of Directors of the Association, When Empowered, shall have the right to charge an Association collection fee or late charge on any Assessment or installment thereof which shall not have been paid by its due date. In the event that the Developer or the Board of Directors of the Association, When Empowered, chooses an installment schedule for the method of payment for an Assessment or as a method of allowing an Owner to pay past due Assessments, and in the event that any installment is delinquent, the Developer or the Board of Directors of the Association, When Empowered, shall have the right to accelerate and immediately make due all or part of the Assessment due from that Owner of that Lot for that budgeted period. The Developer or the Board of Directors of the Association, When Empowered, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the Lot in the same manner as prescribed by the laws of the State of South Carolina for the foreclosure of mortgages on Time Shares or for the foreclosure of mortgages by judicial proceedings, and may seek a deficiency judgment, and interest, court costs, all costs of collection, including reasonable attorney's fees. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the Assessments provided for herein. No disagreement on the part of any Owner with respect to the budget; the amount or installment schedule for any Assessment; any change to the amount or installment schedule for the Assessment; the Regulations established or amended by the Developer or the Board of Directors of the Association, When Empowered; the actions or lack of action on the part of the Developer or the Association; the purpose for any Assessment for Capital Repair or Improvements; or the amount or purpose of any Assessment for Budgetary Shortfall shall be reason for any Owner to fail to pay any Assessment at the time that it is due. Also, the Developer or Board of the Association, When Empowered, may at any time notify the holders of mortgages of the Lot of the failure of the Owner to pay Assessments or any other violation of the Declaration.

Section 2. REMEDIES FOR NONPAYMENT OF AD VALOREM TAXES OR LEVIES FOR PUBLIC IMPROVEMENTS BY THE ASSOCIATION. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or Assessments levied for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or Assessments in an amount determined by dividing the total taxes and/or Assessments due the governmental authority by the total number of Lots in the Community. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then such sum shall become a continuing lien, subordinate to all other mortgages, on the Lot of the then Owner, his or their heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect

to foreclose the lien against the Lot of the Owner.

Section 3. REMEDIES FOR FAILURE TO MAINTAIN EXTERIOR OF DWELLING AND LOT. In the event that the Owner neglects or fails to maintain his Lot and/or the exterior of his or her Dwelling in the Community, the Developer or the Association, When Empowered, may in addition to any other remedy, provide such exterior maintenance. The Developer or the Association, When Empowered, shall first give written notice to the Owner of the specific items of the exterior maintenance or repair that the Association intends to perform and the Owner shall have the time set forth in said notice within which to perform such exterior maintenance himself or to satisfy the Association that the required maintenance or repair will be completed in a timely manner. The determination as to whether an Owner has neglected or failed to maintain his Lot and/or Dwelling in a manner consistent with other Lots and Dwellings in the Community shall be made by the Developer or the Board of Directors of the Association, When Empowered, in its sole discretion, or an entity authorized to do so by the Developer or the Board of Directors of the Association, When Empowered.

In the event the Association performs such exterior maintenance, repair or replacements repair, the costs of such maintenance, repairs or replacement together with all costs of collecting from the Owner the cost of such maintenance, repairs or replacement established herein shall be added to and become a part of the Assessment to which that Lot is subject.

In the event that the Association determines that the need for maintenance, repair or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the family, guests, employees, lessees, or invitee(s) of any Owner, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof, together with any Assessments for Non-Compliance levied by the Association for non-compliance and all costs of the collection shall be added to and become a part of the Assessment to which such Owner is subject and shall become a lien against the Lot of such Owner. Each Owner is responsible for the actions of and the compliance with these documents and the Regulations by the family, guests, lessees, employees or invitee(s) of that Owner and shall further be responsible for the payment of any Assessments levied for that non-compliance.

Section 4. REMEDIES FOR FAILURE TO MAINTAIN THE MINOR DRAINAGE ON THE LOT.

In the event that the owner neglects or fails to keep the minor drainage located on the Lot free and clear of obstructions or blockage or if the owner shall damage or destroy the minor drainage on the Lot, the Developer or the Association, When Empowered, may in addition to any other remedy, enter the Lot and clear any obstruction of and repair any damage to the minor drainage structures on the Lot. The determination as to whether an Owner has neglected or failed to keep the minor drainage located on the Lot free and clear of obstructions or blockage or has damaged or destroyed the minor drainage

structures on the Lot shall be made by the Developer or the Board of Directors of the Association, When Empowered, in its sole discretion, or an entity authorized to do so by the Developer or the Board of Directors of the Association, When Empowered.

In the event that the Association determines that the need for maintenance, repair or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the family, guests, employees, lessees, or invitee(s) of any Owner, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof, together with any Assessments for Non-Compliance levied by the Association for non-compliance and all costs of the collection shall be added to and become a part of the Assessment to which such Owner is subject and shall become a lien against the Lot of such Owner. Each Owner is responsible for the actions of and the compliance with these documents and the Regulations by the family, guests, lessees, employees or invitee(s) of that Owner and shall further be responsible for the payment of any Assessments levied for that non-compliance.

Section 5. ADDITIONAL REMEDIES.

(a) Enforcement of the Declaration, By-Laws of the Association, and the Regulations in addition to any other remedy set out herein, may be carried out by the Developer, the Association, When Empowered, or the Owner through any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction in the Declaration, By-Laws, and Regulations established by the Developer or the Association, When Empowered, either to prevent or restrain violations, to recover damages or to compel a compliance to the terms thereof. Any failure by the Developer, the Association, When Empowered, or any Owner to enforce any covenant or restriction herein contained or contained in the Declaration or By-Laws or to enforce any of the Regulations shall in no event be deemed a waiver of a right to do so thereafter. In addition to the foregoing, the Developer or the Board of Directors of the Association, When Empowered, shall have the right wherever there shall have been built on any Lot any Structure which is in violation of the Declaration, Architectural Guidelines or Regulations to enter upon the Lot where such violation exists and summarily abate or remove the same at the expense of the Owner, if after written notice of such violation, it shall not have been corrected by the Owner within the time required by the notice of violation. Any such entry and abatement or removal shall not be deemed a trespass.

(b) The Developer or the Association, When Empowered, may, in addition to any other remedy, may suspend the Common Area enjoyment rights of any Owner, family member, lessee, licensee, employee or guest, pet or animal of an Owner for an appropriate period of time to be determined on a case by case basis by the Developer or the Board of Directors, When Empowered, for any non-compliance with the provisions of the Declaration, the By-Laws or of the Regulations, including, but not limited to, violations of Article II, Section 2, CONSTRUCTION IN ACCORDANCE WITH PLANS, Article II, Section 5, OFFENSIVE ACTIVITIES, Article II, Section 13, UNDERBRUSH, FINISHED YARDS, LANDSCAPING and Article VIII, OWNER'S

MAINTENANCE RESPONSIBILITIES. The right, however, of a Member to ingress and egress over the roads and/or parking areas shall not be suspended.

(c) The Owner grants to the Developer and the Association the right and permission to enter the Lot to remove or correct any violation of the Declaration, By-Laws or Regulations, including but not limited to, the maintenance of Lots or any Structure (as defined in Article I, Section 1) thereon, and the removal of abandoned automobiles considered by the Board to be in violation with the Regulations, Declaration, By-Laws or to be a nuisance.

(d) In addition to the remedies outlined in this Article, the Developer or the Association, When Empowered, may, but shall not be required to, enter upon any Lot(s) or Common Area, seize and either deliver to the animal control authority at the Owner's cost, any pet or other animal that is not in compliance with the Declaration, By-Laws, or the Regulations or to be a nuisance. Notice of non-compliance shall be given to any Owner whose pets or animals are not in compliance, except when said non-compliance creates an emergency as determined by the Developer or the Board of the Association, When Empowered. The departure, while not under the restraint of a leash, of any pet or other animal from the Lot of its Owner, shall immediately constitute an emergency and there shall be no requirement for notice to be given.

(e) In addition to the remedies outlined above in this Article, the Developer, or the Association, When Empowered, shall have the right to arrange for the removal, at the Owners expense, of any vehicle that is parked in violation of the Declaration or the Regulations after notice to the Owner of the Lot on or beside which the vehicle is parked. Notice of non-compliance shall be given to any Owner where the parking of a vehicle or vehicles, except when said non-compliance creates an emergency as determined by the Developer or the Board of the Association, When Empowered. The parking of a vehicle which impedes the passage of any emergency vehicle or school bus, shall immediately constitute an emergency and there shall be no requirement for notice to be given.

ARTICLE X GENERAL PROVISIONS

Section 1. DURATION. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Developer, the Association, or the Owner(s) of any land subject to this Declaration, and the irrevocable legal representatives, heirs, successors, and assigns. All covenants, conditions, limitations, restrictions, and affirmative obligations set forth in this Declaration, and amended as provided in Article X section 5 and 6 of this Declaration from time to time, shall be binding and run with the land and continue until twenty one (21) years from the date of execution hereof, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by two-thirds (2/3) of the then Owners affected by the same has been recorded, agreeing to change the same in whole or in part; provided, however, that all property rights and other rights reserved to the Developer shall continue forever to the Developer,

its successors and assigns, except as otherwise herein provided.

Section 2. NOTICE. Any notice required to be sent to any Member or Owner under the provision of this Declaration and service of any legal proceedings shall be deemed to have been properly sent and received when personally delivered or mailed, post paid, to the last known address of the person who appears as that person authorized to receive notice or to vote as shown on the records of the Association at the time of such mailing. It shall at all times be the responsibility of any Owner to file written notice with the Association of the name and address of the person authorized to receive notification from the Association or the Developer as to Assessments, or infractions of the Regulations. Proof of the authority to receive notice and to vote shall be presented to the Association in the form of a certificate signed by the Owner of a Lot or HUD Settlement. Such certificate shall be deemed valid until revoked by a subsequent certificate. The Association does not have to send notice or service to any other address. If the Owner does not file such certificate, the notice or service shall be sufficient if delivered, posted or mail post paid to the Lot

Section 3. SETTLEMENT STATEMENT AUTHORIZATION. The Owner by acceptance of the deed authorizes and directs the closing attorney to provide the Association with a copy of the Settlement Statement from the closing transferring the Lot and/or Dwelling to the Owner.

Section 4. SEVERABILITY. In the event that any one or more of the foregoing conditions, covenants, restrictions, or reservations shall be declared for any reason by a court of competent jurisdiction to be null and void, such judgment or decree shall not in any manner whatsoever effect, modify, change, aberrant, or nullify any of these covenants, conditions, and restrictions not so declared to be void but all remaining covenants, conditions, reservations and restrictions not so expressly held to be void shall continue unimpaired and in full force and effect.

Section 5. AMENDMENT. With respect to the minimum square footage requirements in the Community, the Developer reserves the right to alter, from time to time, the minimum square footage requirements as established by the Developer or as set out the Architectural Guidelines and Regulations, when established. In addition to any other manner herein provided for the amendment of this Declaration, the covenants, restrictions, easements, charges, and liens for this Agreement may be amended, changed, added to, derogated or deleted at any time and from time to time upon the execution and recordation of any instrument executed by Owners holding not less than a majority of votes of the Owners of the Membership of the Association, provided that so long as the Developer is the Owner of any Lot affected by this Declaration, the Developer's consent must be obtained. Provided, further, that the provisions for voting of Class A and Class B Members as herein contained in this Declaration shall also be effective in voting changes in this Declaration. Without limiting the foregoing, the Association, and so long as the Developer owns at least one (1) Lot in the Community, the Developer or the Board of Directors, When Empowered, shall, at any time and from time to time as the Developer or Board of Directors, When Empowered, see fit, have the right to cause this

document to be amended to correct any clerical or scrivener's error(s) or to conform to the requirements of the Federal Housing Administration or the Veterans Administration or the Federal National Mortgage Corporation, FNMA or any other insurer or purchaser of mortgage secured by the Lots as the same may be amended from time to time.

Section 6. AMENDMENT PRIOR TO SALE BY THE DEVELOPER. At any time prior to the closing of the first sale of Lots by the Developer, the Developer, and any mortgage holder, if any, may amend this Declaration by their mutual consent. The closing of the first sale shall mean transfer of title and delivery of a deed and not execution of contract of sale or like document.

Section 7. EFFECTIVE DATE. This Declaration shall become effective upon its recordation in the office of The Register of Deeds for the county in which The Property is located.

Section 8. PAID PROFESSIONAL MANAGER. The Developer or the Board of Directors, When Empowered, may employ a professional manager or managerial firm to supervise all work, labor, services, and material required in the operation and maintenance of the Common Area and in the discharge of the Association's duties throughout the Community.

Section 9. BINDING EFFECT. This Declaration shall inure to the benefit of and be binding upon the parties hereto, and the purchasers of Lots, their heirs, personal representatives, successors and assigns.

Section 10. WAIVER. The failure to enforce any rights, reservations, restrictions, or conditions contained in this Declaration, however long continued, shall not be construed to constitute a precedent or be deemed a waiver of the right to do so hereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement.

Section 11. ATTORNEY'S FEES AND COST. Should the Developer or the Association employ counsel to enforce the Declaration, or the reasonable rules, regulations and policies established or amended by the Developer or the Board of Directors from time to time because of a breach of the same, all costs incurred in such enforcement, including a reasonable fee for the Developer's or the Association's counsel and other reasonable costs of collection, shall be paid by the Owner of such Lot or Lots in breach thereof.

Section 12. DEVELOPER LIABILITY AND HOLD HARMLESS. The Developer herein shall not in any way or manner be liable or responsible for any violation of the Declaration by any person other than itself. The Owners and the Association shall hold harmless the Developer from any liability, loss or cost arising out of their or their agents, guests or invitees violation of the Declaration.

Section 13. TIME REDUCTION. In the event that any of the provisions hereunder are

declared void by a court of competent jurisdiction by reason of the period of time herein stated for which same shall be effective, then and in that event such terms shall be reduced to a period of time which shall not violate the rule against perpetuities or any other law of the State of South Carolina and such provisions shall be fully effective for such period of time.

Section 14. BINDING ARBITRATION. The Owner and the Association by acceptance of a deed agree that any dispute arising out of use, occupancy, ownership of a Lot or on the Common Area or the enforcement of any Covenant, condition, rule or restriction or regulation and any complaint to the Developer shall be settled by binding arbitration pursuant to the South Carolina Arbitration Act.

Section 15. DRAINAGE. ALL GRADING, DURING AND AFTER CONSTRUCTION, SHALL AT ALL TIMES BE PERFORMED IN ACCORDANCE WITH (A) ANY APPLICABLE PORTIONS OF THE STORM WATER MANAGEMENT AND SEDIMENT CONTROL PLAN GRADING AND DRAINAGE PLAN, POLLUTION PREVENTION PLAN OR ANY OTHER APPLICABLE PLAN FILED FOR THE COMMUNITY AND BUILDINGS TO BE CONSTRUCTED WITHIN THE COMMUNITY WHICH CONFORMS TO REGULATIONS PROMULGATED BY THE SOUTH CAROLINA DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL AND/OR (B) ANY OTHER APPLICABLE LEGISLATION, LAW, STATUTE OR ORDINANCE GOVERNING THE CONTROL OF DRAINAGE. ANY LOT OWNER, CO-OWNER OR BUILDER SHALL, BY ACCEPTANCE OF THE DEED TO A LOT, WHETHER THEY HAVE EXECUTED A "CO-PERMITTEE AGREEMENT" OR NOT, ASSUME THE RESPONSIBILITIES OF A CO-PERMITTEE AND BE BOUND TO THE ABOVE MENTIONED PLAN AND INDEMNIFY AND HOLD THE DEVELOPER, THE ASSOCIATION AND THE AUTHORITY HARMLESS FROM ANY AND ALL DEVIATIONS BY THE LOT OWNER, CO-OWNER OR BUILDER FROM THAT PLAN OR FROM THE LOT OWNER'S, CO-OWNER'S OR BUILDER'S FAILURE TO COMPLY WITH ANY APPLICABLE LEGISLATION, LAWS, STATUTES OR ORDINANCES.

ALL GRADING, TEMPORARY AND PERMANENT, SHALL BE PERFORMED IN A MANNER TO ALLOW FOR PROPER DRAINAGE AND TO CONTROL EROSION. OWNER AND OWNER'S BUILDING CONTRACTOR SHALL, DURING AND AFTER CONSTRUCTION, BE RESPONSIBLE FOR GRADING AND SURFACE DRAINAGE SO THAT SURFACE RUN-OFF WILL NEITHER CAUSE SEDIMENT LOSS TO WASH ONTO OR ACCUMULATE ON OTHER LOTS, OTHER ADJACENT PROPERTIES, OR ONTO THE STREETS OF THE COMMUNITY, NOR SHALL IT ADVERSELY AFFECT ANY STRUCTURE(S) ON THAT OWNER'S LOT OR ANY PORTION OF ANY ADJOINING LOT OR PROPERTIES. OWNER AND OWNER'S BUILDING CONTRACTOR SHALL PROVIDE RIP-RAP, GRAVEL EXITS, WATER BARS, BERMS, SEDIMENT FENCES, HYDROSEEDING AND SOD, OR OTHER FORMS OF EROSION CONTROL AS MAY BE REQUIRED BY THE DEVELOPER OR AUTHORITY OR ANY GOVERNMENTAL AGENCY.

ARTICLE XI

ADDITIONAL MATTERS DEALING WITH PHASED COMMUNITY

Section 1. ANNEXATION OF ADDITIONAL PHASES AND CREATION OF A MASTER ASSOCIATION. The Developer shall have the right to annex additional Phases and Common Area into The Property by the filing of an Amendment or Addendum to this Declaration which describes The Property annexed, and imposes this Declaration upon such property annexed. All property annexed in this manner shall be a part of the Association as fully as if it had been a part thereof from the filing of this Declaration. The Developer or the Board of Directors, When Empowered, may create an incorporated or unincorporated Master Association for the purpose of owning property and/or for the purpose of maintaining and operating some or all of the Common Area within the Community and upon its creation may delegate part or all of the responsibilities and authority of this Association to that Master Association or make this Association a Sub-Association of that Master Association or create additional Neighborhoods within the Community.

Section 2. VOTING RIGHTS. As each phase, if any, is added to the Community, the Lots comprising such additional phase shall be counted for the purpose of voting rights. IN WITNESS WHEREOF, the Developer, has caused this instrument to be executed by its proper officers and its corporate seal to be affixed thereto on the day and year first above written.

Witnesses

DEVELOPER:
MUNGO HOMES, INC.

Elizabeth M. DeRosa
[Signature]

By: [Signature]
Its: PRESIDENT

STATE OF SOUTH CAROLINA)

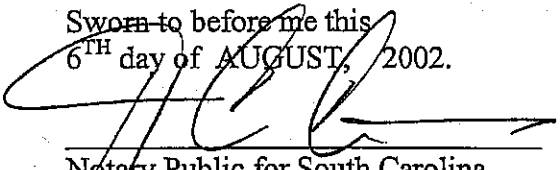
PROBATE

COUNTY OF RICHLAND)

PERSONALLY APPEARED before me the undersigned witness who on oath says that (s)he saw the within named Developer by its duly authorized officer as indicated above, sign, seal and as its act and deed, deliver the within written instrument and that (s)he with the other witness whose name appears above, witnessed the execution thereof.

Elizabeth M. Durison
Witness

Sworn to before me this
6TH day of AUGUST, 2002.


Notary Public for South Carolina

My Commission Expires: 12/18/05

EXHIBIT "A"

All those certain pieces, parcels or lots of land, with the improvements thereon, if any, situate, lying and being in the County of Lexington, State of South Carolina, being shown and delineated as Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, and 66 on a plat of SALUDA MILL PHASES ONE AND TWO prepared by CIVIL ENGINEERING OF COLUMBIA dated May 17, 2002, last revised July 10, 2002, and recorded in the Office of the R.O.D. for Lexington County in Plat Slide 7378, at Page 6; reference being made to the said plat which is incorporated herein by reference for a more complete and accurate description; all measurements being a little more or less.

DERIVATION: This is a portion of the property conveyed to M. STEWART MUNGO and STEVEN W. MUNGO by deed of SOUTH CAROLINA ELECTRIC & GAS COMPANY dated January 9, 2002, and recorded January 28, 2002 in the Office of the R.O.D. for Lexington County in Record Book 6955, at page 180.

TMS: Portion of 4671-01-01

**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION PURSUANT TO THE
SOUTH CAROLINA UNIFORM ARBITRATION ACT
(S.C CODE ANN. § 15-48-10 ET SEQ. , AS AMENDED**

**FIRST AMENDMENT
TO
DECLARATION OF COVENANTS, RESTRICTIONS,
EASEMENTS, CHARGES, AND LIENS FOR
SALUDA MILL
(PATIO HOME SUPPLEMENT)**

THIS FIRST AMENDMENT ("AMENDMENT") to the DECLARATION of Covenants, Restrictions, Easements, Charges and Liens for Saluda Mill dated AUGUST 6th, 2002 and recorded AUGUST 6th, 2002 in the Office of the R.O.D. for Lexington County in Record Book 7392, at page 297 ("DECLARATION") is made this the 6th day of AUGUST, 2002, by MUNGO HOMES, INC., a corporation organized and existing under the laws of the State of South Carolina, hereinafter referred to as "Developer":

RECITALS

1. The Developer is the owner of the real property described in Schedule A of the Declaration (as amended), and is developing thereon a Community known as SALUDA MILL together with common lands and facilities for the sole use and benefit of the Owners of the Patio Homes to be located in the Community.
2. The DECLARATION provides in ARTICLE XI, Section 6 that the DECLARATION may be amended, at any time prior to the closing of the first sale of Lots by the Developer.
3. The Developer desires to amend the DECLARATION according to the terms of this AMENDMENT so as to add provisions which relate to patio homes and to change provisions of the DECLARATION which conflict with the development of patio homes.
4. Capitalized terms used herein shall have the meaning set out in the DECLARATION and the meaning set out hereinafter.

NOW, THEREFORE, the Developer, with the consent of any mortgage holder signed below, declares that the DECLARATION is amended as hereinafter set forth.

1. Article I Section H, COMMON AREA is amended to add the following at the end of the last sentence thereof: "The Common Area shall also include paved parking areas, drives, streets, roads, utility systems, and other improvements or easements serving the Lots."
2. Article II, Section 1, RESIDENTIAL USE OF PROPERTY is amended to add the following at the end of the last sentence thereof: "The Property shall be developed as a patio home community and the Developer may develop and construct Dwellings on the Lots in conformity with the terms of this Declaration, as amended."
3. Article II, add Sections 16, 17, 18, 19, 20, 21, 22 and 23 as follows:

(a) Section 16. Easement of Encroachment. The Developer reserves unto itself, its successors and assigns, a perpetual, alienable, easement and right of ingress and egress, over, upon, and across and under each Lot and Common Area for the unintentional placement or settling or shifting of the Structures constructed, reconstructed, or altered on any Lot or portion of Common Area adjacent to any Lot. Such Structures must have been constructed to a distance of not more than one foot within any boundary of such Lot or Common Area, as measured from any point on the common boundary between such adjacent Lot or Common Area, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, tenant, or the Association, unless such intentional encroachment has been approved prior to construction by the Developer or the Architectural Control Authority, When Empowered. Such easement shall be appurtenant to the Lot or Common Area for which the improvements were constructed, and shall run with the land.

(b) Section 17. Easement of Maintenance of Patio Walls or Patio Fences. A five (5) foot easement is reserved unto the Developer, the Association and the adjoining Lot Owner along the boundary line of each Lot and along the boundary line along which the patio wall or patio fence is to be constructed for the construction, maintenance, repair and replacement of the patio wall or patio fence and/or Dwelling on the adjoining Lot. No shrubbery or planting shall be permitted in the five (5) foot easement which limits access to the easement area by any party entitled to access to the easement area, but any permitted shrubbery or planting in the five (5) foot easement that is removed or damaged by the adjoining Lot Owner during the construction, maintenance, repair and replacement of his patio wall or patio fence, and/or Dwelling, shall be repaired or replaced at the expense of the adjoining Lot Owner causing such damage.

Nothing herein shall require the Developer or the Association to provide the maintenance, repair or replacement of any patio wall or patio fence, but the easement shall be for the purpose of providing these services if the Developer or the Board of Directors, When Empowered, elects to provide such services. If the Developer or the Board of Directors, When Empowered, elects to provide these services then the Lot Owner will be obligated to pay Assessments, Regular and Special, to pay the cost of such services.

As set forth herein or unless the Association voluntarily assumes responsibility for the maintenance, repair or replacement of the patio wall or patio fence, it shall be the responsibility of each Lot Owner to maintain, repair and replace the patio wall or patio fence adjoining the Owner's Lot. If there are two (2) or more Lots adjoining the patio wall or patio fence, the adjoining Lot Owners shall each pay the cost of the maintenance, repair and replacement of the patio walls or patio fences-fronting on (slats or pickets, etc.) that Owners Lot and an equal share in the cost of the maintenance, repair or replacement of the structural members (posts and framing, etc.) for the patio wall or patio fence adjoining the Owners' lots, provided, however, that any damage or destruction caused by the negligence of one Lot Owner shall be repaired or replaced at the expense of the Lot Owner causing such damage. Should a patio wall or patio fence be constructed on or front immediately upon a Common Area, or at the option of the Developer or the Board of Directors of the association, on an area maintained by the Association or a road right-of-way, the shares of the cost of the maintenance, repair or replacement of such patio wall or patio fence shall be shared by the adjoining Lot Owners and the Association on the same basis, as set out hereinabove for Lot Owners. The patio walls or patio fences shall be considered Structures on the Lot for all purposes under the Declaration. In the event of a disagreement between two or more Lot Owners or between one or more Lot Owners and the Association with respect to the responsibility of a lot Owner or the Association for the maintenance, repair or replacement of a patio wall or fence, the Developer or the Review Authority, When Empowered, shall have the sole authority to determine responsibility and to enforce the requirement set out herein that the patio wall or patio fence be repaired, maintained or replaced by the responsible Lot Owner or Owners and/or by the Association.

(c) Section 18. Easement of Maintenance of Yards and to Spray Wash and Clean Patio Homes and Other Structures. The Developer reserves unto itself, its successors and assigns, and the Association, a perpetual, alienable easement and right of ingress, egress and access, over, upon, across and under each Lot to replace, cut, trim or otherwise maintain all landscaping, shrubbery, grass, and the other Structures visible from any street, including, but not limited to, spray washing or painting the Dwelling or any other Structure on the Lot.

Nothing herein shall require the Developer or the Association to provide these services, but the easement shall be for the purpose of providing these elective services if the Developer or the Board of Directors, When Empowered, elects to provide such services. If the Developer or the Board of Directors, When Empowered, elects to provide these services then the Lot Owner will be obligated to pay Assessments, Regular and Special, to pay the cost of such services.

Nothing herein shall require the Developer or the Board of Directors, When Empowered, to spray wash all Dwellings at one time and to the contrary no Dwelling shall be spray washed for at least twelve (12) months after it has been occupied, unless the Developer or Board of Directors, When Empowered, specifically determines, in its sole discretion, to spray wash that Dwelling.

(d) Section 19. Placement of Patio Walls or Fences on Lots. Patio walls or fences shall be built within one foot of the Lot line up to the Lot line, unless otherwise provided for herein in Article II, Section 21. Subject to the easement reserved in Article II, Section 16, such patio wall or fence may not be built beyond the Lot line without approval of the Developer or Board of Directors, When Empowered, and the adjoining Lot Owner. In the event a patio wall or fence is not built on the Lot line, but is recessed behind the Lot line for any distance, the adjoining Lot Owner shall have an easement of occupancy over the area between the patio wall or fence and the Lot line so that occupancy of such Lot Owner over the common Lot line to the patio wall or fence shall not be a trespass.

(e) Section 20. Patio Home Construction. Unless authorized otherwise by Developer or the Association, When Empowered, the following shall be required:

1. Each Dwelling shall have an attached garage, and such garage shall not be converted, renovated, or otherwise changed into enclosed living area.
2. Dwellings constructed on Lots shall be constructed so as to utilize a patio wall or fence completely enclosing the sides and rear portions of the Lot.
3. A patio wall or fence shall only be made of such materials as shall be approved prior to construction by the Architectural Control Authority, but with such approval, it may be the exterior wall of another dwelling.
4. The Dwelling shall utilize a portion of the patio wall as one of its exterior walls.
5. The wall of the Dwelling located on the zero lot line of the Lot shall not have any transparent opening or other openings prohibited by the zoning laws of the governmental authority have jurisdiction over the Lot.

(f) Section 21. Easement for Maintenance, Drainage and Fire Separation. All Lots shall be subject to a perpetual six (6') foot maintenance easement, which shall be shown on the recorded plats of the Community over the Lot adjacent to a zero lot line Lot and the easement shall extend for six (6') feet from the outer most projection of the Dwelling. No Structures shall be constructed or maintained in the easement area.

(g) Section 22. Easement for Driveways Over Common Area. The Developer reserves unto itself, its permittees, its successors and assigns, a perpetual, alienable, and reasonable easement and right of

ingress and egress, over, upon, across and under all Common Area, if any, as are necessary or convenient for the construction, maintenance, and use of driveways for Patio Homes provided such easement shall not encroach on or cross under existing buildings on the Common Area. This easement and right expressly includes the right to cut any trees, bushes, or shrubbery, make any grading of soil, or to take any other similar action reasonably necessary to provide economical and safe access and to maintain reasonable standards of health, safety, and appearance. Such right may be exercised by the licensee of the Developer, but this reservation shall not be considered an obligation of the Developer to provide or maintain any such driveway.

No Structures, including, but not limited to, walls, fences, paving, or planting shall be erected upon any part of The Property which will interfere with the rights of ingress and egress provided for in this paragraph and no Owner shall take any action to prevent the Association, the Developer, or any of their agents, contractors or employees from utilizing the easements reserved herein.

THE DEVELOPER, THE ASSOCIATION OR THE ARCHITECTURAL CONTROL AUTHORITY, THEIR AGENTS, EMPLOYEES AND OFFICERS SHALL NOT BEAR RESPONSIBILITY FOR THE REPAIR OR REPLACEMENT OF ANY LANDSCAPING PLANTED, SPECIAL GRADING ESTABLISHED, OR STRUCTURE CONSTRUCTED WITHIN AN EASEMENT, WHETHER PLANTED ESTABLISHED OR CONSTRUCTED WITHIN AN EASEMENT INTENTIONALLY OR INADVERTENTLY AND WHETHER APPROVED OR NOT BY THE DEVELOPER OR THE ARCHITECTURAL CONTROL AUTHORITY, WHEN EMPOWERED. All such easements and rights shall be shown and designated on the recorded plats of the Community. The rights and easements conferred and reserved herein shall be appurtenant to any property whether or not subject to this Declaration and shall be an easement in gross of a commercial nature for the benefit of the Developer, its permittees, successors and assigns to serve any property whether or not subject to this Declaration.

(h) Section 23. Perpetual Lot Easement. The Developer reserves unto each Lot (the "Dominant Estate") a perpetual, alienable, appurtenant easement and right of exclusive use and enjoyment over, upon, and across and under each adjacent Lot (the "Servient Estate"), which shall be dedicated on the final subdivision plat and shown and more fully described on the as-built survey of each dwelling to be completed upon the conveyance of each Lot. Said Easement Area shall run begin at the property line located at the edge of the right-of-way along the front portion of the Servient Estate on the side bordering the Dominant Estate and shall run along the common property line between the Dominant and Servient Estates, the width measuring from the common property line to the line upon which the fence shall be located, and shall terminate at the property line located along the rear of the Servient Estate (the "Easement Area"). The Owner of the Dominant Estate shall have full and exclusive right of use and enjoyment of the Easement Area subject to the restrictions imposed herein. The Owner of the Dominant Estate shall have the same responsibilities for maintenance and upkeep of the Easement Area and liability for any and all occurrences on the Easement Area as the Owner has for his own Lot. All provisions of this Easement, including the benefits and burdens, run with the land and are binding upon and inure to the heirs, assigns, successors, tenants and personal representatives of the parties hereto.

4. Article VI is amended to add Section 3 as follows:

Section 3. Parking Rights. It is anticipated that parking spaces in addition to those spaces located on the Lots may be provided as Common Area for the benefit of the Community. These parking spaces are for the use of the guests, invitees, and licensees of the Lot Owners and are not to be used by the Lot Owners as additional parking spaces for themselves or other residents of the Dwellings of Lot Owners. Violations of use of the parking spaces shall be determined in the sole discretion of the Developer or Board of Directors, When Empowered, and the Developer or Board of Directors, When Empowered, may levy against a Lot Owner Assessments for Non-Compliance as may be appropriate, or may deprive the offending

Lot Owner of the use of such parking spaces for such period of time as the Developer or Board of Directors, When Empowered, in its discretion, may deem appropriate and shall have such other remedies set out in Article X.

5. Article XI is amended to add Sections 16, and 17 as follows:

(a) Section 16. Patio Homes - Not Condominiums. The filing of the Declaration creates a patio home development and does not create a condominium as defined in the Horizontal Property Act, Code of Laws of South Carolina, 1976, Section 27-31-10 *et seq.*, as amended.

(b) Section 17. Decision Not to Reconstruct. An Owner shall not be required to reconstruct a damaged Dwelling only if 80% or more of the Dwellings are rendered uninhabitable by such damage.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed by its proper officers and its corporate seal to be affixed thereto on the day and year first above written.

DEVELOPER:
MUNGO HOMES, INC.

Elizabeth M. DeRudder
J. C. C.

By: [Signature]

Its PRESIDENT

STATE OF SOUTH CAROLINA)

COUNTY OF RICHLAND)

PROBATE

PERSONALLY APPEARED before me the undersigned witness who on oath says that (s)he saw the within named Developer by its duly authorized officer as indicated above, sign, seal and as its act and deed, deliver the within written instrument and that (s)he with the other witness whose name appears above, witnessed the execution thereof.

SWORN to before me this
6TH day of AUGUST, 2002.

Elizabeth M. DeRudder
WITNESS

[Signature]
Notary Public for South Carolina

My Commission Expires: 12/18/05