



STATE OF SOUTH CAROLINA)

COUNTY OF OCONEE)

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

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
PALMETTO POINTE

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THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration") is made this 11 day of December, 2006 by FRETMAC, L.L.C. hereinafter referred to as the "Declarant" for that certain subdivision known as Palmetto Pointe for Lots 1 through 12 inclusive as shown on plat recorded the 14 day of Dec, 2006 in Plat Book B179, at Pages 7 & 8, records of Oconee County, South Carolina.

RESTRICTIONS

1) Land Use and Building Type. The Lot conveyed shall be known and described as a residential lot and shall be used only for private residential and recreational purposes. No structure shall be erected, altered, placed or permitted to remain on the Lot other than for use as a single family detached residential dwelling, unless otherwise provided herein, and only one single-family detached residential dwelling not exceeding 2½ stories in height above ground shall be erected or permitted to remain upon the Lot, except that lots greater than two (2) acres may construct a guest house or apartment over a detached garage provided that the guest house or apartment are constructed contiguous with or subsequent to the main dwelling. No mobile home, modular home or shell home may be erected or permitted to remain on the Lot. A private garage (not exceeding three car capacity), outbuildings and fixed piers and floating boat dock facilities incidental to the residential use of the Lot are expressly permitted upon the condition that they are not rented, leased nor otherwise used for remuneration, subject to the other covenants and restrictions contained herein. No enclosed boathouses or two level piers are permitted. Piers, docks and boathouses shall be subject to approval by Duke Power Company and/or any governmental entity having jurisdiction at the time such improvements are made. Any Ownership or leasing arrangement for the Lot meeting the definition of "vacation time sharing ownership plan" or a "vacation time sharing lease plan", as defined in §27-32-10 S.C. Code of Laws, 1976, as amended, is hereby prohibited.

2) Dwelling Size. The square footage requirements hereinafter set forth are enclosed heated floor area and are exclusive of the area in basements, unheated porches of any type, attached or detached garages, carports and unheated storage areas, decks or patios. Any one story dwelling erected up on the Lot shall contain not less than 1600 square feet; any 1 1/2 story or split level or tri-level dwelling shall contain not less than 2000 square feet and the first floor shall contain not less than 1400 square feet; the guest house or apartment shall not exceed 2000 square feet.

3) Building Construction and Quality. All buildings and outbuildings erected upon the Lot shall be constructed of new material of good grade, quality and appearance and shall be constructed in a proper, workmanlike manner. No building shall be erected unless it is completely underpinned with a solid brick, brick or stone-covered block or stucco foundation. The exterior surface of any building shall not be asbestos shingle siding, imitation brick or stoneroll siding, or exposed concrete or cement blocks, however boxing/solet may be aluminum or vinyl. The exterior surface of any garage, outbuilding or appurtenant structure or building erected on or located on the Lot shall be aesthetically compatible with, and of material and construction comparable in cost and design to, the exterior surface, of the dwelling located on the Lot. All buildings shall have roofs (except dormers) of not less than 6 in 12 pitch and not less than 12 inch overhang, covered with slate, cedar shakes, tile or fiberglass shingles. Tin or rolled roofing material is not permitted. The exterior of all houses and other structures must be completed with one (1) year after the commencement of construction, except where such completion is impossible due to strikes, fires, national emergency or natural calamities.

4) Temporary Structures. Structure Materials. No residence or building of a temporary nature shall be erected or allowed to remain on the Lot, and no metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on the Lot or attached to any residence

5) Building Setback Lines. No building on the Lot (including any stoops or porches) shall be erected or permitted to remain within the front (street right-of-way) setback, side street (for a corner lot) setback or within the rear or side setbacks as noted on the Map. Notwithstanding any rear setback restriction noted on the Map, no building shall be erected or permitted to remain nearer than fifty (50) feet to the rear (waterside) lot line of the Lot. Piers and dock facilities are exempt from the rear setback restrictions provided they comply with the provisions set forth in Section I of this Article. In the event any zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation applicable to the Lot shall prescribe greater setbacks, then all buildings erected during the pendency of that zoning or subdivision ordinance, floodway regulations or other ordinance, law or regulation shall conform to said requirements

6) Minor Setback Violations. In the event of the unintentional violation of any of the building setback covenants set forth above, in the amount of ten percent (10%) or less of the setback covenant in question, Declarant reserves the right, but is not obligated, to waive in writing such violation of the setback covenants upon agreement of the Owner of the Lot upon which the violation occurs, provided that such change is not in violation of any zoning or subdivision ordinance or other applicable law or regulation.

7) Combination or Subdivisions of Lots. Should the Owner of a numbered Lot on the Map combine with portions of or all of another numbered Lot, the aggregate shall be considered as one Lot for the purpose of these covenants. No Lot shall be subdivided by sale or otherwise so as to reduce the Lot area shown on the Map, except with regards to assessments. Notwithstanding the foregoing, Declarant reserves the right to change the boundaries or dimensions of any Lots still owned by Declarant as may be needed to meet septic system requirements or for any other reason.

8) Utility Easements. Easements for the installation and maintenance of utilities (electricity, septic, sewer, water, gas, telephone, cable TV, etc) and drainage are reserved over the front and rear ten (10) feet of the Lot, but not along the waterfront. A drainage and utility easement seven and half (7 1/2) feet in width is reserved along each side lot line of the Lot. Within said easements so reserved no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of the Lot shall maintain that portion of said Lot lying within the easement areas as defined herein and shall maintain such improvements as may be located thereon except those improvements installed and maintained by a public authority or utility company.

9) Fences and Walls. No wooden fence, or brick or stone wall may be erected nearer the front lot line of the Lot than the front face of the dwelling located on the Lot. No wooden fences, or brick or stone walls greater than six (6) feet in height are permitted. Chain link or other metal fencing is not permitted, except that 2" x 4" metal mesh may be used with split rail fencing to contain animals or children within rear or side yards. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence. A wall constructed of brick or stone and used in lieu of a fence is exempt from the openness test.

10) Signs. No signs of any kind shall be displayed to the public view on the Lot with the following exceptions which may not exceed five square feet in size: (a) one sign advertising the property for sale or rent; and (b) one sign used by a builder to advertise the property during construction and sales period; and (c) temporary political signs. These restrictions shall never apply to permanent entry signs, or to temporary entry

signs or advertising, or "for sale" signs installed by Declarant or its agents prior to the sale of all lots in the subdivision.

11) Antennas, Satellite Dishes and Discs. No radio or television transmission or reception towers, antennas or satellite dishes or discs shall be erected or maintained on any lot, except that one (1) dish or disc for receiving direct broadcast satellite service ("DBS") or multi-point distribution services ("MDS") may be erected and maintained on each lot. No roof mounted antenna, dishes or discs shall be permitted on any lot if adequate broadcast reception can be obtained without mounting such equipment on the roof of the house, provided, however, if such roof mounted equipment is required, no antenna or related structure may be mounted on masts exceeding twelve (12) feet in height above the highest roof line ridge of the house. Any dish, disc or antenna (with associated mast) shall be reasonably camouflaged and screened from view from Lake Keowee and the public roads, and shall not be located in the area between the street right-of-way and the minimum building setback lines applicable to the lot.

12) Lot Maintenance: Trash Disposal. Owner shall keep the Lot in a clean and orderly condition and shall keep the improvements thereon in a suitable state of painting and repair, promptly repairing any damage thereto by fire or other casualty. No clothesline may be erected or maintained on the Lot. The Lot shall not be used in whole or in part for storage of trash of any character whatsoever and no trash, rubbish, stored materials or similar unsightly items shall be allowed to remain on the Lot outside of an enclosed structure, except when temporarily placed in closed, sanitary containers pending collection by trash collection authorities or companies.

13) Off-Road Parking. Each Lot Owner shall provide asphalt or gravel driveway prior to the occupancy of any dwelling constructed on the Lot that provides space for parking two (2) automobiles off the Public Roads, provided that the first one hundred (100) feet of each drive must be lightly brushed concrete, brick or asphalt. No trailer, mobile home, recreational vehicle, camper or boat shall be used as a residence either temporarily or permanently or be parked upon or be permitted to remain on the Lot for a period exceeding 24 hours unless it is parked off the street and not within the front or side yard setbacks of the Lot. No truck or commercial vehicle in excess of one-ton load capacity or any vehicle under repair, or any wrecked or junked motor vehicle shall be parked upon or permitted to remain on the Lot. All automobiles, trucks and other vehicles described above must have a current license plate affixed unless parked in an enclosed garage.

14) Sewage Disposal and Wells. Any dwelling unit erected on the Lot shall be served by an approved septic system for the disposal of sewage, or connected to a private or public sewage disposal system. Any septic system or other private sewage disposal system shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction.

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

16) Diligent Construction. All construction, landscaping or other work which has been commenced on the Lot must be continued with reasonable diligence to completion and no partially completed houses or other improvements shall be permitted to exist on the Lot, except during such reasonable time period as is necessary

for completion. No construction materials of any kind may be stored within forty-five (45) feet of the street curb. Any damage to any street, curb or sidewalk or any utility system caused by the Lot Owner or the Lot Owner's builder shall be repaired by such responsible Owner. The Owner of each Lot shall at all times keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by the construction of improvements on such Owner's Lot. Declarant may provide for the cleaning of public and private areas due to the activities of the Lot Owner or Lot Owner's builder and may assess the Lot Owner a reasonable charge not to exceed the actual cost for such cleaning. Each Lot Owner's builder shall, consistent with standard construction practices, keep all portions of the Lot free of unsightly construction debris and shall at all times during construction either provide dumpsters for the containment of garbage, trash or other debris which is occasioned by construction of improvements on the Lot, or take other measures consistent with standard construction practices necessary to keep the Lot free of such garbage, trash, or other debris.

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

18) Severability. Every restriction, easement, condition and reservation set out herein or referred to herein is hereby declared to be independent of and severable from each other and if any of the same shall be held by a court of competent jurisdiction to be invalid or unenforceable all the remainder of said easements, conditions, reservations and restrictions shall continue unimpaired and in full force and effect.

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

PROPERTY RIGHTS

20) Ownership of Common Area. Except as otherwise provided herein, Declarant shall convey to the Association the Common Areas to be owned and maintained by the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the general public.

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

(a) the right of the Association to promulgate and enforce reasonable regulations governing the use of the Common Areas to insure the availability of the right to use the Common Areas to the Owners and the safety of all Owners on the Common Areas;

(b) the right of the Association to suspend the voting rights of an Owner in the Association and the right of the Association to suspend the right to use certain or all of the Common Areas by an Owner for any period during which any assessment against said Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Declarant or the Association to grant or reserve utility, drainage and other easements across the Common Areas;

THE ASSOCIATION

22) Membership. Every Owner of a Lot shall be a Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot, and shall be governed by the Bylaws attached as Exhibit A hereto.

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

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

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

24) Relinquishment of Control. Notwithstanding anything contained herein to the contrary, the Class B membership shall cease and be converted to the Class A membership upon the earliest to occur of (a) the date on which Declarant no longer owns any part of the Property; (b) the date Declarant shall elect, in its sole discretion, that the Class B membership shall cease and be converted to the Class A membership (which election may be made, if at all, upon Declarant giving written notice of the election to the Board); or (c) December 31, 2016. The earliest to occur of (a), (b) or (c) above shall herein be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A member.

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

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

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

(a) Maintenance of the Entrance Monument(s) shall include maintenance, repair and reconstruction, when necessary, of the monuments, signage, irrigation, planters and lighting located thereon and providing and paying for landscaping, utility charges for irrigation and lighting of the monuments and signage located thereon.

(b) All common areas

(c) The Association shall have the right, but not the obligation, to inspect each Owner's Septic System in order to determine if such Septic System is in compliance with any requirements imposed by the Association or any governmental authority. Each Owner shall be responsible for maintaining such Owner's Septic System in an orderly operating condition and in compliance with any requirements imposed by the Association or any governmental authority.

(d) Maintenance of the Roadways shall be to the standards required by the Oconee County Road Department for public roads.

28) Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements located on all Common Areas, and in order to fund unanticipated expenses of the Association or to acquire equipment or services deemed necessary or desirable by the Board of Directors. Such reserve fund shall be collected and maintained out of the Annual Assessments, as hereinafter defined.

COVENANT FOR ANNUAL AND SPECIAL ASSESSMENTS

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

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

- (a) to repair, maintain, reconstruct (when necessary) and keep clean and free from debris the Common Areas and any improvements located thereon
- (b) to pay all costs associated with the lease of the Street Lights, including, but not limited to, monthly lease payments and utility costs;
- (c) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association

(d) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws, except for such insurance carried specifically in connection with the Shared Private Boatslips, the Shared Private Piers, and all improvements thereon, which shall be paid by the Shared Private Boatslip Lot Owners as part of the Boatslip Maintenance and Operation Costs in accordance with Section 47 of this Declaration; to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws

(e) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws

(f) to maintain contingency reserves in amounts as determined by the Board of Directors

(g) to maintain the Roadways until accepted for maintenance by the Oconee County Road Department

31) Payment of Annual Assessments: Due Date. Annual Assessments provided for herein shall commence as to each Lot on January 1, 2007. The Annual Assessment for the calendar year beginning January 1, 2007, and ending December 31, 2007, shall be Five Hundred and 00/100 (\$500.00) Dollars per Lot. The Annual Assessment for each and every year thereafter shall be in an amount as set by the Board of Directors and shall be due and payable in one annual payment, such payment being due and payable no later than January 31 of each such year. The Board of Directors shall fix the amount of the Annual Assessment as to each Lot for any calendar year at least thirty (30) days prior to January 1 of such calendar year, and the Association shall send written notice of the amount of the Annual Assessment, as well as the amount of the payment due, to each Owner on or before January 5 of such calendar year. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments. Notwithstanding the forgoing, the Board of Directors may alter the dates of the fiscal year for setting the Annual Assessments, and may increase or decrease the frequency of the collection of the Annual Assessments (or installments thereof) in any reasonable manner.

32) Special Assessments for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a special assessment ("Special Assessment") applicable to that year only for the purpose of defraying, in whole or in part, the cost of (i) the construction of any Common Area improvements which are not originally constructed by Declarant; or (ii) the reconstruction, repair or replacement of the Common Areas, including, but not limited to, the Entrance Monument(s)

33) Special Individual Assessment. In addition to the Annual Assessments and Special Assessments authorized above, the Board of Directors shall have the power to levy a special assessment applicable to any particular Lot Owner ("Special Individual Assessment") (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, including the Entrance Monument(s), Street Lights, Lake Access Area, members of such Lot Owner's family, or such Lot Owner's agents, guests, employees or invitees and not the result of ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against any particular Lot Owner relative to such Lot Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws, the Guidelines or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 33 shall be fixed in the Board of Director's resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner's) at least thirty (30) days prior to the date such Special Individual Assessment is due.

34) Assessment Rate.

(a) Subject to the exception set forth in subsection (b) below, Annual, Supplemental Annual and Special Assessments must be fixed at a uniform rate for all Lots.

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

GENERAL ASSESSMENT PROVISIONS

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

36) Effect of Nonpayment of Assessments; Remedies of the Association; Lien For Unpaid Assessments Any Annual Assessment, Special Assessment, Special Individual Assessment, or Supplemental Assessment, (collectively, "Assessments") (or installment thereof) not paid by its due date as set forth herein, or any other assessment not paid by its due date, shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner (or foreclose the lien against the Lot), and interest, late payment charges, costs and reasonable attorney's fees related to such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas, if applicable, or by abandoning such Owner's Lot.

While no filing other than the recording of this Declaration in the Office of the Clerk of Court of Oconee County, South Carolina, is necessary to perfect the lien for unpaid Assessments provided for herein, the Association may, as further evidence of such lien, at any time after thirty (30) days after the date for the Assessment giving rise to such lien became due, file a notice of such lien in the Office of the Clerk of Court of Oconee County, South Carolina, setting forth the name of the Owner of the Lot against which such lien is asserted, the amount secured by such lien, and the Lot with respect to which the lien is claimed. Any such filed notice of the lien shall secure the amount of the lien set forth in such notice together with any and all additional amounts accruing thereafter, and all costs and expenses of collection including attorneys' fees. The form of such lien, and the means of enforcement thereof, may be as is provided for mechanics' liens under the South Carolina Mechanics' Lien Statute (Title 29, Chapter 5 of the South Carolina Code). Such lien shall have priority as of the date and time of filing thereof in the Office of Clerk of Court of Oconee County, South Carolina.

37) Subordination of the Lien to Mortgages. The lien of the Annual and Special assessments of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to a mortgage foreclosure under any first Mortgage on a Lot, or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may in its sole discretion determine such unpaid assessments to be Annual Assessment, Special Assessment, Special Individual Assessment or Supplemental Assessment, as applicable, collectable pro rata from all Owners, including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the

fact that such pro rata portions may cause the Annual Assessment to be in excess of the Maximum Annual Assessment permitted hereunder. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any first Mortgage on a Lot, as above provided

INSURANCE

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

(a) Fire. All Improvements and all fixtures included in the Common Area, including, but not limited to, the Entrance Monument(s), and all personal property and supplies belonging to the Association, shall be insured in an amount equal to 100% of the then current replacement cost up to the amount specified in the insurance policy (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board of Directors with the assistance of the insurance company providing coverage or an insurance broker or agent selected by the Board. The Board of Directors shall, at least annually, review the insurance coverage required herein and determine 100% of the then current replacement cost of such Improvements, fixtures, personal property, and supplies. Such coverage shall provide protection against loss or damage by fire, windstorm, vandalism and malicious damage and all perils covered by a standard "all risk" insurance policy. All such policies shall provide that adjustments of any and all covered losses shall be approved by the Board of Directors and the insurance company. In addition to the provisions and endorsements set forth in this Article, the fire and casualty insurance described herein shall contain the following provisions:

(i) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Owners and their employees, agents, tenants and invitees; and

(ii) a provision that the coverage will not be prejudiced by act or neglect of one or more Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

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

(b) Public Liability. The Board of Directors shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Directors may, from time to time, determine to be customary for projects similar in construction, location and use to the Development, covering each member of the Board of Directors, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$2,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof occurring upon, in or about, or arising from or relating to, the Property or any portion thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Owners, such public liability

insurance shall be in amounts of not less than \$2,000,000 per occurrence for claims for bodily injury and property damage.

EASEMENTS AND OTHER RIGHTS

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

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

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

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

42) Right of the Association and Declarant to Enter Upon the Common Area. Declarant hereby reserves for the benefit of itself, its successors in interest and assigns, and grants to the Association and all agents, employees or other designees of Declarant or the Association an easement for ingress, egress and access to enter upon or over the Common Areas for the purposes of inspecting any construction, proposed construction or Improvements or fulfilling the rights, duties and responsibilities of ownership, administration maintenance and repair of Declarant or the Association, as appropriate. Such easement includes an easement in favor of the

Association and Declarant to enter upon the Common Areas now or hereafter created to use, repair, maintain and replace the same for the purposes for which they are initially designated or for such purposes as they are hereafter redesignated or as Declarant otherwise determines them to be reasonably suited. Notwithstanding the foregoing, nothing contained herein shall be interpreted as imposing any obligation upon the Association or Declarant to maintain, repair, or construct Improvements which an Owner is required to maintain, construct or repair.

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

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

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

Additionally, Declarant hereby reserves, for the benefit of itself, its successors and assigns, and grants to the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along the front and rear ten (10) feet of each Lot (with the exception of the Waterfront Lots, which will not have a ten (10) foot easement over the rear), and over, under and along seven and one half (7.5) feet in width along each side Lot line for the installation and maintenance of lines, conduits, pipes and other equipment necessary for furnishing electric power, gas, telephone service, cable service, water, irrigation, septic sewer and drainage facilities, storm drainage and/or other utilities.

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

45) Declarant's Right to Assign Easements and Maintenance of Easement Areas. Declarant shall have the right to assign and convey, in whole or in part, the easements reserved by it hereunder. The areas burdened by the easements and rights-of-way reserved by Declarant on each Lot or other portion of the Property pursuant hereto, including any Improvements in such areas, which are not to be maintained by the Association or a public authority or utility, shall be maintained continuously by each Owner of such Lot or other portion of the Property, but no structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Declarant and/or the Association may exercise the rights reserved under easements and other rights for the purpose of enforcing the provisions of this Section 50. Notwithstanding the above, the Association and/or Declarant shall have the right, but not the obligation, to maintain the landscaping in the easement areas on any Lot.

46) Easement Reserved for the Association and Declarant. Full rights of access, ingress and egress are hereby reserved by Declarant for itself and the Association at all times over and upon any Lot or other portion

of the Property for the exercise of the easement rights described under easements and other rights as well as the maintenance and repair rights described below and for the carrying out by Declarant or the Association of the rights, functions, duties and obligations of each hereunder; provided, that any such entry by Declarant or the Association upon any Lot or portion of the Property shall be made with the minimum inconvenience to the Owner of such property as is reasonably practical, and any damage caused as a result of the gross negligence of Declarant, the Association or their employees or agents shall be repaired by Declarant or the Association, as the case may be, at the expense of Declarant or the Association, as the case may be.

47) Shared Private Boatslip and Shared Private Pier. Declarant hereby reserves for the benefit of itself, its agents employees and assigns and grants each owner of a shared private boatslip lot (specifically lots 2, 3 and Lots 4, 5) their family members, tenants, guests, invitees, successors and assigns, a perpetual non-exclusive easement, license, right and privilege of passage both pedestrian and non motorized vehicular over and across those portions of lots as indicated on plat recorded in Plat Book 8179, at Page 7 & 8, for ingress and egress to and from shared private boatslips and the private boat docks/piers. The rights of each shared private boatslip and dock/pier shall be appurtenant to and may not be separated from the applicable shared private boatslip lot.

ALL SHARED PRIVATE BOATSLIP LOT OWNERS, BY PURCHASING PROPERTY SUBJECT TO THIS DECLARATION, ACKNOWLEDGE THAT THEY SHALL BE RESPONSIBLE FOR MAINTAINING ANY PERMIT, LICENSE OR LEASE ALLOWING FOR THE USE OF ANY PIER, DOCK, BOATSLIP STRUCTURE OR OTHER SIMILAR IMPROVEMENT WITHIN OR UPON THE WATERS OF THE LAKE; THAT SUCH PERMIT, LICENSE OR LEASE SHALL BE LIMITED IN DURATION; THAT THEY SHALL BE SOLELY RESPONSIBLE FOR THE MAINTENANCE OF ANY SUCH PIER, DOCK, BOATSLIP STRUCTURE, OR OTHER SIMILAR IMPROVEMENT WITHIN OR UPON THE WATERS OF THE LAKE; AND THAT NEITHER DECLARANT, NOR THE ASSOCIATION, NOR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS OR AFFILIATES OF EITHER OF THEM, SHALL HAVE ANY LIABILITY ARISING DIRECTLY OR INDIRECTLY OUT OF OR IN ANY WAY RELATED TO ANY SUCH PERMIT, LICENSE, LEASE, OR MAINTENANCE.

(a) The interest in the Shared Private Boatslip shall not be separated from the ownership of the Shared Private Boatslip Lot to which it is appurtenant, but, rather, shall run with the title to such Shared Private Boatslip Lot. A conveyance by a Shared Private Boatslip Lot Owner of its ownership interest in a Shared Private Boatslip Lot shall automatically assign to the transferee of such ownership interest all rights and duties of said Shared Private Boatslip Lot Owner with respect to such Shared Private Boatslip. Such rights shall include the right of a Constructing Owner to have Declarant pay the Approved Private Boatslip Contractor the costs of Required Shared Boatslip Construction as provided in above.

Any deed of trust, mortgage or other encumbrance (collectively, "Encumbrance") of a Shared Private Boatslip Lot shall also encumber each Shared Private Boatslip Lot Owner's appurtenant interest in any Shared Private Boatslip, even if not expressly included therein. Provided, however, no mortgagee, trustee or other person claiming by, through or under any instrument creating any Encumbrance shall by virtue thereof acquire any greater rights in such Shared Private Boatslip than the Shared Private Boatslip Lot Owner may have at the time of the Encumbrance.

(b) All Shared Private Boatslip Lot Owners having an interest in a Shared Private Boatslip within a particular Shared Private Pier shall have the duty and responsibility, at such Shared Private Boatslip Lot Owners' sole cost and expense, to operate, use and maintain (or cause to be maintained, as the case may be) such Shared Private Pier and all Shared Private Boatslips and other improvements located therein in a well-maintained, safe, clean and attractive condition at all times, all in accordance with the rules and regulations promulgated by the Board of Directors pursuant to subparagraphs 8(c) and

8(d) below (all such costs and expenses, including, without limitation, insurance premiums, taxes and maintenance and repair costs and reasonable reserves for repair and replacement, being referred to herein as the "Boat Slip Maintenance and Operation Costs"). In this regard, each Shared Private Boat Slip Lot Owner shall be responsible for the timely payment in each case of the proportion of such Boat Slip Maintenance and Operation Costs as the number of Shared Private Boat Slips in which such Shared Private Boat Slip Lot Owner has an interest within such Shared Private Pier bears to the total number of Shared Private Boat Slips within such Shared Private Pier. Although certain costs, such as repair and maintenance costs, shall be paid by the Shared Private Boat Slip Lot Owners to the entity or individual performing such work, other costs such as taxes and insurance premiums may be paid by the Association on behalf of such Shared Private Boat Slip Lot Owners, in which event the Shared Private Boat Slip Lot Owners shall reimburse the Association for such costs.

If any Shared Private Boat Slip Lot Owner(s) fail in any of the duties or responsibilities of such Shared Private Boat Slip Lot Owner(s) as set forth in this subparagraph, then the Board of Directors and Declarant, either jointly or severally, may give such Shared Private Boat Slip Lot Owner(s) written notice of such failure and such Shared Private Boat Slip Lot Owner(s), within ten (10) days after receiving such notice (which notice shall be deemed to have been received on the first business day after such notice is deposited in an official depository of the United States mail, addressed to the party(ies) to whom it is intended to be delivered, and sent by certified mail, return receipt requested), must cure any failure to perform the duties and responsibilities of such Shared Private Boat Slip Lot Owner(s) as described in this subparagraph. Should any such Shared Private Boat Slip Lot Owner(s) fail to fulfill this duty and responsibility within such ten (10) day period, then the Association, acting through its authorized agent or agents, or Declarant (so long as it owns any portion of the Property), acting through its authorized agent or agents, either jointly or severally, shall have the right and power to enter onto the applicable Shared Private Pier and perform such duties and/or responsibilities without any liability for damages for wrongful entry, trespass or otherwise to any Person. The Shared Private Boat Slip Lot Owner(s) for whom such duties and/or responsibilities are performed shall be liable for the cost of such performance, together with interest on the amounts expended by the Association or Declarant in connection with same computed at the highest lawful rate as shall be permitted by law from the date(s) such amounts are expended until repayment to the Association or Declarant, as the case may be, and for all costs and expenses incurred in seeking the compliance of such Shared Private Boat Slip Lot Owner(s) with the duties and responsibilities hereunder, and such Shared Private Boat Slip Lot Owner(s) shall reimburse the Association or Declarant, as the case may be, on demand for such costs and expenses (including interest as above provided). If such Shared Private Boat Slip Lot Owner(s) shall fail to reimburse the Association or Declarant, as the case may be, within thirty (30) days after the mailing to such Shared Private Boat Slip Lot Owner(s) of statement(s) for such costs and expenses, then, without limitation of any other rights of the Association or Declarant, the Association may impose a Special Individual Assessment against such Shared Private Boat Slip Lot Owner(s).

(c) The use of all Shared Private Piers, Waterfront Lot Piers, Shared Private Boat Slips, and Waterfront Lot Boat Slips shall be subject to each of the following:

(i) all laws, statutes, ordinances and regulations of the Federal Energy Regulatory Commission ("FERC") and all federal, state and local governmental bodies having jurisdiction thereon;

(ii) the conditions and terms of any permit issued by, and the rules and regulations for use established by, Duke Energy Corporation, its successors and assigns; and

(iii) any rules and regulations adopted by the Board of Directors.

(d) Piers containing the Shared Private Boatslips may be used only by Owners of Shared Private Boatlip Lots, their families, guests and invitees, and each Shared Private Boatlip may only be used by the Owner(s) of the Shared Private Boatlip Lot to which such Shared Private Boatlip is appurtenant, their families, guests, tenants and invitees. Members owning Shared Private Boatlip Lots may adopt rules and regulations with respect to the Shared Private Boatslips and Shared Private Piers.

48) Right of way for easement for benefit of Lot 3. Declarant hereby reserves for the benefit of itself, its agents, employees, lessees, invitees, designees, successors and assigns for Lots 1 and 2 a septic tank and/or drainfield easement for the benefit of Lot 3 and grants to owners of Lot 3, their successors and assigns the right to use those portions of Lot 1 and 2 for septic tanks and/or drainfield as shown on plat recorded in Plat Book 8179, at Page 14. Said easement shall be appurtenant to and shall run with the land.

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

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

GENERAL PROVISIONS

51) Amendment. This Declaration may be amended or modified at any time and from time to time by an agreement signed by Owners holding a majority of votes appurtenant to the Lots which are then subject to this Declaration; provided, however, any amendment to this Declaration must be consented to by Declarant so long as Declarant is the Owner of any lot in the Development. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record. Notwithstanding anything in this Section to the contrary, Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause this declaration to comply with the requirements of FHA, VA, the Federal National Mortgage Association or other similar agency. In addition, Declarant, without obtaining the approval of any other person or entity, may make amendments or modifications hereto which are correctional in nature only and do not involve a change which materially adversely affects the rights, duties, or obligations specified herein.

52) Term. The covenants and restrictions of this Declaration are to run with the land and shall be binding upon all parties and all persons claiming under them for a period of thirty (30) years from the date this Declaration is recorded; after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Lots, plus Declarant so long as Declarant is the Owner of any Lot in the Development, has been recorded, agreeing to terminate said covenants and restrictions in whole or in part.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed by its officers thereunto duly authorized and its corporate seal to be hereunto affixed, at the day and year first above written.

FRETMAC, LLC

In the presence of:

Salvatore Lindelli
Lauren A. Rubin

BY: Raymond B. Fretwell [SEAL]
RAYMOND B. FRETWELL

BY: Douglas C. McDougald, III [SEAL]
DOUGLAS C. MCDUGALD, III

STATE OF SOUTH CAROLINA)
COUNTY OF ANDERSON)

ACKNOWLEDGEMENT

I, Laurence A. Bureau, Notary Public for the State of South Carolina, do hereby certify that Douglas C. McDougald, III an authorized member of Fretmac, LLC personally appeared before me this day and acknowledged the due execution of the foregoing instrument

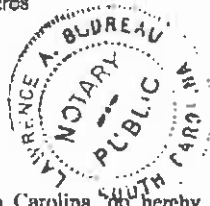
Witness my hand and seal this 11 day of DECEMBER, 2006.

Lauren A. Rubin
Notary Public of South Carolina
My Commission Expires: _____

My Commission Expires
May 17, 2012

STATE OF SOUTH CAROLINA)
COUNTY OF ANDERSON)

ACKNOWLEDGEMENT



I, Laurence A. Bureau, Notary Public for the State of South Carolina, do hereby certify that Raymond B. Fretwell, an authorized member of Fretmac, LLC personally appeared before me this day and acknowledged the due execution of the foregoing instrument

Witness my hand and seal this 11 day of DECEMBER, 2006.

Lauren A. Rubin
Notary Public of South Carolina
My Commission Expires: _____

My Commission Expires
May 18, 2012

EXHIBIT B

**BYLAWS FOR
PALMETTO POINTE OWNERS ASSOCIATION, INC.**

FILED FOR RECORD
OCONEE COUNTY, S.C.
REGISTER OF DEEDS
2004 DEC 14 P 4: 19

ARTICLE 1

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

Section 1.2 Location. The principal office of the Association shall initially be located in Anderson County, South Carolina at 1205 Ella Street, Anderson, SC 29621. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE 2

DEFINITIONS

All capitalized terms when used in these Bylaws, or any amendment hereto (unless the context shall otherwise require or unless otherwise specified herein or therein) shall have the meanings set forth in that certain Declaration of Covenants, Conditions and Restrictions for Palmetto Pointe executed by Frelmac, LLC, and duly recorded in the Office of the Clerk of Court of Oconee County, South Carolina (as supplemented and amended, from time to time, the "Declaration").

ARTICLE 3

MEETINGS OF MEMBERS

Section 3.1 Annual Meetings. The first annual meeting of the Members shall be held in the month of January, 2007 as determined by a vote of the Board of Directors, and each subsequent regular annual meeting of the Members shall be held on the anniversary date of the first annual meeting thereafter, at the hour of 7:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

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

Section 3.3 Place of Meetings. All meetings of the Members shall be held at such place within Anderson County, South Carolina or Oconee County, South Carolina, as shall be determined by the Board of Directors, from time to time.

Section 3.4 Notice of Meeting. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote there at, addressed to the Members address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice

shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.5 Classes of Lots and Voting Rights. The voting rights of the Members shall be appurtenant to the ownership of Lots. There shall be two (2) classes of Lots with respect to voting rights:

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

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

Section 3.6 Relinquishment of Control. Notwithstanding anything contained herein to the contrary, the Class B membership shall cease and be converted to the Class A membership upon the earliest to occur of (a) the date on which Declarant no longer owns any part of the property, (b) the date Declarant shall elect, in its sole discretion, that the Class B membership shall cease and be converted to the Class A membership (which election may be made, if at all, upon Declarant giving written notice of the election to the Board of Directors); or (c) December 31, 2017. The earliest to occur of (a), (b) or (c) above shall herein be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class A member.

Section 3.7 Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes appurtenant to the Lots, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 3.8 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance of the applicable Member's Lot.

Section 3.9 Action by Members. Except as provided otherwise in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of a majority of all votes entitled to be cast by all classes of Members, present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present, shall be regarded as the act of the Members. Notwithstanding any term or provision herein, the affirmative vote of no less than two-thirds (2/3) of all votes entitled to be cast by all classes of Members shall be required in order for the Association to (1) file a complaint, on account of an act or omission of Declarant, with any governmental agency which has regulatory or judicial authority over the Development or any part thereof, or (2) assert a claim against or sue Declarant.

Section 3.4 Waiver of Notice. Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by such Member of the time and place thereof except where such Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all of the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

Section 3.5 Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

ARTICLE 4

BOARD OF DIRECTORS

Section 4.1 Number. The business and affairs of the Association shall be managed by a Board of two (2) Directors, who shall be appointed by Declarant and who need not be Members of the Association. The Declarant shall have the right and authority to appoint the Board of Directors until the first annual meeting following the Turnover Date. At the first annual meeting of the Members following the Turnover Date, a Board of five (5) Directors shall be elected in accordance with Section 4.5.

Section 4.2 Initial Directors. The initial Board of Directors shall be appointed by Declarant. Such initial Board of Directors shall serve at the election of the Declarant from the date upon which the Declaration is recorded in the Office of The Clerk of Courts of Oconee County, South Carolina, until such time as their successors are duly appointed in accordance with Section 4.1, or duly elected and qualified, as described in Section 4.5.

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

<u>Name</u>	<u>Address</u>
Raymond B. Fretwell	1205 Ella Street Anderson, SC 29621
Douglas C. McDougald, III	2211 N. Main Street Anderson, SC 29621

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

Section 4.4 Election. Except as otherwise provided herein, the Board of Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation, these Bylaws and the Declaration. Subject to the terms of this Article 4, the persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4.5 Term of Office. Each Director shall hold office for the term for which such director was elected, or until his death, resignation, retirement, removal, disqualification or until his successor is elected and qualified. Subject to Section 4.1, at the first election of Directors, the Members shall elect two (2) Lot Owners as members of the Board of Directors for terms of three (3) years, who shall be the Lot Owners receiving the largest number of votes. Members shall also elect two (2) Lot Owners as members of the Board of Directors for terms of two (2) years, who shall be the Lot Owners receiving the second largest number of votes. Finally, Members shall elect one (1) Lot Owner as a member of the Board of Directors for a term of one (1) year, who shall be the Owner receiving the next largest number of votes. At all annual elections thereafter, director(s) shall be elected for three (3) year terms to succeed any Director(s) whose term(s) then expire(s). Nothing herein contained shall be construed to prevent the election of a director to succeed himself. Votes shall be tallied at the meeting where they are so cast and, in the event of a tie vote, a run-off election shall be conducted at the same meeting.

Section 4.6 Removal. Subject to Section 4.1, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, such director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor (except that prior to the Turnover Date, Declarant shall have the sole right to fill such vacancy). The Members may elect a director at any time to fill any vacancy not filled by the remaining members of the Board (except that prior to the Turnover Date, Declarant shall have the sole right to fill such vacancy).

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

ARTICLE 5

MEETINGS OF DIRECTORS

Section 5.1 Regular Meetings. Meetings of the Board of Directors shall be held on a regular basis as often as the Board sees fit, but no less often than annually, on such days and at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 5.2 Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each director.

Section 5.3 Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision alone or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

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

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

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

ARTICLE 6

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) To adopt and publish rules and regulations governing the use of the Common Areas and facilities, including, but not limited to, the Roadways, Parking Area and the personal conduct of the Members and their families, guests and invitees thereon, and to establish penalties and fines for the infraction thereof;

(b) To suspend any Member's voting rights and right to use the Common Areas, including, but not limited to, the right to use the Boat Ramp, and/or Parking Area during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended (after notice and hearing) for a period not to exceed sixty (60) days for infraction of published rules and regulations;

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

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

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

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

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

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

- (i) To retain the services of legal, accounting and other professional firms;
- (j) To maintain contingency reserves for the purposes set forth in the Declaration;
- (k) To enforce the provisions of the Declaration and any Additional or Supplementary Declaration and any rules or regulations made hereunder or thereunder;
- (l) To levy assessments as more particularly set forth in the Declaration;
- (m) To impose fines for the violation of the Declaration, these Bylaws, or the rules and regulations adopted by the Board, in accordance with the Declaration, and
- (n) To take any and all other actions, and to enter into any and all other agreements, as may be necessary for the fulfillment of its obligations under the Declaration or these Bylaws.

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

- (a) To maintain current copies of the Declaration, these Bylaws and other rules concerning the Development, as well as Association books, records and financial statements, available for inspection upon reasonable notice and during normal business hours by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots;
- (b) To supervise all officers, agents and employees of the Association to ensure that their duties are properly performed,
- (c) As more fully provided in the Declaration:
 - (1) To fix the amount of the assessments;
 - (2) To send written notice of each assessment to every Owner subject thereto before its due date, and
 - (3) To foreclose the lien against any Lot for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same;
- (d) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. (If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.);
- (e) To procure and maintain adequate liability insurance covering the Association and the Directors and officers thereof and adequate hazard insurance on the property owned by the Association all in accordance with the Declaration;
- (f) To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, in accordance with the Declaration;
- (g) To maintain or cause to be maintained the Common Areas (including the upkeep and maintenance of associated improvements) in accordance with the Declaration;

(h) To maintain or cause to be maintained any sidewalks in the Development to the extent not maintained by a governmental authority; and

ARTICLE 7

OFFICERS AND THEIR DUTIES

Section 7.1 Officers. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

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

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

Section 7.4 Special Appointment. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

Section 7.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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

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

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

President

(a) The President shall be the principal executive officer of the Association, and subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign all checks and promissory notes.

Vice-President

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

Secretary

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

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association; shall keep proper books of account, shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting.

ARTICLE 8

COMMITTEES

Subject to Section 4.1, the Board shall appoint a Nominating Committee. In addition the Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE 9

BOOKS AND RECORDS

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

ARTICLE 10

ASSESSMENTS

As more particularly described in, and subject in all respects to, the Declaration, each Member is obligated to pay to the Association assessments. Any assessments which are not paid when due shall be delinquent. If an assessment is not paid by its due date, as set forth in the Declaration, the assessment shall bear interest as provided therein. Any late charges, costs of collection and reasonable attorneys' fees related to any such delinquent assessment may be added to the amount of such assessment. No Member may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of its Lot.

ARTICLE 11

CORPORATE SEAL

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

ARTICLE 12

AMENDMENTS

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

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

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

ARTICLE 13

MISCELLANEOUS

The fiscal year of the Association shall be the calendar year and shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

ARTICLE 14

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

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

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

The indemnifications provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of members or any disinterested Directors or otherwise and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

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

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

