

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

**THE PENINSULA ON NORTH LAKE KEOWEE
SIX MILE, SOUTH CAROLINA**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS IS MADE THIS ____ day of March, 2003, by Keowee Development -- The Point I, LLC, a South Carolina Limited Liability Company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property shown on a survey entitled "The Peninsula," prepared by Nu-South Surveying, Inc., dated January 22, 2003, and recorded in the Pickens County RMC Office in Plat Book 468, at Page 17, which property is more particularly described in Section 1 of Article II hereinafter; and

WHEREAS, Declarant desires to create thereon an exclusive limited planned community to be named The Peninsula; and

WHEREAS, Declarant desires to insure the attractiveness of the community; to prevent any future impairment thereof; to prevent nuisances; to preserve, protect, and enhance the values and amenities of all properties within the community; to provide for the maintenance and upkeep of the Common Areas, as hereinafter defined, including the private streets, parking areas, and any amenities; and to this end desires to subject the real property described in Section 1 of Article II to the covenants, conditions, restrictions, easements, charges, and liens hereinafter set forth, each and all of which is and are for the benefit of said property described below and each owner thereof, and

WHEREAS, to achieve the above objectives, Declarant has deemed it desirable to create an organization to which will be delegated and assigned the power of owning, maintaining, and administering the Common Area, administering and enforcing the covenants and restrictions applicable to the community and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated under South Carolina law The Peninsula Homeowners Association, Inc., as a nonprofit corporation for the purpose of exercising and performing the aforesaid functions; and

WHEREAS, it is intended that every owner of any of the said Lots automatically and by reason of such ownership and this Declaration, become a member of the aforesaid Association and be subject to its rules and regulations and the assessments and charges made by such Association;

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the properties shown on the aforesaid survey of The Peninsula and described in Section 1 of Article II below, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, mortgaged or otherwise encumbered, given, donated, leased, occupied, and used subject to the easements, restrictions, covenants and conditions, charges, and liens set forth in this Declaration, which are for the purpose of protecting the value and desirability of the property, and which shall run with the title to the real property, shall be binding on all parties having any right, title, or interest in the described property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article I, such definitions being cumulative of those set forth elsewhere in this Declaration.

- Section 1. "Annual Assessment" shall have the meaning specified in Section 1 of Article V hereof and shall constitute the assessments which, pursuant to the provisions of Article V hereof, shall be levied by the Association against each Lot each year for the purpose of raising the funds necessary to pay the "annual expenses" (as that term is defined in Section 4 of Article V hereof).
- Section 2. "Architectural Review Committee" ("ARC" or "Committee") shall mean and refer to that committee appointed by the Declarant and having the responsibilities described in Article V hereof.
- Section 3. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association as the same may be amended from time to time.
- Section 4. "Association" shall mean and refer to The Peninsula Homeowners Association, Inc., a South Carolina nonprofit corporation, its successors and assigns.
- Section 5. "Association Property" shall mean all real property which is shown and depicted on any plat which is not dedicated to a governmental authority. Association Property shall also include the easements that are identified in Article VIII of this Declaration.
- Section 6. "Board of Directors" shall mean the Board of Directors of the Association.
- Section 7. "Building" shall mean and refer to any Living Unit, playhouses, fences, walls, decks, swimming pools, alterations, additions, and appurtenances to all of the foregoing.
- Section 8. "By Laws" shall mean the By Laws of the Association, as the same may be amended from time to time.
- Section 9. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. Common Areas, with respect to the property subject to this Declaration, shall be shown on the various plats of The Peninsula recorded or to be recorded in the Pickens County RMC Office and designated thereon as "Common Area," "Common Open Space," or other similar designations, but shall exclude all Lots as hereinabove defined which are shown thereon.
- Section 10. "Declarant" shall mean and refer to Keowee Development -- The Point I, LLC, a South Carolina Limited Liability Corporation and shall include any successor or assign of Keowee Development -- The Point I, LLC.
- Section 11. "Declaration" shall mean this Declaration of Covenants, Conditions, and Restrictions as the same may be hereinafter amended in accordance with the terms of Article X hereof.
- Section 12. "Easement Area" shall mean and refer to each of those portions of the Association property which are located on any plats and shown and depicted as "Easement Areas".
- Section 13. "HUD" shall mean United States Department of Housing and Urban Development and, in the event that such Department shall be abolished and its operations transferred to another division of the United States Government, such other division.

- Section 14.** “Living Unit” shall mean and refer to any structure or portion of a structure upon the Property which is designed and intended for use and occupancy as a residence by a single family.
- Section 15.** “Lot” shall mean and refer to any plot of land with delineated boundary lines appearing on any recorded subdivision plat of the Properties (with the exception of the Common Area) and shall include all improvements thereon. The term “Lot” shall also include any re-subdivided lot as permitted hereunder.
- Section 16.** “Member” shall mean and refer to every person or entity who holds membership in the Association.
- Section 17.** “Owner” shall mean and refer to the owner of record, whether one or more persons or entities, of any Lot, but excluding those having such an interest merely as security for the performance of any obligation.
- Section 18.** “Person” shall mean a natural person, corporation, trust, partnership, or any other legal entity.
- Section 19.** “Plat” shall mean, collectively, the plat that is identified in Section 1 of Article II of this Declaration and all plats that are hereinafter recorded in the Plat Book Records of Pickens County, South Carolina, pursuant to the provisions of Section 2, Article II of this Declaration.
- Section 20.** “Properties” shall mean and refer to the real property described in this Declaration and subject thereto, together with such other real property as may from time to time be added thereto and subjected to this Declaration or any Supplementary Declaration, including, but not limited to, Lots 1 through 24 located in The Peninsula as shown on the plat described above, and may also refer to any parcel or tract included in the subdivision of record, regardless of re-subdivision by Declarant.
- Section 21.** “Private Streets” shall mean and refer to any streets designated “Private Street” on a recorded survey of the Properties and which is a portion of the Common Area owned and maintained by the Association.
- Section 22.** “Special Declarant Rights” shall mean the rights of a Declarant, including, but not limited to the following: to complete improvements indicated on plats or plans filed with or referenced in the Declaration; to exercise any development rights; to maintain sales offices, management offices, models and signs advertising The Peninsula; to use easements through the Common Area for the purpose of making improvements within The Peninsula or within real estate which may be added to The Peninsula; and to elect, appoint or remove any officer or Board member of the Association during any period of Declarant control.
- Section 23.** “Supplementary Declaration” shall mean and refer to any declaration of protective covenants, restrictions, and conditions which may be recorded by the Declarant, which amends the provisions of this Declaration to one or more parcels or tracts of real property, or which contains provisions for such parcel or tract of real property that are complementary to this Declaration.
- Section 24.** “VA” shall mean the United States Department of Veteran Affairs and, in the event that said Department shall be abolished and its operations transferred to another division of the United States Government, such other division.

All pronouns uses in this Declaration are intended to be gender neutral, and the use of the masculine gender shall be deemed to include the feminine and neuter genders.

ARTICLE II
PROPERTIES SUBJECT TO THIS DECLARATION

Section 1. **Existing Property.** The Property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Association is located in Pickens County, South Carolina, and is described as follows:

Being all of the property shown on the survey prepared by Nu-South Surveying, Inc., dated January 22, 2003, entitled "The Peninsula," and recorded on January 30, 2003, in the Pickens County RMC Office in Plat Book 468, at Page 17.

Section 2. **Additions to Existing Property.** Additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following ways:

- (a) Additional adjacent land may be annexed to the Properties of The Peninsula, or its designated assignee(s), and brought within the scheme of this Declaration and within the jurisdiction of the Association in future stages of development by the Declarant without the consent of the Association or its members.
- (b) Additional residential property (and Common Area), outside of the area described above may be annexed to the Properties and brought within the scheme of this Declaration and the jurisdiction of the Association with the consent of the Members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class A Lots and at least two-thirds (2/3) of the votes appurtenant to all Class B Lots, if any, as such classes are hereinafter defined in Article III, Section 2. The Association may participate in mergers or consolidations with other nonprofit corporations organized for the same or similar purposes as the Association, thereby adding to the Association, or to a surviving Homeowners Association, the properties, rights and obligations of the nonprofit corporation with which it merges or consolidates. Any such merger or consolidation must have the asset of the Members as provided above in this subsection (b), and no such merger or consolidation shall revoke, change or add to any of the provisions of this Declaration except as herein provided.
- (c) The additions authorized under Subsections (a) and (b) shall be made by filing of record Supplementary Declarations of Covenants, Conditions, and Restrictions with respect to the additional properties, which Supplementary Declarations of Covenants, Conditions, and Restrictions shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessment for their just share of the Association's expenses.

A supplementary Declaration may contain such complementary additions and modifications of the covenants, conditions, and restrictions contained in this Declaration as may be deemed by Declarant to be necessary or desirable with respect to the Properties which will be subject to the proposed Supplementary Declaration but unless approved by written and recorded agreement of sixty-seven (67%) percent of the Owners of the Lots which are then subject to this Declaration, the provisions of the proposed Supplementary Declaration may not amend or modify the provisions of this Declaration (as previously amended, if amended) insofar as it applies to Lots which are shown on maps recorded prior to recordation of the newly proposed Supplementary Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from Ownership of any Lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. The Association shall have two (2) classes of voting membership.

- (a) Class A. Except as provided below, Class A Member shall be all Lot Owners except the Declarant; and Class A Members shall be entitled to one (1) vote for each Lot (Class A Lot) owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the vote 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 Lot.
- (b) Class B. Class B. Member shall be the Declarant (as defined in this Declaration); and such Member shall be entitled to four (4) votes for each Lot (Class B Lot) owned.

The Class B membership shall cease to exist and shall be converted to Class A membership with one vote for each Lot owned, on the happening of either of the following events, whichever occurs earlier.

- (1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; provided that the Class B Lots shall be reinstated with all rights, privileges, and responsibilities of such Class, if, after conversion of the Class B Lots to Class A Lots hereunder, additional land containing Lots is annexed to the Existing Property pursuant to Article II above, thus making Declarant the owner, by virtue of the newly created Lots and of other Lots owned by Declarant, of a sufficient number of Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion and re-conversion shall occur automatically as often as the foregoing facts shall occur); or
- (2) January 1, 2006.

When the Class B Lots cease to exist and are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots.

Provided, further, that nothing herein shall be construed to prohibit Declarant from converting all or part of the Class B membership to Class A membership, with the results set forth above at any time earlier than the alternative events referred to above, by written statement executed by the Declarant and delivered to the Association.

Section 3. Suspension of Voting Rights. Voting rights attributable to an ownership interest in a Lot shall be suspended throughout the term for any default under the By-Laws or of this Declaration of Covenants, Conditions, and Restrictions by an Owner of such Lot.

Section 4. Control by Declarant. Notwithstanding any other language or provision to the contrary in this Declaration or in the By-Laws, Declarant hereby retains the right to appoint and remove any Members of the Board of Directors of the Association and any officer or

officers of the Association until ninety (90) days after the first of the events to transpire outlined in Section 2 herein concerning the termination of the Class B membership status of Declarant or until the surrender by Declarant of the authority to appoint and remove directors and officers by an express amendment to the Declaration of Covenants, Conditions, and Restrictions executed and recorded by Declarant. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Section, such right shall automatically pass to the Owners, including Declarant, if it then owns one or more Lots, and a special meeting of the Association shall be called and held within ninety (90) days after the date of the expiration of Declarant's rights hereunder. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of running the Association and Declarant shall deliver to the new Board of Directors the books, accounts, and records which it has kept on behalf of the Association, as well as any agreements or contracts executed by or on behalf of the Association, as well as any agreements or contracts executed by or on behalf of the Association which may still be in effect or operation. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove directors and officers of the Association as is provided in this Section.

ARTICLE IV
PROPERTY RIGHTS

Section 1.

Owners' Easement of Enjoyment. Every Owner shall have a right and easement to use and enjoy the Common Area, which rights and easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area and to limit the use of said facilities to Owners who occupy a residence on the Properties as their principal residence in Pickens County, South Carolina, and to their families, tenants, contract purchasers and guests as provided in Section 2 of this Article IV;
- (b) The right of the Association to suspend the voting rights and right of use of the recreational facilities by an Owner for any period during which any assessment against the Owner's Lot remains unpaid; and for a period not to exceed ninety (90) days for any infraction of its published rules and regulations;
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written document provided that the foregoing shall not preclude the Association or Declarant, without such agreement by the Members, from granting easements to public authorities or utilities, or to others for the installation and maintenance of electrical, telephone, cablevision, water and sewerage service and drainage facilities upon, over, under and across the Common Area, without the assent of the membership when, in the sole opinion of the Board of Directors or Declarant, such easements do not interfere with the use and enjoyment of the Properties or are necessary for the convenient use and enjoyment of the Properties;
- (d) The right of the Association to limit the number of guests of Members;

- (e) The right of the Association, with the written assent of Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B) to mortgage, pledge and deed in trust any and all of its real or personal property as security for money borrowed or debts incurred for the purpose of improving the Common Area and facilities, with the rights of such creditors to be subordinate to the rights of the Owners hereunder;
- (f) The right of the Association to adopt, publish, and enforce rules and regulations as provided in Article X;
- (g) The right of the Association or its representative to enter any Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association, and the Owner of such Lot shall permit the Association or its representative to enter for such purposes at reasonable times and with reasonable advance notice;
- (h) The right of the Association or its representative to enter any Lot in the case of any emergency threatening such Lot or any other Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate.

Section 2. Delegation of Use.

- (a) Family. The rights and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Pickens County, South Carolina.
- (b) Tenants or Contract Purchases. The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be delegated by the Owner to his or her tenants or contract purchasers who occupy a residence within the Properties as their principal residence in Pickens County, South Carolina.
- (c) Guests. Common Area may be utilized by guests of Owners, tenants, or contract purchasers subject to the rules and regulations of the Association governing said use, as established by the Board of Directors.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.
- (c) Pre-assessment for start-up capitalization of the Association, as may be fixed, established, and collected by the Association from time to time as hereinafter provided.

The annual, special, and pre-assessments, together with ten (10%) percent *per annum* interest, costs, and reasonable attorneys fees, shall be a charge on the land and shall be a

continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with ten (10%) percent *per annum* interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time when such assessment fell due, and shall pass to such Owner's heirs, successors, and/or assigns, unless expressly waived or satisfied.

Section 2. Purpose of Assessment. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties and in particular for the improvement and maintenance of the Association's properties and for facilities related to the common benefit of all Members.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Association's properties. Such reserve fund is to be established out of regular assessments for common expense, and shall be used only for the purposes set forth in this Section 3.

Section 4. Annual Assessments. The initial annual assessment shall become due as of June 1, 2003, and the maximum annual assessment until January 1, 2005, shall be as follows:

- (a) All Lot Owners: \$600.00 per Lot
- (b) All Lots owned by Declarant \$200.00 per Lot

From and after June 1, 2003, the maximum annual assessment may be increased by a vote of the Members. Members who are delinquent in any amount owed the Association shall not be entitled to vote until such delinquency is paid in full. Increases shall have a maximum duration of two (2) years, after which period, Members may vote in the manner provided hereinafter to reinstate additional increases, provided that any such change shall have either:

- (i) The written assent of two-thirds (2/3) of the authorized votes of Members in lieu of a normal meeting; or
- (ii) A majority vote of authorized Members, 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 nor more than sixty (60) days in advance of the meeting, setting forth the purpose of the meeting.

After consideration of maintenance, costs, and future needs of the Association, the Board of Directors of the Association may fix the annual assessment or charge an amount not in excess of the maximum hereinabove provided.

Assessments shall be prorated and collected so that all become due and payable uniformly during the month of January of each year. Upon the closing of a sale of a lot, the Member shall pay his prorated portion of the current year's assessment to the Association. Assessments shall also be prorated for a Lot which is vacant for any portion of an assessment year.

Section 5. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or in connection with maintenance of Property owned by the Association,

provided that any such assessment shall have the same assent of the Members as provided in Section 4(b) of this Article.

Section 6. Notice and Quorum for any Action Authorized Under Section 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all Members not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of Members and proxies entitled to cast sixty percent (60%) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to written notice of not less than fifteen (15) and not more than thirty (30) days before, containing the time and purpose of the meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided for a difference in Class A and Class B Lots, be fixed at a uniform rate for all Lots and shall be collected on an annual basis.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots on the day of the sale of the first Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and in the event the Board elects not to affix such assessment as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any change in the assessment rate shall be sent to every Owner. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. 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.

Section 9. Effects of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be assessed a late charge in the amount of Twenty-Five and No/100ths Dollars (\$25.00) or in an amount to be determined from time to time by the Board of Directors, and the assessment with late charge shall bear interest from the due date at an annual rate of ten percent (10%) per annum, and may be collected in any lawful manner. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien as provided in the By-Laws against the Lot to which the assessment related; and, in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of such Owner's Lot.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage on a Lot and to any ad valorem taxes on such Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage pursuant to a foreclosure thereof, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer (but shall not affect the personal liability of the Owner for payment of such assessments). No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All Property dedicated to, and accepted by, a local public authority and all properties, other than Lots, owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of South Carolina shall be exempt from the assessments created herein. No Lot shall be exempt from assessments.

ARTICLE VI
ARCHITECTURAL REVIEW

Section 1.

Necessary Approvals. No building, fence, sign, wall, statuary, deck, pool, or dock (for waterfront Owners), or other structure or improvement of any kind (including a paved surface) shall be commenced, erected, installed, or maintained upon any Lot nor shall any exterior addition to or change or alteration of a Building be made, including, but not limited to, color or painting of the exterior or change of the type of exterior finish, the installation of aerials or awnings, or the addition of an exterior attachment until the plans and specifications showing the nature, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by an Architectural Review Committee, composed of three (3) representatives initially appointed by the Declarant (said committee being hereinafter referred to as the "Architectural Review Committee" or "ARC"). Any subsequent material modification of the exterior of any existing structure shall be subject to approval of the ARC. The first members of the ARC are as follows:

- (a) C. Michael Cape;
- (b) Jim Cato; and
- (c) Michael West.

The above said members of the ARC shall serve until replaced or until new members are designated by the Declarant.

When the Declarant no longer owns Property within the Subdivision, the ARC shall then be composed of Members within the Subdivision who have been elected by a majority of the Members. These Members shall serve a one (1) year term. A majority of the ARC may appoint one (1) representative to act on its behalf.

Section 2.

ARC Review. Before any Building may be constructed, erected, altered, or placed on any of the Property, the following information and materials (hereinafter collectively the "Plans") shall be submitted by the Owner or the Owner's agent to the ARC:

- (a) A site plan showing the lot boundaries, existing topographic features, the proposed location of the Building, the finished floor elevation, and all proposed site improvements, including, but not limited to, utilities, driveways, walkways, drainage features, patios, decks, pools, and landscaping;
- (b) Floor plan(s) of the Building, to a scale of one-fourth (1/4) inch to one (1) foot, fully dimensioned;
- (c) North, South, East, and West exterior elevation drawings of the Building at the same scale as the plan(s), together with a schedule listing the proposed exterior materials and colors;
- (d) Exterior materials and color samples or complete manufacturer's information for all proposed exterior building materials;
- (e) A construction schedule; and
- (f) Any other information reasonably required by the ARC.

One copy of the Plans will be retained by the ARC for its records.

Section 3.

ARC Approval and Disapproval. Within thirty (30) days after the receipt of the Plans, the ARC shall determine whether the proposed Building will be of suitable quality of workmanship and materials, and whether the proposed exterior design, location, and elevation of the Building will be harmonious with existing Buildings and topography. After making such determination, the ARC shall do one of the following, which action must be approved by a majority of its members:

- (a) Approve in writing the construction of the Building, in which event, the Owner may commence construction of the Building in accordance with the information and materials furnished to the ARC. The ARC shall, however, have the authority to condition such approval upon the preservation of certain trees which may not be cleared or removed in connection with the construction work on said Lot. In the event the ARC does condition its approval of the construction of any Building upon the preservation of certain trees, it shall furnish the Owner with a site plan indicating which trees are required to be so preserved, or it shall physically indicate on the Lot which trees are to be so preserved.
- (b) Disapprove in writing the construction of the Building, stating the case of such disapproval. In the event the ARC disapproves the proposed construction of any Building on and Lot, no Building may be erected or placed on the said Lot unless and until the Plans are re-submitted to the ARC by the Owner of said Lot and the ARC approves such construction in accordance with the procedure set forth herein. The ARC may refuse to approve the Plans of any Building for any reason, including purely aesthetic considerations, which in the sole discretion of the ARC, has a reasonable basis in this Declaration.
- (c) In the event the ARC shall fail to approve or disapprove in writing the Plans which the Owner or the Owner's agent has submitted within the said thirty (30) day period, the Owner shall thereupon be deemed to be authorized to commence construction of the proposed Building on the said Lot, provided that all construction work so performed on the Lot shall be only in accordance with the Plans submitted.
- (d) In order to ensure that all construction and alteration work is performed in accordance with the Plans approved for such purpose by the ARC, the ARC, its agents and representatives, shall be permitted to enter upon any Lot and any portion of the Property from time to time while any construction or alteration work is in progress and inspect the improvements being constructed or altered thereon. In order to effectuate the foregoing, each Lot shall be subject to an easement, exercisable by each and every member of the ARC, and its agents and representatives, to enter upon any Lot and any portion of the Property from time to time while any construction or alteration work is in progress and inspect the improvements being constructed or altered thereon.

Section 4.

Penalties. The ARC may charge a fee of One Hundred and no/100 (\$100.00) Dollars per one thousand (1,000) square feet, with a maximum of Two Hundred Fifty and no/100 (\$250.00) Dollars, if Plans are submitted to the ARC after foundation construction has begun. In the event an Owner of a Lot shall make an unauthorized change to the Lot, as described herein, the ARC shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore its appearance, as nearly as reasonably possible, to the same as it was prior to the unauthorized change. The cost of such work and any other costs or attorney's fees incurred in the enforcement of these provisions shall be added to and become a part of the assessments to which such Lot is subject.

The provisions of this Article VI shall not apply to improvements of any kind constructed upon any Lot by Declarant and Declarant is expressly exempt from the provisions of this Article VI.

ARTICLE VII
USE RESTRICTIONS

Section 1. Rules and Regulations. Use and enjoyment of the Properties shall be governed and regulated by the rules and regulations set out in this Article VII, which may be amended or abrogated only by amendment to this Declaration, as provided in Article X. However, the Board of Directors of the Association shall have the power to formulate, publish, and enforce reasonable supplemental rules and regulations and may provide for imposition of fines and other penalties for the violation thereof or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Antennas/Satellite Dishes. No outside radio or transmission tower or receiving antenna, including a satellite dish antenna, and no outdoor television antenna or satellite dish may be erected or installed by an Owner or permitted by an Owner to remain on his or her Lot without the prior written approval of the Board of Directors or the ARC, if any.

Section 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section 4. Land Use and Building Type. No Lot shall be used except for single-family residential purposes. No commercial activity is allowed. No Building shall be erected, altered, placed, or permitted to remain on any Lot unless approved by the ARC. No Building shall exceed three (3) stories in height. No dwelling may be constructed of all vinyl siding. The ARC will not approve building Plans with such specifications.

Section 5. Dwelling Size. The minimum heated floor area for residences, excluding exterior storage (attached or detached), open porches, breezeways, garages, and carports is as follows:

- (a) For a one (1) level dwelling with a double garage, the minimum heated square footage is One Thousand Eight Hundred (1,800) square feet;
- (b) For a one (1) level dwelling with no garage, the minimum heated square footage is Two Thousand (2,000) square feet;
- (c) For a two (2) level dwelling with a double garage, the minimum heated square footage is Two Thousand (2,000) square feet; and
- (d) For a two (2) level dwelling with no garage, the minimum heated square footage is Two Thousand Four Hundred (2,400) square feet.

Basement areas will not be considered as a two-story home.

Declarant reserves the right to amend these sizes in the event that a group of Lots or parcel is set apart for development in association with Section 3 of Article IV.

Section 6. Building Location.

- (a) Minimum setback lines for each Lot are as follows:
 - (i) Front setback – thirty (30) feet from Lot line;

- (ii) Side setback – ten (10) feet from Lot line; and
- (iii) Rear setback – fifty (50) feet from Lot line.

For the purpose of this Section, eaves, steps, terraces, patios, swimming pools, walls, fences, and open porches shall not be considered part of a Building; provided, however, that this shall not be construed to permit any portion of a Building to encroach upon another Lot. In case of conflict between the setback lines on any recorded plat and these covenants, the latter is to prevail. Upon application to the ARC and upon the successful showing of a hardship (i.e., unusual topography or other warranting condition), the ARC may grant a variance as to any required setback, not to exceed Twenty Percent (20%) of that required. No obstruction to visibility at street intersections shall be permitted.

- (b) Owners of contiguous Lots may, subject to ARC approval, disregard the side setback requirement along his/her common Lot line, provided no established or proposed easement is affected thereby.

- Section 7. Appurtenant Buildings. No more than one (1) appurtenant detached Building shall be allowed on any Lot. Any such Building shall conform to the main residence in design and material. No such Building shall be used at any time for human occupancy. Any appurtenant Building shall be approved by the ARC.
- Section 8. Docks. All docks must be approved by the ARC. Such plan shall follow the same process as house approval Plans. All docks must also meet approval of lake managers.
- Section 9. Grounds. The ARC may require the preservation of certain trees which do not interfere with construction in order to maintain the natural beauty of the area.
- Section 10. Resubdivision of Lots. No Lot shall be resubdivided into additional Lots; however, Lots may be resubdivided so as to decrease the total number of Lots. No Buildings shall be constructed or permitted on any Lot consisting of less than the entirety of one (1) Lot. The Declarant reserves the right to resubdivide a parcel for developmental purposes.
- Section 11. Landscaping. The yards of all residences must be landscaped within sixty (60) days of completion of construction, in a manner which is compatible with surrounding residences and subject to the approval of the ARC.
- Section 12. Construction of Dwelling. It is required that once permanent construction of an approved dwelling begins, the dwelling must be completed no later than one (1) year after initial construction commences.
- Section 13. Nuisances. No activity deemed noxious or offensive by the Board of Directors or the ARC shall be carried on upon any Lot or within the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Board or Committee. Examples of such offensive activities shall include, but not be limited to, the origination or emission of any loud or disturbing noise or vibrations, failure of Owners to insure that garage doors are closed at all times except when automotive traffic is moving in or out; the maintenance of an auto repair site; the maintenance of unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces or yards; and similar unsightly activity (such as use of outdoor clothes drying lines) not in keeping with the aesthetic character and high level of appearance of the community.

No potentially hazardous or toxic materials or substances shall be used or stored on any Lot other than normal household, lawn and garden products which shall be used by

Owner in a manner that will not permit spills or runoff of such materials anywhere within the Properties. No activity shall be allowed which violates local, state or federal laws or regulations and the Board shall have the right, but not the obligation, to take enforcement action in the event of a violation.

Section 14. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. Pets must be on a leash or carried when not within the boundaries of an Owner's Lot.

Section 15. Temporary Structures and Parking of Vehicles On-street and Off-street. No residence or other improvement of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, basement, shack, tent, garage, barn or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently. No mobile house trailers, on or off wheels, recreational vehicles ("RVs"), motor homes, vehicles or enclosed bodies of the type which may be placed on or attached to a vehicle, known generally as "campers", commercial vehicles of any kind or boats or boat trailers or jet ski/wave runner or associated trailer shall be permitted, parked or stored in the Common Area or within any Lot, unless inside the garage of that Lot with the garage door closed: provided that the temporary parking of commercial vehicles will be permitted while the driver thereof is on business delivering goods or services to a customer within the Properties. RV's, motorhomes, and campers may be parked on a Lot for a maximum period of seventy-two (72) hours. Any such vehicle being stored on a Lot must be stored within an enclosed garage or storage facility in accordance with all within restrictions.

No vehicle of any type which is abandoned or inoperative shall be stored, parked or kept in the Common Area nor shall any such vehicle be stored, parked or kept on any Lot if it can be seen from any other Lot or from any street within the Properties, and no automobiles or other mechanical equipment may be dismantled or parts thereof stored on any said Lot. No vehicles of any type shall be parked on the sidewalk or within a street right-of-way, nor shall vehicles of any type be parked or stored on any part of a Lot not improved for that purpose (a garage, driveway or parking pad). This prohibition shall not preclude occasional, overnight or temporary daytime overflow parking within the street right-of-way by guests of an Owner, or tenant of an Owner, as long as no inconvenience is imposed upon one or more Owners of other Lot(s).

Off-street parking and all driveways must be concrete or asphalt or constructed with material approved by the ARC. Each Owner shall provide screened, off-street parking for not less than two (2) automobiles prior to the occupancy of any Building constructed on any Lot.

Section 16. Signs. No sign of any kind shall be displayed to the public view on any Lot, except one (1) sign, of not more than four (4) square feet, advertising the Property for sale or lease, or signs used by a builder to advertise the Property during the construction and sales period. No sign, other than those approved by Declarant, shall be permitted until June 1, 2003, and thereafter by the ARC.

Section 17. Street Lamps. The street lamps installed in the Common Areas at or near the roads upon which Lots face shall be maintained, repaired and replaced at the expense of the Association and the electricity bills shall be paid by the Association. No Owner may or shall disconnect a street light or remove any element thereof or in any way damage or deface a street light.

Section 18. Garbage and Refuse Disposal. No rubbish or debris of any kind shall be dumped, placed, or permitted to accumulate upon the Properties, nor shall any nuisance or odor be

permitted to exist or arise from the Properties, so as to render any portion thereof unsanitary, unsightly, offensive, or detrimental to persons using or occupying any other of the Properties. Any Owner responsible, either through himself or his family, tenants, guests, employees, or agents, for the creation of any unsightly or unsanitary condition on any portion of the Properties, including the dumping of trash or other debris, and who shall fail to remedy such conditions, shall be liable to the Association for the costs of correcting any such condition and such costs shall be added to and become a part of the assessments of such Owner which are next due and payable. All garbage or trash containers, oil tanks, bottled gas tanks, and the like must be underground or placed in properly ventilated walled-in areas, such that they are not visible by surrounding or adjoining Properties. "Roll-out" garbage racks or containers shall be the only permitted garbage bins and shall be visible on garbage collection day only.

Section 19. **Roadways.** All roadways located in The Peninsula are private roads. Road maintenance shall be the responsibility of the Association. At a future date, the Owners may petition Pickens County to accept the roadways into their maintenance system. In the event of such a petition, an additional ten (10) feet on each side of the right-of-way must be deeded to the County along with the existing right-of-way.

Section 20. **Maintenance and Neatness.** It is a part of the plan of the development that all Properties, together with improvements, be maintained in an attractive condition at all times.

(a) **Deficiencies.** If a maintenance deficiency is found to exist by the Association, either as to an Owners Lot or Buildings, a written notice specifying such defects shall be mailed to the Lot Owner by certified mail, return receipt requested. The notice shall give a reasonable time, not to exceed ninety (90) days, for the Owner to remedy the deficiency at the Owner's expense. Should the Owner fail or refuse to comply, the Association may employ and pay persons or firms to correct the deficiency, and the cost thereof shall be added to and become a part of the assessments of such Owner which are next due and payable. The Association is given the authority to enforce such maintenance. The Association shall have the same rights and remedies for the enforcement of the within Section as herein set out in Section 1 of Article XII.

(b) **Neatness.** It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly, or unkempt conditions of Buildings or grounds which shall tend to substantially decrease the beauty of any specific Lot or the Property or the neighborhood as a whole. In the event of the failure of an Owner to maintain his/her Lot as herein described, the Association shall give the Owner thirty (30) days' written notice to correct same, and in the event that the Owner fails or refuses to do so after notice, the Association shall attend to the same and charge the Owner a minimum of One Hundred and no/100 (\$100.00) Dollars.

Section 21. **Driveways and Walkways.** Driveways and/or walkways will be constructed of concrete, exposed aggregate concrete, asphalt, or with materials approved by the ARC. The driveway shall be constructed in such a manner as to provide an attractive transitional radius from the street into the driveway entrance and shall not prevent escape of drainage water from the street onto the Lots.

Section 22. **Mailboxes.** An attractive design for mailbox holders shall be required by the ARC. This design will be standard for the entire subdivision and must be build according to the specifications of the plan designated by the ARC.

Section 23. **Mining Operations.** In no way will drilling, quarrying, or mining operations of any kind be allowed on any Lot.

- Section 24. Fencing. No fence, hedge, wall, or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed or permitted on the road front or any corner within the triangular area formed by the street property lines. No fence may be placed on any Lot without approval from the ARC. The fence, if solid, shall have a maximum height of forty-eight (48) inches. Should a fence be constructed so that it is more than forty-eight (48) inches high, that portion of fence above forty-eight (48) inches shall be of open work so that the view shall be at least fifty percent (50%) unobstructed by vegetation or otherwise. No chain link fence or other commercial fence shall be allowed. Applications and specifications for fences will be reviewed and subject to the approval of the ARC.
- Section 25. Construction of New Buildings. Construction of new Buildings only shall be permitted, it being the intent of this covenant to prohibit the moving of any existing buildings onto a Lot and remodeling or converting same into a dwelling unit in this subdivision.
- Section 26. Conformance to Zoning. No Lot, including any improvements thereon, may be used in a manner which is not in conformity with all zoning ordinances and rules of any governmental authority having jurisdiction.
- Section 27. Water Supply. No individual water supply system shall be permitted on any Lot. The Peninsula shall have city/county water service available at each Lot.

ARTICLE VIII EASEMENTS

- Section 1. General. All of the Properties, including Lots and Common Areas, shall be subject to such easements for driveways, roof overhangs, walkways, parking areas, water lines, sanitary sewer lines, storm drainage facilities, gas lines, telephone lines, electric power lines and other public utilities as shall be established by the Declarant, and Declarant, prior to conveying the Common Area to the Association, and the Association, after conveyance of the Common Area to the Association, shall have the power and authority to grant and establish upon, over, under, and across the Common Areas such further easements as are in the opinion of either of them, requisite for the convenient use, development and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress, and regress across all Common Areas now or hereafter owned by the Association, for the purpose of development of the Properties and construction of improvements within the Properties.
- Section 2. Drainage. All Lots where natural drainage pipes have been installed are subject to a drainage easement sufficient to properly maintain drainage. The Declarant, at its discretion and its expense, may open, enlarge and maintain all natural drains for surface water whenever and wherever such action may appear to the Declarant to be desirable or necessary to enhance or maintain reasonable standards of health, safety, and appearance. No Building shall be erected over any area reserved above, nor shall any Owner change or alter such reserved areas in any manner that would or could change the drainage plan for the Lot or the Property.
- Section 3. Construction. Declarant hereby reserves a construction easement over the Properties for the purposes reasonably related to installation of streets and utilities and construction of dwellings on the Lots and improvements on the Common Areas, and Declarant and its contractors shall have full rights of ingress and egress to and through, over and about the Properties during such period of time that Declarant is engaged in any construction or improvement work on or within the Properties and shall further have an easement for the purpose of storing the materials, vehicles, tools, equipment, etc., which are being utilized in such construction. No Owner, nor his/her guests or invitees, shall in any way interfere

or hamper Declarant or its employees or contractors in the exercise of these rights and easements.

Section 4. Emergency. There is hereby reserved, without further assent or permit, and to the extent permitted or required by law, a general easement exercisable by all firemen, ambulance personnel, policemen and similar persons to enter upon any portion of the Properties in the performance of their respective duties. The Association and its agents shall also have the right to enter the Lots and any improvements located thereon for the purpose of making emergency repairs or replacements.

Section 5. Ingress and Egress. Declarant reserves and hereby dedicates easements for pedestrian and vehicular ingress and egress over the streets and sidewalks of the Properties and easements for pedestrian traffic over and within the Common Areas within the Properties, which easements may and shall be freely enjoyed by all Owners, and by their families and invitees, so long as such use and enjoyment is not in violation of law, of the Use Restrictions set out in Article VII or of any supplemental rules and regulations promulgated by the Board of Directors.

ARTICLE IX **INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Neither Declarant, nor any member of Declarant, nor the Board (individually or collectively), 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 Member, whether such Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents, members, or employees, shall be liable for any incidental or consequential damages for failure to inspect the Lots, the Common Areas, or any other portion of the Properties, or any improvements thereon, or for failure to repair or maintain the same. Neither Declarant, the Association, nor any other person, firm, or association making such repairs or maintenance shall 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 Properties or improvements.

The Association shall, to the extent permitted by applicable law, indemnify, defend, and save harmless 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 every director, officer, former director, and former officer of the Association and 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) and liabilities actually and reasonably incurred by him or her 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 or she 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, by-law, agreement, vote of members or of 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 shall undertake to 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 or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her 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 or her behalf by the Association; or (ii) from such other corporation, partnership, joint venture, trust, or other enterprise.

Nothing contained in this Article IX, or in the by-laws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

ARTICLE X **AMENDMENT**

The terms, provisions, covenants, and restrictions of this Declaration may be amended upon the approval of such amendment by: (a) those members of the Association who own, in the aggregate, no fewer than sixty-seven percent (67%) of the Lots not owned by the Declarant; (b) the Declarant, if the Declarant shall then own any Lots or any other portion of the overall Property; and (c) HUD and VA, if the Class B membership has not terminated, as provided in Article III, Section 2 of this Declaration. The approval of any such amendment by each of the Class A members shall be given by such Class A member either casting a vote in favor of such amendment at a meeting of the members of the Association duly called for such purpose, or by such Class A member signing a written approval of such amendment after the date on which such meeting was held, notwithstanding anything set forth to the contrary in the Articles of Incorporation or Bylaws. If any such amendment is required to be approved by the Declarant and/or by HUD and VA, such approval shall be given only by such Person executing a written approval of the same.

Any amendment to the terms, provisions, covenants or restrictions of this Declaration shall become effective only upon the recording in the Office of the Register of Deeds for Pickens County, South Carolina, of an instrument certified by the incumbent Secretary of the Association: (a) setting forth such amendment; (b) stating that the approval of the Class A members of the Association which, under the provisions of this Article XIII, is required by such amendment to be effective, has been given and obtained; and (c) containing the written approval of the Declarant and/or HUD and VA, if the same is required (as hereinafter provided).

The matters set forth in such instrument shall be presumed to be true and accurate and the amendment which is set forth in such instrument shall be effective, unless it shall be determined by a court of competent jurisdiction that the matters certified to in such instrument are not true and accurate.

Each person who shall own any Lot, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title thereto, and each holder of a Mortgage upon any portion of any Townhome, by acceptance of such Mortgage, thereby agrees that the terms, provisions, covenants and restrictions of this Declaration may be amended as provided in this Article XI.

ARTICLE XII **GENERAL PROVISIONS**

Section 1. Enforcement. The Association, and each Owner, shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions for this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Term. These covenants are to run with the land and shall be binding upon all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded, unless during such period those persons or firms owning a majority of the Lots or voting stock shall have signed and caused to be recorded an instrument agreeing to change the covenants in whole or in part in the Pickens County RMC Office. After the

initial twenty-five (25) year period, these covenants shall be automatically extended for successive periods of ten (10) years each, unless the same be changed by the Owners of a majority of the Lots substantially affected by such changes in the covenants.

Section 3.

Severability. Invalidation of any one of these covenants or restrictions by judgement or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4.

Management and Contract Rights of Association. Declarant may enter into a contract with a management company or manager for the purpose of providing professional services in the operation, care, supervision, maintenance, and management of the Properties. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract by the Board of Directors of the Association. Any management contract entered into by Declarant, or by the Association while Declarant is in control thereof, shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of control by Declarant to the Association.

Section 5.

Rights of Noteholders. Any institutional holder of a first mortgage on a Lot will, upon written request therefor (acknowledged by the Association), be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representative to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the Properties or the Lot securing its mortgage, (e) receive written notice of any sixty (60) day delinquency in the payment of dues, assessments or charges owed by the Owner of the Lot on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

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IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto caused these presents to be executed as of the day and year first above written.

WITNESSES:

KEOWEE DEVELOPMENT - THE POINT I, LLC

By: _____
Print Name: _____
Its: _____

STATE OF SOUTH CAROLINA)
)
COUNTY OF GREENVILLE)

PROBATE

PERSONALLY appeared before me the undersigned witness, who on oath states that he/she saw the within named Keowee Development - The Point I, LLC, a South Carolina limited liability company, by its duly authorized member, sign, seal and as their act and deed deliver the within written Declaration of Covenants, Conditions and Restrictions and that he/she with the other witness subscribed above, witnessed the execution thereof.

Sworn to before me this _____ day of _____, 2003

Notary Public for SC (SEAL)
My Commission Expires: _____