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Mecklenburg County, N.C.

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
WYNWARD POINTE

DRAWN BY AND MAIL TO:
Perry, Patrick, Farmer & Michaux
1901 Roxborough Road, Suite 100
Charlotte, NC 28211

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

WYNWARD POINTE

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made this ____ day of October, 1998, by CRESCENT RESOURCES, INC., a South Carolina corporation, hereinafter referred to as "Declarant". All capitalized terms used herein shall have the meanings set forth in Article 1, or elsewhere in this Declaration.

STATEMENT OF PURPOSE

Declarant is the developer and owner of certain property located in Oconee County, South Carolina, which is more particularly described on that certain map recorded in Map Book A 445 Page(s) 7 & 8, in the Office of the Clerk of Court for Oconee County. Declarant desires to provide for the creation on the property shown on that map a residential community of single-family residences to be named WYNWARD POINTE (the "Development").

Declarant desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances and enhance the value and amenities of all properties within the Development. Furthermore, Declarant desires to provide for the construction, maintenance and upkeep of any Common Areas and related easements within the Development, all for the common use and benefit of all Owners, including, but not limited to, Street Lights, the Public Roads (prior to acceptance by Oconee County Public Works Department for public maintenance), Entrance Monument, and any medians located thereon. Declarant also desires to construct and provide Private Roads over the Private Road Easements, (as herein defined), which Private Roads will be for the common use and benefit of certain, but not all, Owners.

Declarant desires to provide for a system whereby all Owners will pay for the maintenance and upkeep of any Common Areas, in accordance with an established budget set by the Board of Directors. Declarant further desires to provide for a system whereby the Private Road Lot Owners will pay for the maintenance and upkeep of the Private Roads and Private Road Easements.

To these ends, Declarant desires to subject the real property described herein 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 real property and each Owner thereof.

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

To that end, Declarant has or will cause to be incorporated under South Carolina law, pursuant to the Articles of Incorporation attached hereto as Exhibit "A" and incorporated herein by reference, WYNWARD POINTE OWNERS ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions, said corporation to be governed by the Bylaws attached hereto as Exhibit "B" and incorporated herein by reference

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

ARTICLE I

DEFINITIONS

Section 1. "Additional Property" shall mean and refer to any additional real estate adjacent or contiguous to the Property shown on the map recorded in Map Book 4645 at page(s) 7&8 in the Office of the Clerk of Court for Oconee County, and any property located within four thousand (4,000) feet of any boundary of the Property shown on the above-referenced map, all or a portion of which may be made subject to the terms of this Declaration in accordance with the provisions of Article II Section 2 of this Declaration.

Section 2. "Articles of Incorporation" shall mean and refer to the Articles of Incorporation for the Association attached hereto as Exhibit "A" and incorporated herein by reference.

Section 3. "Association" shall mean and refer to WYNWARD POINTE OWNERS ASSOCIATION, INC., a South Carolina non-profit corporation, its successors and assigns.

Section 4. "Board of Directors" shall mean and refer to the Board of Directors of the Association, which shall be elected and shall serve pursuant to the Bylaws.

Section 5. "Bylaws" shall mean and refer to the Bylaws for the Association, substantially in the form attached as Exhibit "B" hereto and incorporated herein by reference.

Section 6. "Common Area" or "Common Areas" shall mean and refer to the Entrance Monument, Street Lights (to be leased), Public Roads (prior to their acceptance for maintenance by the Oconee County Public Works Department or other governmental entity), and any other property designated on the Map as "Common Area", "Common Open Area", "Common Open Space", "COS", or other similar designation. The Common Areas shall be owned by the Association (except as otherwise provided herein) for the common use and benefit of all Owners. The listing and description

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

Section 7. "Declarant" shall mean and refer to Crescent Resources, Inc., and such of its successors and assigns to whom the rights of Declarant hereunder are transferred by written instrument recorded in the Office of the Clerk of Court for Oconee County.

Section 8. "Development" shall mean and refer to Wynward Pointe, a single-family residential development proposed to be developed on the Property by Declarant

Section 9. "Entrance Monument" shall mean and refer to the easement areas reserved and granted by Declarant in Section 7.9 of this Declaration, over portions of tracts labeled Common Open Space Lots as shown on the Map, and any monuments and entrance signs located on such easements together with lighting, an irrigation system, landscaping and other improvements which may be constructed on such easement area, to be used as an entryway for the Subdivision, and for the purposes set forth in Section 7.9.

Section 10. "Lot" or "Lots" shall mean and refer to the separately numbered parcels depicted on the Map, which lots do not include any Common Areas as described in this Declaration.

Section 11. "Map" shall mean and refer to (i) the map of Wynward Pointe Subdivision recorded in Map Book A645, Page(s) 748, in the Office of the Clerk of Court for Oconee County, South Carolina, (ii) any maps of any portions of the Additional Property which are subjected to this Declaration, and (iii) any revisions of such map or maps recorded in the Office of the Clerk of Court for Oconee County.

Section 12. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 13. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 14. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot within the Development, including the Declarant if it owns any Lot, but excluding those having such interest merely as security for the performance of an obligation.

Section 16. "Private Road Easements" shall mean and refer to the nonexclusive, perpetual road easements over portions of Lots 34-38, 40 and 41, as shown on the Map, for the purpose of vehicular and pedestrian access, ingress, and egress to and from Lots 34-41 (the "Private Road Lots"), and the installation, operation and maintenance of Private Roads, utilities, and drainage facilities serving such Lots. The Private Road Easements are also reserved unto the Declarant and the Association, their successors and assigns, for access, ingress and egress to and from the Private Road Lots, for the installation of the Private Roads, and for the installation and maintenance of any utilities and drainage facilities.

Section 17. "Private Roads" shall mean and refer to those certain private roads located within the Private Road Easements which will provide access to each of the Private Road Lots upon completion, and will be dedicated to the Owners of the Private Road Lots, all to be maintained by the Owners of the Private Road Lots as addressed in Section 4.10 to of the Declaration.

Section 18. "Property" shall mean and refer to the property shown on the Map, including the Lots, Common Areas, and Private Roads, together with any leasehold interest or easement which the Association has or may hereafter acquire in any property adjacent to the Development.

Section 19. "Public Roads" shall mean and refer to all roads and cul-de-sacs in the Subdivision and shown on the map except for the Private Road Easements, all to be maintained by the Association as more particularly set forth in Section 4.6 of this Declaration until accepted for dedication and public maintenance by the Oconee County Public Works Department or other governmental entity.

Section 20. "Street Lights" shall mean and refer to those certain street lights which may be constructed upon and over the rights of way of the Public Roads and the Private Road Easements.

Section 21. "Subdivision" shall mean and refer to Wynward Pointe Subdivision, as the same is shown on the Map.

ARTICLE 2

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

Section 1. Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and which is and shall be within the jurisdiction of the Association, is located in Oconee County, South Carolina, and is the Property as defined above and as more particularly described and shown on the Map.

Section 2. Additions to the Property.

(a) Declarant may cause Additional Property to be made subject to the terms and scheme of this Declaration by filing one or more Supplemental Declarations in the Office of the Clerk of Court for Oconee County, containing a description of the Additional Property and a statement by the Declarant of its intent to extend the operation and effect of this Declaration to the Additional Property. Declarant may also cause additional Common Areas within or adjacent to any Additional Property to be constructed and made subject to the terms and scheme of this Declaration by the filing of one or more Supplemental Declarations describing the Common Areas to be added, and a statement by Declarant of its intent to extend the operation and effect of this Declaration to the additional Common Areas. Notwithstanding the foregoing, the covenants and restrictions established herein as applied to, or imposed upon, the Additional Property may be altered or modified by the filing of one or more Supplemental Declarations as provided in Subparagraph (b) below.

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

ARTICLE 3

PROPERTY RIGHTS

Section 1. Ownership of Common Areas. Declarant shall convey to the Association the Common Areas to be owned and maintained by the Association. The Declarant reserves the right to construct (i) the Entrance Monument to be located at the entrance to the Development and (ii) the Public Roads, as reflected on the Map, for the use and benefit of the Owners who are entitled to the use of such Common Areas as provided in this Declaration. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and benefit of the public (with the exception of the Public Roads, which will eventually be accepted for public dedication and maintenance by the Oconee County Public Works Department or other governmental entity).

Section 2. Owners' Rights To Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas, and such right shall be appurtenant to and conveyed with title to such Owner's Lot, subject to the following.

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

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

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

(d) the provisions of Section 4.8 of this Declaration; and

(e) the provisions of Article 7 of this Declaration.

Section 3 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, the Owner's right of enjoyment to the Common Areas and facilities located thereon to the members of the Owner's family, his guests or his invitees.

Section 4 Rights in the Public Roads and Private Roads. Each Private Road Lot Owner, the Declarant and the Association, their successors and assigns, shall have and are hereby granted the perpetual, exclusive right to use the Private Roads within the Private Road Easements for the purpose of pedestrian and vehicular access, ingress, egress and regress to and from each Private Road Lot and Common Areas, for installation and maintenance of the Private Roads, drainage facilities and other utilities to serve the Private Road Lots. Each Owner, the Declarant and the Association shall further have and are hereby granted a perpetual, non-exclusive right, in common with the general public, to use the Public Roads for the purpose of providing access to and from each Lot and the Common Areas.

Declarant, the Association or individual Owners shall be responsible for petitioning the Oconee County Public Works Department to accept the Public Roads for public maintenance at the appropriate time. Notwithstanding the foregoing, Declarant shall have the right, but not the obligation, to maintain the Public Roads at its cost and expense prior to acceptance for public maintenance by the Oconee County Public Works Department, as described in the Declaration.

ARTICLE 4

THE ASSOCIATION

Section 1 Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and shall be governed by the Bylaws attached as Exhibit "B" hereto.

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

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

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

Section 3. Relinquishment of Control. The Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier:

(a) when the number of votes in the Class A membership held by Owners occupying full-time homes in the Subdivision equals the total number of votes outstanding in the Class B membership and the Declarant surrenders its right to annex any *Additional Property* to the Property pursuant to the Declaration and the Bylaws; or

(b) upon the expiration of five (5) full years after the registration of this Declaration, unless Declarant, in its sole discretion, elects to convert the Class B Lots to Class A Lots at an earlier time. Any such election, to be effective, must be in writing and recorded in the Office of the Clerk of Court for Oconee County, South Carolina.

Section 4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development as well as its own books, records, and financial statements which will be available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 5. 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 of Directors 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.

Section 6. Maintenance The Common Areas, together with all utilities, easements and amenities located within the Common Areas and not otherwise maintained by public entities or utilities, shall be maintained by Declarant until July 1, 1999, at which time the Association shall activate the collection of the initial Annual Assessment from each Owner for such maintenance of the Common Areas. Maintenance of the Private Roads shall be performed by Declarant until July 1, 1999, and thereafter maintenance of the Private Roads shall be the sole responsibility of the Private Road Lot Owners (enforceable by any Private Road Lot Owner). Provided, however, in accordance with Section 11.1 of this Declaration, Declarant hereby reserves the right and easement, but not the obligation, to go upon any portion of the Common Areas and Private Roads at any time in order to repair and maintain such Common Areas and Private Roads where needed, in Declarant's sole discretion, to bring such Common Areas and Private Roads within the standards required by Declarant (including the Public Roads prior to acceptance for public maintenance by the Oconee County Public Works Department or other governmental authority). Should Declarant so go upon the Common Areas or Private Roads to perform maintenance and repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and repairs to the Common Areas, upon receipt of a statement for such cost from Declarant. Furthermore, should the Declarant perform maintenance and repairs to the Private Roads, each private Road Lot Owner shall be obligated to the Declarant for his or her share of all related costs of such maintenance and repairs incurred by Declarant.

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

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

(b) All Common Areas (and all improvements located thereon) shall be clean and free from debris and maintained in an orderly condition, together with the landscaping thereon (if any) in accordance with the highest standards for private parks, including any removal and replacement of any landscaping, utilities, or improvements located thereon.

(c) Maintenance of the Public Roads shall conform to the standard of maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Public Roads for maintenance. The Public Roads shall be maintained by the Association until the Public Roads are accepted for maintenance by the Oconee County Public Works Department or other governmental entity.

(d) The Private Roads located within the Private Road Easements which will serve the Private Road Lots shall be maintained by the Private Road Lot Owners. Such maintenance shall include cleaning, maintaining, repairing, reconstructing and replacing (if destroyed) when necessary, of the Private Roads and such maintenance practices shall conform to the same standards of maintenance which would be required by the Oconee County Public Works Department or other governmental entity for that of public roads, as more particularly set forth in Section 7.25 of the Declaration.

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

Section 7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund (the "Reserve Fund") for the periodic maintenance, repair, reconstruction and replacement of the Common Areas and any improvements located on such Common Areas (including, but not limited to the Public Roads prior to acceptance for public maintenance) which the Association is obligated to maintain and in order to fund unanticipated expenses of the Association or to acquire equipment or services deemed necessary or desirable by the Board of Directors. Such reserve fund shall be collected and maintained out of the Annual Assessment as hereinafter defined, and as set forth in Section 5.2.

Section 8. Private Roads. Declarant and the Association shall have the exclusive right to construct the Private Roads within the Private Road Easements, in the approximate location shown on the Map, as well as any additional Private Roads which may be added to the Development in the future pursuant to the provisions of Section 2.2 of this Declaration. The Private Roads and the Private Road Easements shall be maintained and repaired by the Private Road Lot Owners as more particularly set forth in Section 7.24. No structures, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of the Private Roads or other utilities or drainage facilities located therein.

ARTICLE 5

COVENANT FOR ANNUAL AND SPECIAL ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Annual, Supplemental Annual, Special and Special Individual Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the Annual Assessments, Supplemental Annual Assessments, Special Assessments and Special Individual Assessments, as hereinafter defined, and established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable

attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessment. The assessment to be levied annually by the Association against each Lot ("Annual Assessment") shall be used as follows:

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

(b) to maintain and repair or caused to be maintained the Public Roads to the standards of the maintenance (if one is ascertainable) which would be required by the Oconee County Public Works Department or other governmental entity before it would accept such Public Roads for maintenance, as more particularly set forth in Section 4.6 of this Declaration,

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

(d) to pay all *ad valorem* taxes levied against the Common Areas and any other property owned by the Association;

(e) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

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

(g) to maintain contingency reserves as to the amounts described in subsections (a) and (b) above for the purposes set forth in Section 4.7 hereof in amounts as determined by the Board of Directors.

Section 3. Payment of Annual Assessment: Due Dates. The Annual Assessment provided for herein shall commence as to each Lot on July 1, 1999. The Annual Assessment for the calendar year beginning January 1, 1999, shall be Three Hundred Eighty-five and NO/100 dollars (\$385.00) per Lot, which amount shall be due and payable in full no later than January 31 of the year in which such Annual Assessment is due, and *pro-rated* on a calendar year basis. The Annual Assessment for each and every year beginning January 1 thereafter shall be in an amount as set by the Board of Directors, in accordance with Section 5.4, and shall be due and payable in one (1) annual installment, such installment being due and payable no later than January 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 installment due, to each Owner on or before January 1 of such calendar year. The failure of the Association to send, or of an Owner to receive, such notice shall not relieve any Owner of its obligation to pay the Annual Assessment. *Notwithstanding the foregoing, the Board of Directors may alter the dates of the fiscal year for setting the Annual Assessment and may increase or decrease the frequency of collection of Annual Assessment installments in any reasonable manner.*

Section 4. Maximum Annual Assessment.

(a) For years following the first year of the Annual Assessment and thereafter, the Board of Directors, by a vote in accordance with the Bylaws, *without a vote of the Members*, may increase the Annual Assessment each year by a maximum amount equal to the previous year's Annual Assessment times the greater of (i) ten percent (10%) or (ii) the annual percentage increase in the Consumer Price Index, All Urban Consumers, United States, All Items (1982-84 = 100) (hereinafter "CPI") issued by the U.S. Bureau of Labor Statistics for the most recent 12 month period for which the CPI is available. If the CPI is discontinued, then there shall be used the index most similar to the CPI which is published by the United States Government indicating changes in the cost of living. If the Annual Assessment is not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the Annual Assessment may be increased by that amount in a future year, *in addition to the maximum increase permitted under the terms of the preceding sentence for such future year*, by a vote of the Board of Directors, *without a vote of the Members*.

(b) From and after the first year of the Annual Assessment, the maximum annual assessment may be increased above the maximum amount set forth in subparagraph (a) of this Section 5.4 by a vote of no less than two-thirds (2/3) of the eligible Members who are voting in person or by proxy, or at the annual meeting or at a meeting duly called for this purpose, *in accordance with the Bylaws*.

(c) The Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum set forth in subparagraph (a) of this Section 5.4 (the "Maximum Annual Assessment"). If the Board of Directors shall levy less than the Maximum Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board of Directors may, without a vote of the Members, but in accordance with the Bylaws, levy a supplemental Annual Assessment ("Supplemental Annual Assessment"). In no event shall the sum of the Annual Assessment and Supplemental Annual Assessment for any year exceed the applicable Maximum Annual Assessment for such year other than as set forth in Section 6.3 hereof.

Section 5. Special Assessment for Capital Improvements. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a special assessment

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

Section 6. Special Individual Assessment. In addition to the Annual Assessments, Supplemental Assessments, and Special Assessments authorized above, the Board of Directors shall have the power to levy a special assessment applicable to any particular Lot Owner ("Special Individual Assessment") (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, including the Public Roads and Entrance Monument, and all improvements located thereon, whether occasioned by any act or omission of such Owner(s), members of such Owner's family; or such 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 Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, that Declarant shall not be obligated to pay any Special Individual Assessment except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 5.6 shall be fixed in the Board of Directors resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) at least thirty (30) days prior to the date such Special Individual Assessment is due.

Section 7. Assessment Rate.

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

(b) Annual, Supplemental Annual and Special Assessments for each Lot owned by Declarant and unoccupied as a residence 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.

ARTICLE 6

GENERAL ASSESSMENT PROVISIONS

Section 1. Certificate Regarding Assessments. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the

Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 2. Effect of Nonpayment of Assessments; Remedies of the Association. Any Annual, Special, Special Individual, or Supplemental Annual Assessment (or installment thereof) not paid by its due date as set forth in Section 5.3. hereof, 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 the right to use the Common Areas, 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 or by abandoning his Lot.

Section 3. Subordination of the Lien to Mortgages. The lien of the assessments provided for in Article 5 of this Declaration shall be subordinate to the lien of any first Mortgage on a Lot or any mortgage or deed of trust to the Declarant. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to mortgage foreclosure, or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. Provided, however, that the Board of Directors may in its sole discretion determine such unpaid assessments to be an Annual, Special and Supplemental Annual, 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, Special, Special Individual and Supplemental Annual, 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 mortgage or deed of trust as above provided.

ARTICLE 7

RESTRICTIONS

Section 1. Land Use Building Type and Residential Restrictions. All Lots in the Subdivision shall be known and described as residential lots and shall be used only for private residential and recreational purposes. No structure shall be erected, altered, placed or permitted to remain on any Lot, other than for use as a single family residential dwelling, unless otherwise provided herein, and only one single-family residential dwelling not exceeding 2 ½ stories in height above ground shall be erected or permitted to remain upon any Lot. No log cabin (or structure resembling a log cabin, or having the architectural characteristics of a log cabin), mobile home, modular home or shell home may be erected or permitted to remain on any Lot. A private garage

(not exceeding three (3) car capacity), outbuildings, fixed piers and floating boat dock facilities incidental to the residential use of the Lot are expressly permitted upon the condition that they are not rented, leased nor otherwise used for remuneration, subject to the other covenants and restrictions contained herein. No detached garage or outbuildings shall at any time be used as a residence. Any ownership or leasing arrangement for a Lot having the characteristics of a vacation time sharing ownership plan, a vacation time sharing lease plan or shared ownership is hereby prohibited. Furthermore, no boat (including a houseboat) whether existing on a Lot or docked at a fixed piers or floating boat dock which is appurtenant to any Property in the Subdivision, may at any time be used as a residence.

Section 2. Dwelling Size. The square footage requirements hereinafter set forth refer to enclosed heated floor area and are exclusive of the area in unfinished basements, unheated porches of any type, attached or detached garages, carports, and unheated storage areas, decks or patios. Any one story dwelling erected upon any Lot shall contain not less than 1,600 square feet; any multi-story dwelling shall contain not less than 1,800 square feet and the first floor shall contain not less than 1,000 square feet.

Section 3. Building Construction and Quality. All buildings and outbuildings erected upon any Lot shall be constructed of new material of good grade, quality and appearance and shall be constructed in a proper, workmanlike manner. No single-family residential dwelling with a sales price of less than One Hundred Fifty Thousand (\$150,000.00) (in terms of 1998 dollar value), exclusive of the Lot, shall be permitted on any Lot, unless approved in advance in writing by Declarant or the Board of Directors. No building shall be erected unless it is completely underpinned with a solid brick, brick or stone-covered block or stucco foundation. The exterior surface of any building shall not be of asbestos shingle, aluminium or vinyl siding, imitation brick or stoneroll siding, or exposed concrete or cement blocks. The exterior surface of any garage, outbuilding or appurtenant structure or building erected on or located on any Lot shall be architecturally compatible with, and of material and construction comparable in cost and design to, the exterior surface of the dwelling located on said Lot. All buildings shall have roofs (except for dormers, porches and bay windows) of not less than 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 within one (1) year after the commencement of construction, except where such completion is impossible due to strikes, fires, national emergency or natural calamities.

Section 4. Temporary Structures: Structure Materials. No residence or building of a temporary nature shall be erected or allowed to remain on any Lot. No metal, fiberglass, plastic, vinyl or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic, vinyl or canvas structure shall be placed or erected on any Lot or attached to any residence. Provided, however, that nothing herein shall prohibit Declarant from erecting or moving temporary buildings or trailers onto the Lots owned by Declarant, to be used for storage or for construction or sales offices.

Section 5 Building Setback Lines. No building on any Lot (including any stoops, porches, or decks) shall be erected or permitted to remain within the front (street right-of-way) or side abutting right-of-way (for a corner Lot) building setback lines as noted on the Map. Any Lot which fronts a Private Roadway Easement will measure from the curb or edge of pavement to determine the building setback lines. Notwithstanding any rear setback restrictions noted on the Map, no building, including stoops, porches or decks (whether attached or unattached) shall be erected or permitted to remain nearer than fifty (50) feet to the 800 foot contour elevation of Lake Keowee. For purposes of this restriction, the waterside lot line shall mean the 800 foot contour line of Lake Keowee. Boathouses, piers and dock facilities are exempt from the rear setback restrictions provided they comply with the provisions set forth in Section 7.22. The foregoing notwithstanding, gazebos or similar minor aesthetic improvements may encroach within the rear setback, including the fifty (50) foot waterside setback, provided that they: (i) are single story; (ii) contain less than one hundred fifty (150) square feet; and (iii) are not enclosed by walls or other surfaces unless such surfaces meet the openness test established for perimeter fencing in Section 7.11. Similarly, front, side or rear entryways which (i) are connected to the residence and (ii) are not covered or enclosed in any manner, may encroach within the front, side, rear, or fifty foot waterside setback.

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

The Association shall have the authority but not the obligation, in its sole discretion, to assess penalties against an Owner who fails to abide by the terms of this Section 7.5. The penalties authorized by this Section 7.5 as well as the expenses to be reimbursed Declarant or the Association shall be considered a Special Individual Assessment against the respective Owner's Lot, entitling the Association to the assessment collection remedies specified in Article 6 of the Declaration.

Section 6. Minor Setback Violations. In the event of the unintentional violation of any of the building setback covenants set forth above, in the amount of ten percent (10%) or less of the setback covenant in question, Declarant reserves the right, which right shall be vested in and may be exercised by the Association after Declarant's Class B Membership in the Association has converted to Class A Membership, but is not obligated, to waive in writing such violation of the setback covenants upon agreement of the Owner of the Lot upon which the violation occurs and the Owner of any Lot adjoining the violated setback, provided that such change is not in violation of any zoning or subdivision ordinance or other applicable law or regulation or, if in violation, provided that a variance or other similar approval has been received from the appropriate governmental authority.

Section 7 Combination or Subdivision of Lots. Except as otherwise set forth herein, no Lot shall be subdivided by sale or otherwise so as to reduce the Lot area shown on the Map. However, a Lot Owner may combine with a portion or all of another contiguous Lot so long as the parcel or parcels which result from such combination do not violate any applicable zoning ordinance or other applicable law or regulation. In the event that two or more Lots are completely combined so as to create one parcel, the resulting parcel shall be considered as one Lot for the purposes of this Article 7, but shall continue to be considered as two Lots for all other purposes (including voting and assessments). Furthermore, the Owner of any Lot which combines with all or a portion of a contiguous Lot shall be solely responsible for any costs which may result from such combination, including the costs of relocating any existing easements. Notwithstanding the foregoing, Declarant reserves the right to change the boundaries or dimensions of any Lots still owned by Declarant as may be needed to meet septic system requirements or for any other reason and any Lot or Lots which result from such change by Declarant shall not be subject to any additional assessment.

Section 8 Utility Easements. Declarant reserves easements for the installation and maintenance of utilities (electricity, septic system, water, gas, telephone, cable T.V., etc.) and drainage facilities over the front and rear ten (10) feet of each Lot (with the exception of the Lots along the waters of Lake Keowee, which will not have a ten [10] foot easement over the rear of each such Lot [i.e., waterside]) and five (5) feet in width along each side lot line of each Lot. Additional drainage easements and utility easements are reserved as more particularly shown and delineated on the Map and in other recorded easement documents. Within such easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may interfere with drainage and the flow of water within the easement areas. The Owner of each Lot shall maintain that portion of the Lot lying within the easement areas as defined herein and shall maintain any improvements located thereon, except those improvements installed and maintained by a public authority or utility company. Declarant reserves the right to create and impose additional easements over any unsold Lot or Lots for road drainage, utility and entry signage installation purposes by the recording of appropriate instruments, and such easements shall not be construed to invalidate any of these covenants.

Section 9 Entrance Monument Easement. Declarant hereby grants, establishes, creates and reserves for the benefit of Declarant and the Association, and their successors and assigns, nonexclusive perpetual easements (the "Entrance Monument Easements"), for the purpose of

landscaping and maintaining the entryway and erecting and maintaining the Entrance Monument for the Subdivision over the portion of the Subdivision identified as "COS" on the Map (the "Easement Area").

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

Section 10. Stormwater Drainage Easement. Declarant reserves over the Common Areas an easement for drainage of stormwater runoff from the Lots and Public Roads within the Subdivision.

Section 11. Fences and Walls. No wooden fence, or brick or stone wall may be erected nearer the front lot line of a Lot than the front face of the dwelling located on such Lot. In the case of a corner Lot, no sideyard fence shall be located nearer than the side of the house facing the side street line. No wooden fences, or brick or stone walls, greater than six (6) feet in height are permitted. Chain link fencing is not permitted, except that 2" x 4" metal mesh may be used with split rail fencing to contain animals or children within rear or side yards. Perimeter fencing shall not have more than fifty percent (50%) of any of its surface closed as viewed from a point on a line of sight perpendicular to the line of the fence. A wall constructed of brick or stone and used in lieu of a fence is exempt from the openness test. Provided, however, that the restrictions described in this Section 11 shall not apply to any improvements originally installed by Declarant on any Common Area.

Section 12. Signs. No signs of any kind may shall be displayed to the public view on any Common Area other than the Entrance Monument as set forth in Section 7.9. No signs of any kind may be displayed to the public view on any Lot with the following exceptions which may not exceed five (5) square feet in size. (a) one sign (on the Lot only) advertising the Property for sale or rent; (b) one sign on the Lot only used by a builder to advertise the Lot during the construction and sales period; and (c) temporary political signs. These restrictions shall never apply to permanent Entrance Monuments or to temporary entry signs or advertising by Declarant, or for sale signs installed by Declarant or its agents prior to the sellout of the Subdivision

Section 13. Antennas, Satellite Dishes or Discs. No radio or television transmission or reception towers, antenna, satellite dishes or discs shall be erected or maintained on any Lot, except that one (1) dish or disc not exceeding one (1) meter in diameter or diagonal measurement for receiving direct broadcast satellite service ("DBS") or multi-point distribution services ("MDS") may be erected and maintained on each Lot. No roof-mounted antenna, dishes or discs shall be permitted on any Lot if adequate broadcast reception can be obtained without mounting such equipment on the

roof of the house; provided, however, that if such roof-mounted equipment is required, no antenna or related structures may be mounted on masts exceeding twelve (12) feet in height above the highest roof line ridge of the house. Any dish, disc, or antenna (with associated mast) shall be reasonably camouflaged and screened from view from Lake Keowee and the Private and Public Roads, and shall not be located in the area between the street right-of-way line and the minimum building setback lines applicable to the Lot. In cases where an antenna wire does not require the use of a mast, such wire must be mounted so as to be camouflaged by landscaping or some other means to reduce its visual impact.

Section 14. Lot Maintenance: Trash Disposal. Each Owner shall keep his Lot in a clean and orderly condition and shall keep the improvements thereon in a suitable state of painting and repair, promptly repairing any damage thereto by fire or other casualty. No clothes line may be erected or maintained on any Lot. No Lot shall be used in whole or in part for storage of trash of any character whatsoever and no trash, rubbish, stored materials or similar unsightly items shall be allowed to remain on any Lot outside of an enclosed structure, except when temporarily placed in closed, sanitary containers pending collection by trash collection authorities or companies.

Section 15. Off-Road Parking: Off-Water Boat Storage. Each Lot Owner shall provide a concrete or asphalt driveway which provides space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on the Lot which provides space for parking two automobiles off the Public Roads and the Private Roads. No truck or commercial vehicle in excess of one-ton load capacity, or any vehicle under repair, wrecked or junked motor vehicle shall be parked upon or permitted to remain on any Lot or any other Common Area. No boat or boat trailer may be parked, left or stored on any Common Area. 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 any Lot for a period exceeding 24 hours unless it is parked off the Public Roads and Private Roads and not within the front or side yard setbacks of the Lot. All trucks, trailers, campers, motor homes and recreational vehicles must have a current license plate affixed. All automobiles must have a current license plate affixed and must be parked in a carport, enclosed garage, or on a concrete or asphalt driveway.

Section 16. Sewage Disposal. Every dwelling unit erected on any Lot shall be served by an approved septic system for the disposal of sewage, or connected to a private or public sewage disposal system. All septic systems or other private sewage disposal systems shall be approved by, and constructed and maintained in accordance with all the regulations and requirements of all governmental authorities and regulatory agencies having jurisdiction. Declarant does not make any representations regarding the future availability of municipal sewer service.

Section 17. Public Water System: No Wells. Declarant shall construct a water system in order to provide water supplies necessary to serve the Subdivision (the "Water System"). All water mains and pipes and other equipment necessary for the operation and maintenance of the Water System shall be located within the Utility Easements described in Section 7.8, or within public road rights-of-way. Upon its completion, the Water System and all mains, pipes, equipment and other

personal property which is part thereof, shall become the property of Seneca Light and Water Plant, a public utility company duly licensed and operating under the authority granted by the South Carolina Department of Health and Environmental Control. The Water System shall be the sole source of potable water for the Subdivision, and no well may be dug or constructed on any Lot for the purpose of providing domestic water supply

Section 18. Nuisances. No noxious or offensive trade or activity shall be carried on or upon any Lot or in any residential dwelling or outbuilding, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No substance, thing or material shall be kept upon any Lot that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace and quiet of the occupants of surrounding property. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot or in any residential dwelling or outbuilding with the exception of dogs, cats, or other household pets, which may be kept or maintained provided they are not kept, bred, or maintained for commercial purposes. The number of household pets kept or maintained, per Lot, shall not exceed three (3) in number except for newborn offspring of such household pets which are under nine (9) months in age.

Section 19. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed houses or other improvements shall be permitted to exist on any Lot or Common Area, except during such reasonable time period as is necessary for completion. The exterior of all houses and other structures must be completed within one (1) year from the date of commencement of construction, except where such completion is impossible due to strikes, fires, national emergency or natural calamities. Any damage to any Public Roads, Private Roads, curb or sidewalk or any part of any Common Area or any utility system caused by an Owner or any builder shall be repaired by such responsible party. If such responsible party fails to repair such damage, Declarant or the Association may make or provide for such repairs, and the responsible Owner shall immediately reimburse the repairing party for its out of pocket expenses in making such repairs. The Owner of each Lot and any builders shall at all times keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by construction of improvements on the Lots, Public Roads, Private Roads and any Common Areas. Declarant or the Association may provide for the cleaning of public and private areas due to the activities of the responsible party and may assess the responsible party a reasonable charge not to exceed the actual cost for such cleaning. Declarant and each Owner or builder shall, consistent with standard construction practices, keep all portions of the Lots, Public Roads, Private Roads, and Common Areas free of unsightly construction debris and shall at all times during construction either provide dumpsites for the containment of garbage, trash or other debris which is occasioned by construction of improvements on a Lot or Common Areas, or take other measures consistent with standard construction practices necessary to keep the Lot, Public Roads, Private Roads and all Common Areas free of such garbage, trash, or other debris. Each Owner and any Owner's builder and each Owner shall be responsible for erosion control protection during any earth-disturbing operation, as described and defined in the "Erosion Control Practices" on Exhibit "C" attached hereto and incorporated herein by reference.

Section 20. Removal of Trees and Other Vegetation. All trees, shrubs and ground cover within the fifty (50) foot waterfront setback shown on the Map are considered to be "protected" vegetation in that cutting and clearing generally is not permitted therein without the prior written consent of Declarant or the Board of Directors. The practical exceptions to this rule are that dead or diseased trees may be removed 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.

"Mature trees" inside the fifty (50) foot waterfront setback as shown on the Map may not be cut down or otherwise removed without the specific written approval of the Declarant or the Association. "Mature trees" for purposes of this Declaration shall mean all evergreen or deciduous trees with a caliper of six (6) inches or greater.

Furthermore, in the event that trees, shrubs or ground cover are completely removed (as opposed to thinned) in connection with the improvement of any Lot, such cleared portions of the Lot shall be covered with grass or shall be landscaped with plants, shrubs, trees, mulch, wood chips, pine needles and/or similar landscaping improvements.

Declarant hereby reserves the right and easement benefiting Declarant and the Association to go upon any Lot or other portion of the property to replant or order the replanting of any trees, shrubs or other vegetation removed within the Subdivision in violation of the terms of this Section 20. Should Declarant or the Association exercise its easement rights pursuant to the terms of this Section 20, the Owner of the nonconforming Lot shall reimburse Declarant or the Association (as applicable) within five (5) business days following the submission of an invoice for any costs or expenses incurred by Declarant or the Association. The exercise or nonexercise of the easement rights contained in this Section 20 shall be subject to the discretion of the Declarant and the Association and neither Declarant nor the Association shall have the obligation to exercise such rights.

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

The penalties authorized by this Section 20, as well as all related expenses to be reimbursed, shall be considered a Special Individual Assessment against the respective Owner's Lot, entitling the Association to the assessment collection remedies specified in Article 7 of this Declaration

Section 21. INTENTIONALLY OMITTED.

Section 22. Docks, Piers and Boat Houses. Duke Energy Corporation controls access to, use of, and water levels in Lake Keowee. Any Owner, the Declarant and the Association must

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

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

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

(i) easements, restrictions, rules and regulations for construction and use promulgated by the Association;

(ii) all laws, statutes, ordinances and regulations of all Federal, State and local governmental bodies having jurisdiction thereof, including without limitation FERC;

(iii) rules and regulations, privileges and easements affecting the Property and the waters and submerged land of Lake Keowee established by Duke Energy Corporation, its successors and assigns. (Duke Energy Corporation is the manager of Lake Keowee under authority granted by FERC; its current management plan runs through August 31, 2016. As manager of Lake Keowee, Duke Energy Corporation controls access to, and the use and level of, the waters of Lake Keowee. All Owners, the Association, the Declarant and any builders must receive permission from Duke Energy Corporation [or a successor manager of Lake Keowee, under authority from FERC] prior to any alterations therein, including the construction and continued use and maintenance of any dock, pier, or boatslip); and

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

Section 23 Boat Ramps. No boat ramps of any kind shall be permitted on any Lot and no boat shall be placed in (or removed from) the waters of Lake Keowee from any Lot, provided however, small watercraft such as canoes, dinghies, and jet skis may be launched from any Lot if launched without a ramp. All other watercraft shall be launched at a public boat ramp outside the Subdivision.

Section 24 Private Road Maintenance. Each Private Road to be constructed by Declarant and located within the Private Road Easements shall be maintained and periodically repaired, as needed, by the Private Road Lot Owners. The Private Road Lot Owners shall meet from time to time to agree upon service work to be performed on the Private Roads. Any Private Road Lot Owner may call a meeting by mailing written notice to the residence of each Private Road Lot Owner benefited by a private road at least thirty (30) days prior to the meeting, which notice specifies that a vote may be taken regarding maintenance and repair of the Private Road. Failure to notify every Private Road Lot Owner benefited by a road of the meeting in the manner prescribed above shall invalidate any vote taken at such meeting unless all Private Road Lot Owners benefited by such driveway attended the meeting in person or by proxy. A validly called meeting may be conducted by telephone or other convenient method. There shall be one vote appurtenant to each Private Road Lot and any repair or maintenance of the Private Road which is approved by a majority of the votes cast, in person or by proxy, at a validly called meeting shall be considered "Approved Maintenance." The cost of all Approved Maintenance shall be divided equally among the benefited Private Road Lot Owners in proportion to the number of Private Road Lots which each Private Road Lot Owner owns.

Each Private Road Lot Owner shall be obligated for its share of the cost of all Approved Maintenance, the payment of which is enforceable by any Private Road Lot Owner. A lien is hereby established on the Private Road Lots for the purpose of enforcing the obligations of any Private Road Lot Owner who fails to pay that Private Road Lot Owners share of the cost of the Approved Maintenance of the Private Road serving his Private Road Lot. If a Private Road Lot Owner fails to pay his or her share of the costs of the Approved Maintenance of such private road within thirty (30) days of receipt of a statement outlining the total costs of the Approved Maintenance, the defaulting Private Road Lot Owner shall pay interest accruing thereon at the lower of (i) eighteen percent (18%) per annum or (ii) the maximum rate allowed by law. Additionally, if any Private Road Lot Owner is required to employ an attorney to collect the obligations hereunder from a defaulting Private Road Lot Owner or enforce the lien hereunder against a defaulting Private Road Lot Owner, such Private Road Lot Owner shall be reimbursed by the defaulting Private Road Lot Owner for all reasonable attorney's fees and court costs incurred with respect thereto.

Section 25 Rights of Duke Energy Corporation. Duke Energy Corporation has certain privileges and easements affecting the Development which include the right, privilege and easement of backing, ponding, raising, flooding or diverting the waters of Lake Keowee and its tributaries upon

and over the Development, as more specifically described in the deed from Duke Energy Corporation to the Declarant.

Section 26. Non-waiver. No delay or failure on the part of an aggrieved party to invoke an available remedy in respect to a violation of any provision contained herein or referred to herein shall be held to be a waiver by that party of any right available to the party upon the recurrence or continuance of said violation or the occurrence of a different violation.

Section 27. Limitation on Driveway Access. No driveway access to Highway 183 or Highway 130 shall be allowed from Lots 35-41 and 52.

ARTICLE 8

INSURANCE

Section 1. Board of Directors. The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in no less than the amounts set forth below:

(a) Fire and Casualty. All improvements and all fixtures included in any Common Areas, including but not limited to the Entrance Monument and Public Roads (prior to acceptance by governmental authorities for maintenance), and the medians located thereon, and all personal property and supplies belonging to the Association, shall be insured in an amount equal to 100% of the current replacement cost up to the amount specified in the insurance policy (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board of Directors with the assistance of the insurance company providing coverage. The Board of Directors shall, at least annually, review the insurance coverage required herein and determine 100% of the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire, windstorm, vandalism and malicious damage and all perils covered by a standard "all risk" insurance policy. All such policies shall provide that adjustment of loss shall be approved by the Board of Directors and the insurance company. In addition to the provisions and endorsements set forth in Section 8.4, the fire and casualty insurance described herein shall contain the following provisions:

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

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

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 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 any Common Areas, and customary for the activities and obligations of property owners' associations for projects similar to the Development, covering each member of the Board of Directors, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas and out of the activities of the Association; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to Property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the property or any portion thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Owners, such public liability insurance shall be in amounts of not less than \$1,000,000 per occurrence for claims for bodily injury and property damage.

(c) Fidelity Coverage The Board of Directors shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association, in an amount determined by the Board of Directors in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Other Such other insurance coverages, including flood insurance and worker's compensation, as the Board of Directors shall determine from time to time desirable.

Section 2. Premium Expense Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors and charged as a common expense to be collected from the Owners pursuant to Article 5 hereof.

Section 3. Special Endorsements The Board of Directors shall make diligent effort to secure insurance policies that will provide for the following:

- (a) recognition of any insurance trust agreement entered into by the Association;

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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 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 any Common Areas, and customary for the activities and obligations of property owners' associations for projects similar to the Development, covering each member of the Board of Directors, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas and out of the activities of the Association; provided, however, that in no event shall the amounts of such public liability insurance ever be less than \$1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to Property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the property or any portion thereof. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board of Directors shall review such limits annually. Until the first meeting of the Board of Directors following the initial meeting of the Owners, such public liability insurance shall be in amounts of not less than \$1,000,000 per occurrence for claims for bodily injury and property damage

(c) Fidelity Coverage. The Board of Directors shall also be required to obtain fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association, in an amount determined by the Board of Directors in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Other. Such other insurance coverages, including flood insurance and worker's compensation, as the Board of Directors shall determine from time to time desirable.

Section 2. Premium Expense. Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors and charged as a common expense to be collected from the Owners pursuant to Article 5 hereof.

Section 3. Special Endorsements. The Board of Directors shall make diligent effort to secure insurance policies that will provide for the following:

- (a) recognition of any insurance trust agreement entered into by the Association;

(b) coverage that may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least forty-five (45) days prior written notice to the named insured, any insurance trustee and all Mortgagees; and

(c) coverage that cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors without prior demand in writing that the Board of Directors cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner or any Mortgagee

Section 4. General Guidelines. All insurance policies purchased by the Board of Directors shall be with a company or companies licensed to do business in the State of South Carolina and holding a rating of "A-10" or better by the current issue of Best's Insurance Reports. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of, and provide that all proceeds thereof shall be payable to, the Association. Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

Section 5. Owner's Personal Property. The Association or the Declarant shall not be liable in any manner for the safekeeping or conditions of any personal property belonging to or used by any Owner or his family, guests or invitees, located on or used at any Common Areas. Further, the Association or the Declarant shall not be responsible or liable for any damage or loss to property located thereon, or any other personal property of any Owner, his family, guests or invitees located on or used at the any Common Areas. Each Owner shall be solely responsible for all such personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase, at such Owner's sole cost and expense, of any liability insurance or other insurance for damage to or loss of such property.

ARTICLE 9

RIGHTS OF MORTGAGEES

Section 1. Approval of Mortgagees. Unless at least seventy-five percent (75%) of the Mortgagees holding Mortgages on Lots located within the Development then subject to the full application of this Declaration have given their prior written approval, the Association shall not:

(a) except as otherwise specifically provided herein, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association (the granting of easements for utilities or other purposes pursuant to the terms of the Declaration shall not be deemed a transfer within the meaning of this clause);

(b) except as otherwise specifically provided herein, change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(c) fail to maintain fire and extended coverage insurance on insurable improvements in any Common Areas in the Subdivision (with the exception of Public Roads) on a current replacement cost basis in an amount not less than 100% of the insurable value as set forth in Article 8; or

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

Section 2. Additional Rights. Any Mortgagee shall have the following rights, to wit:

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

(b) to be given notice by the Association of the call of any meeting of the Association's membership, and to designate a representative to attend all such meetings.

(c) to be given prompt written notice of default under the Declaration, the Bylaws or any rules and regulations promulgated by the Association by any Owner owning a Lot encumbered by a Mortgage held by the Mortgagee, such notice to be sent to the principal office of such Mortgagee or the place which it may designate in writing;

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

(e) to be given prompt written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association,

(f) to be given prompt written notice of any eminent domain or condemnation proceeding affecting the Property; and

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

Whenever any Mortgagee desires the provisions of this Section 2 to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the

Lot or Lots upon which any such Mortgagee holds any Mortgage or identifying any Lot owned by it, together with sufficient pertinent facts to identify any Mortgage which may be held by it and which notice shall designate the place to which notices are to be given by the Association to such Mortgagee.

Section 3. Books and Records Any Mortgagee will have the right to examine the books and records of the Association during any reasonable business hours

Section 4. Payment of Taxes and Insurance Premiums The Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against the Common Areas and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefor from the Association

ARTICLE 10

CONDEMNATION

Section 1. Partial Taking Without Direct Effect on Lots If part of the Property shall be taken or condemned by any authority having the power of eminent domain, such that no Lot is taken, all compensation and damages for and on account of the taking of the Common Areas, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board of Directors in trust for all Owners and their Mortgagees according to the loss or damages to their respective interests in such Common Areas. The Association, acting through the Board of Directors, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Areas, without limitation on the right of the Owners to represent their own interests. Each Owner, by his acceptance of a deed to a Lot, hereby appoints the Association as his attorney-in-fact to negotiate, litigate or settle on his behalf all claims arising from the condemnation of the Common Areas. Such proceeds shall be used to restore the Common Areas with the excess, if any, to be retained by the Association and applied to future operating expenses by the Board of Directors, in its sole discretion. Nothing herein is to prevent Owners whose Lots are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lots, or improvements, fixtures or personal property thereon, exclusive of damages relating to the Common Areas. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Association, as their interests may appear, by the Board of Directors in its sole discretion.

Section 2. Partial or Total Taking Directly Affecting Lots If part or all of the Property shall be taken or condemned by any authority having the power of eminent domain, such that any Lot

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

Section 3. Notice to Mortgagees. A notice of any eminent domain or condemnation proceeding shall be sent to all Mortgagees who have served written notice upon the Association in accordance with Section 9.2 hereof.

ARTICLE 11

GENERAL PROVISIONS

Section 1. Enforcement. Declarant, being the developer of other subdivisions in the area of the Subdivision, wishes to maintain a high standard in the appearance and quality of the Subdivision. Though damages would be difficult to measure, the failure of the Owners or the Association to abide by the terms, covenants and restrictions contained in this Declaration would result in irreparable damage to Declarant and its reputation. Accordingly, Declarant, during the term of this Declaration as set forth in Section 11.4, as well as the Association or any Owner or Owners, shall have the right, but not the obligation, to enforce all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration by proceeding at law or in equity against any person or persons violating or attempting to violate any such restriction, condition, covenant, reservation, lien or charge, either to restrain violation thereof or to recover damages therefor. Each Owner and the Declarant shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Development against the Association.

In addition, the Association and the Owners hereby covenant and agree that they shall exercise their power of enforcement hereunder in order to maintain a first class subdivision in appearance and quality, and that they shall, upon the request of Declarant, enforce any restriction, condition, covenant or reservation contained in this Declaration deemed by Declarant, in its sole discretion, to have been violated, using all remedies available to them at law or in equity. Failure by Declarant, the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Declarant hereby reserves the right and easement, but not the obligation, to go upon any portion of the Common Areas and Private Road Easements at any time in order to repair and maintain such Common Areas and Private Road

Easements where needed, in Declarant's sole discretion, to bring such Common Areas and Private Road Easements within the standards required by Declarant. Should Declarant go upon the Common Areas and Private Road Easements to perform maintenance and/or repairs for such purpose, the Association hereby agrees to reimburse Declarant in full for the cost of such maintenance and/or repairs, upon receipt of a statement for such cost from Declarant, for maintenance and/or repair of the Common Areas, and the Private Road Lot Owners agree to reimburse Declarant in full for such maintenance and/or repairs of the private Road Easements, upon receipt of a statement of such costs by Declarant.

Section 2. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants, conditions, and restrictions of this Declaration may be amended at any time and from time to time by an agreement signed by Owners holding a majority of votes appurtenant to the Lots which are then subject to this Declaration; provided, however, that such amendment must be consented to by Declarant so long as Declarant is the Owner of any Lot in the Development or of any Additional Property. Any such amendment shall not become effective until the instrument evidencing such change has been filed of record. Notwithstanding the foregoing, the consent of a majority of the Owners of Lots, plus the written consent of the Declarant, shall be required to contract the land in the Development, to withdraw any portion of the Property from the requirements of this Declaration, or to restrict or revoke Declarant's right of enforcement as provided for in Section 11.1 of the Declaration.

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

Notwithstanding anything in this Section 3 to the contrary, Declarant may, at Declarant's option, amend this Declaration without obtaining the consent or approval of any other person or entity if such amendment is necessary to cause this Declaration to comply with the requirements of FHA, VA, the Federal National Mortgage Association or other similar agency. Declarant, without obtaining the approval of any other person or entity, may also make amendments or modifications hereto which are correctional in nature only and do not involve a change which materially adversely affects the rights, duties or obligations specified herein.

Section 4. Term. The covenants and restrictions of this Declaration are to run with the land (unless otherwise specified herein) and shall be binding upon all parties and all persons claiming under them for a period of twenty-five (25) years from the date this Declaration is recorded; after which time said covenants and restrictions shall be automatically extended for successive periods of ten (10) years unless an instrument signed by a majority of the then Owners of the Lots, plus Declarant, has been recorded, agreeing to terminate said covenants and restrictions in whole or in part. Provided, however, that the residential use restrictions set forth in Section 7.1 of this

Declaration shall run with the land and shall be binding upon all parties and all persons claiming under them in perpetuity.

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, all the day and year first above written.

*Signed, Sealed and Delivered
In Presence of*

CRESCENT RESOURCES, INC., a South
Carolina Corporation

WITNESSES:

Valerie Hines
First Witness Valerie Hines

By: [Signature]
President

Coleen D. Girdwood
Second Witness Coleen D. Girdwood

ATTEST
Ethelene G. Williams
Asst. Secretary

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

Personally appeared before me, Valerie Hines (First Witness) and made oath that ~~he~~ she saw the within named Crescent Resources, Inc. by Stephen M. Schreiner ^{Asst.} ~~its~~ vice President and Ethelene G. Williams ^{Asst.} ~~its~~ Secretary Sign, Seal, and as the Corporate Act and Deed, deliver the within written instrument; and that ~~he~~ she with Coleen D. Girdwood (Second Witness) witnessed the execution thereof and saw the corporate seal thereto affixed.

Valerie Hines
Witness

Sworn to before me this 4th day of December, 1998
Coleen D. Girdwood (L.S.)
Notary Public for North Carolina

My Commission Expires 6-19-1999

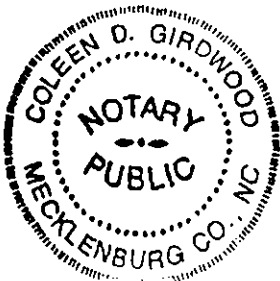


EXHIBIT "A"
TO
DECLARATION
FOR
WYNWARD POINTE

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

1. The name of the nonprofit corporation is Wynward Pointe Owner Association, Inc
2. The initial registered office of the nonprofit corporation is c/o ERA Central Real Estate, 510 Mountain View Drive, Seneca South Carolina 29678.

The name of the registered agent of the nonprofit corporation at the office is Stephen M. Schreiner

3. Check (a), (b), or (c) whichever is applicable. Check only one box.
 - a. ☐ The nonprofit corporation is a public benefit corporation.
 - b. ☐ The nonprofit corporation is a religious corporation.
 - c. ☒ The nonprofit corporation is a mutual benefit corporation
4. Check (a) or (b), whichever is applicable:
 - a. ☒ This corporation will have members
 - b. ☐ This corporation will not have members.
5. The address of the principal office of the nonprofit corporation is 400 North Tryon Street, Suite 1300, Charlotte, Mecklenburg County, North Carolina 28201-1003.
6. If this nonprofit corporation is either a public benefit or religious corporation (box "a" or "b" of paragraph 3 is checked) and intends to operate within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of corresponding section of any future federal tax code, complete "a" and "b" below.

If this nonprofit corporation is a public benefit or religious corporation and does not intend to operate within the meaning of Section 501(c)(3) of the Internal Revenue Code, complete "c" below.

- a. ☐ The purposes for which the corporation is organized are exclusively religious, charitable, scientific, literary, and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue law. Notwithstanding any other provision

of these articles, this corporation shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue law.

b. ☐ Upon dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government or to a state or local government for a public purpose. Any such asset not so disposed of shall be disposed of by the court of common pleas of the country in which the principal office of the corporation is then located exclusively for such purposes, or to such organization or organizations as said court shall determine, which are organized and operate exclusively for such purposes.

c. ☐ Upon dissolution of a corporation consistent with law, the remaining assets of the corporation shall be distributed to:

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

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

b. ☐ Upon dissolution of the mutual benefit corporation the [remaining] assets, consistent with law, shall be distributed to _____

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

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

Name Address (With zip code)

James G. Wallace, Esq.
Perry, Patrick, Farmer & Michaux
1901 Roxborough Road, Suite 100
Charlotte, NC 28211

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

(only if named in articles)

(only if named in articles)

(only if named in articles)

11. Each incorporator must sign the articles.

Signature of incorporator

Signature of incorporator

Signature of incorporator

FILING INSTRUCTIONS

1. Two copies of this form, the original and either a duplicate original copy, must be filed.
2. If space in this form is insufficient, please attach additional sheets containing a reference to the paragraph in this form, or prepare this using a computer disk which will allow for expansion of space on the forms.
3. This form must be accompanied by the filing fee of \$25.00 payable to the Secretary of State.

Form Approved by South Carolina
Secretary of State Jim Miles
November 1994